War, Trade and Socialism: Grain Resource Control in Rural Chongqing, 1937-1953

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The candidate confirms that the work submitted is her own and that appropriate credit has been given where reference has been made to the work of others.

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Abstract

This thesis examines the Chinese Nationalist Government and Chinese Communist Party (CCP)’s grain policies from 1937 to 1953 in southwestern China, specifically the rural areas around Chongqing. By examining agricultural taxation and grain market management policies, it argues that Chinese governments were engaged in what amounted to a joint project of grain resource centralisation since the War of Resistance against Japan. The land taxation policy shifted from a reliance on levying in cash currency to tax in kind; the levying targets expanded from the wealthy class to the broader rural peasants; and the grain price policy was gradually reform ed from publishing official price according to the market price to eliminating regional, wholesale-retail and seasonal price difference actively. After establishing the progressive taxation system and settling on a stable tax rate, the Communists shifted grain resource collection policy toward a total state monopoly, creating the conditions in Sichuan which would prepare the way for the socialist transformation.

This thesis argues that the methods of the CCP’s grain policy and agricultural collectivisation in the early 1950s were not only rooted in its based areas experience, but also inherited the Nationalist Government’s wartime economy policies. The thesis also emphasises international connectivity of China both during and after the Second World War. The wartime Allies’ international aid along with Japanese blockade on international trade and transportation provided the soil for growing state capitalism and state directed domestic and international trade in
southwestern China, which was continued and strengthened by the Communist Government after 1949.

The thesis draws heavily from Chongqing’s county-level archives, which allows for insights into how governments approached land reforms, levying of taxation at the rural level, as well price controls, all of which had implications for legitimacy and rural resistance. The thesis is culminated by an investigation of the events of 1953, during which the CCP extended the Nationalist “Extraordinary Period Economy Policy” in Chongqing to the nationwide “Socialist Transition Period Five-Year Plan”, controlling grain markets and all population’s grain ration through the Unified Purchase and Sale of Grain Policy.
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Introduction

On 1 October 1953, the leaders of the Chinese Communist Party (CCP) stood at Tian'anmen celebrating the fourth anniversary of the People’s Republic of China.¹ Mao Zedong reviewed the Chinese People’s Volunteer Army, who had just come back from the Korean Peninsula following the signing of the Armistice Agreement with the United Nations Command two months before. In just four years, the party had completed land reform, the suppression of counterrevolutionaries and withdrawing the bulk of their troops from Korea, and Mao Zedong and the party were now displaying their state-building achievements to the world.

Although the country had made significant strides, the foundation of CCP power was still not fully consolidated, however, and the grain market was unstable. During the celebration banquet, Chen Yun (陈云), the Vice Premier of the Government Administration Council of the Central People’s Government (Zhongyang renmin zhengfu Zhengwuyuan fu zongli 中央人民政府政务院副总理) and the Director of the Financial and Economic Committee (caizheng jingji weiyuanhui zhuren 财政经济委员会主任) reported to Chairman Mao Zedong that the CCP was facing a serious problem: the shortage of national grain in rural areas and the overselling of rice in the cities.² Chen told Mao that the national grain supply was experiencing

¹ Renmin Ribao, 3 October 1953.
² Zhonggong zhongyang wenxian yanjiu shi ed., Chen Yun zhuan (Chen Yun’s Biography), Vol. 1, (Beijing: zhongyang wenxian chubanshe,
extreme shortages and in some cities the grain market was in chaos. If the government did not impose a monopoly on the sale and purchase of grain, the situation would deteriorate. Mao agreed with Chen and ordered him to present a detailed report at the Politburo meeting the following day in order to establish the state monopoly market and to initiate the Unified Purchase and Sale of Grain Policy (liangshi tonggou tongxiao zhengce 粮食统购统销政策). This policy forced rural peasants to sell all their surplus food to the state, which the state then distributed in urban areas.³

Chen Yun had first proposed implementing the Unified Purchase and Sale of Grain Policy at the end of 1951. Some local cadres had disagreed, however,

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2005), pp. 528-638. The Government Administration Council of the Central People’s Government was the highest administration of the Central People’s Government from 1st October 1949 to 15 September 1954, which was reshuffled as the State Council of the PRC (guowuyuan 国务院) later.

and asked the central government to delay the implementation until 1953. To a degree, Chen could understand their reluctance. At the Politburo, Chen explained that there were two regimes for implementing the mandatory procurement of grain: “one was Manchukuo…the other was Chiang Kai-shek”. The terms for grain “requisition” (zhenggou 征购) and “rationing” (peiji 配给) frightened both peasants and urban citizens, but this was due to the Japanese invasion and the Nationalists’ brutal execution, rather than the rationale for the policy. Chen Yun listed all of the methods the administration could choose from and clearly outlined their potential impacts; the Politburo ultimately agreed that tonggou tongxiao was the only way to deal with the hardship.

In October 1953, at the Emergency National Conference on Grain Work (Quanguo liangshi gongzuo jinji huiyi 全国粮食工作紧急会议), Chen emphasised the emergency to local cadres by picturing himself as a peddler carrying two “bombs”, one on each side of the pole. The “yellow bomb”, he


5 Ibid, pp. 185.

6 Chen Yun also though about the British Government’s wartime ration policy. According to Bo Yibo, Chen said, “The British Government implemented this policy. Their economy situation was similar to our country’s today. Their policy was carried out successfully and could offer us the experience.” See Bo Yibo, ‘Chen Yun de yeji yu fengfan changcun: Wei jinian Chen Yun tongzhi shishishi zi zhounian er zuo’, (Long live Chen Yun’s Achievement and Manner: To Commemorate the First Anniversary of Comrade Chen Yun’s Death), Renmin ribao, 10 April 1996. Further analysis, please check Chapter Three.

7 According to Bo Yibo, the government removed “Emergency” from the conference title when it made public. See Bo Yibo, Ruogan zhongda
explained, was price fluctuation; the “black bomb” was resistance from the peasants. “If [we] cannot get grain, the fluctuating price will disrupt the whole market; if [we] adopt a policy of acquisition, the peasants will resist”.\textsuperscript{8} “Are there any problems with the policy?” Chen asked. Before his colleagues could express their concerns about the policy, Chen answered frankly:

Yes, the policy might reduce peasants’ production enthusiasm, devastate [the party’s relationship with] peasants, alienate them and breed riots in some places. But the situation will worsen if we do not implement this policy, then we will return to the old road of importing grain from other countries, which will obstruct the state-building progress. As a result, the imperialists will come back, and our people will fight us anyway. The conclusion is that the state’s compulsory purchasing could bring more benefits than bad effects.\textsuperscript{9}


\textsuperscript{9} Bo Yibao, \textit{Ruogan zhongda juece yu shijian de huigu}, Vol. 1, (Beijing: Zhonggong zhongyang dangxiao chubanshe, 2008), pp. 185-186. \textbf{Original context:} “有无毛病？有，妨碍生产积极性，逼死人，打扁担，个别地方暴动，都有可能发生。但不采取这个办法后果更坏，那就要重新走上就中国进口粮食的老路，建设不成，结果帝国主义打来，扁担也要打来。结论是征购利多害少。”
For Chen Yun, *tongguo tongxiao* was the only way to save the CCP and China in late 1953. This thesis will explore the roots of this policy over a period spanning two decades and two regimes, seeking to explain the collectivisation of agricultural resources in the period following the start of the Second World War.

As Joseph Esherick argued 20 years ago, “the CCP did not only rise to power as the dialectical opposite of the Nationalist Government. There were important points of unity in the dialectic – areas where the Nationalists paved the way for the Communists where the latter built on the foundations laid by the former.”¹⁰ As Chen Yun noted, the Nationalists and Japanese’s grain procurement and food rationing paved the way and the party was able to learn from the failures of the Nationalist Government. However, we still need to consider how China, a country where more than 90 per cent of the population were peasants, got into such difficulty with its grain supply after the success of the communist Land Reform? Why would Chen Yun want to learn from, not the Soviet Union, but the party’s enemies, especially an enemy that lost Mainland China in the Chinese Civil War? Compared with the Nationalist Government’s grain procurement policy during the war, why was the CCP’s compulsive grain purchasing policy not approved during the Korean War in 1951, but after the war? What are the differences and similarities between the Nationalists’ Grain Requisition and Food Ration and the CCP’s Unified Purchase and Sale of Grain Policy? To answer those questions, it is necessary to look beyond the founding of the PRC and

review the historical changes in grain policies and grain panic issues in “Free China” since the Second World War, when the Nationalist Government published its wartime grain policy.

**Research Location: Grain in Chongqing in the Comparative Context in Sichuan and China**

At the end of 1953, as if to fulfil Chen Yun’s predictions, food panic and mass riots spread in rural areas. In Sichuan Province (including Chongqing), the stakes related to grain control were inevitably higher. Unlike the east-coast cities, grain, famine and violence had existed in Sichuan’s rural areas since the start of the First Five-Year Plan. Sichuan was famous as “Heaven’s Storehouse” (tianfu zhi guo 天府之国); it was rich and had abundant grain production in Imperial China. After the CCP took over Chongqing and “liberated Chengdu” in November 1949, the CCP’s leaders in Beijing expected Sichuan to feed the country. Deng Xiaoping, the head of the Southwest Bureau, had a clear understanding of the Southwest China Greater Area’s duty to support other areas such as Shanghai. On 2 January

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11 In Sichuan, the governments summarised the mass grain event as the “Destructive Activities by Landlords, Rich Peasants and Counterrevolutionaries (di fu fán pōhuài yùndòng 地富反破坏运动)", rising around rural areas. Jiangjin xianwei (Jiangjin County Party Committee), ‘Jiangjin xianwei guanyu tonggou tongxiao zhong zisha qingkuang de baogao’, (The Report of Suicide Cases Related to the Unified Purchase and Sale of Grain Policy by Jiangjin County Committee), 28 November 1954, Jiangjin District Archives (JDA), 0001-0001-00155. According to my fieldwork in one County Public Safety Bureau archives in Jiangxi Province, I found several small cases were noted from 1953 to 1956 under the rubric of the “Anti-Unified Purchase and Sale of Grain Policy Cases” (fan tonggou tongxiao an 反统购统销案).
1950, Deng presented the first report on the work of the Southwest Bureau after the liberation. After highlighting the authority’s difficulties in levying grain and feeding cadres and soldiers following taking over Chongqing, Deng introduced an order by the Financial and Economic Committee requiring the Southwest Bureau to levy and transport 4,000 million jin of grain to Shanghai. Inflation had been rising since the CCP took over Shanghai in May 1949. Merchants closed markets and hoarded grain and cotton, profiteering from the advanced price caused by the supply shortage. Chen Yun’s solution was to transport grain from Northeast and Southwest China in order to maintain the supply of grain and stabilise the rice price.\textsuperscript{12}

At the conference, Deng expressed his support for Chen. Deng said, “We should do it (support Shanghai) absolutely and we can do it according to Southwest China’s grain storage. The problem is the weakness of our subjectivity. We should overcome difficulties and complete the task.”\textsuperscript{13} Although Deng would later require the central government’s help in storing and transporting this 4,000 million jin of grain to Shanghai, he fully understood Shanghai’s crucial situation in grain price inflation.


\textsuperscript{13} Deng Xiaoping, ‘Guanyu Xi’nan gongzuo qingkuang de baogao’, (The Report of Southwest Bureau’s Work), 2 January 1950, in Deng Xiaoping Xi’nan gongzuo wenji (The Collected Work of Deng Xiaoping in Southwest China), ed. by Zhongyang wenxian yanjiushi and Zhonggong chongqing shi weiyuanhui (Chongqing: zhongyang wenxianchubanshe, Chongqing chubanshe, 2006), 44-47. Original text: “中财委要我们送肆意金粮食去上海，这是完全应该的，照西南的粮食状况也是可能的。问题实施主观能力太弱，我们当客服困难，完成此项任务，但接受、保管、运输的事，须由中财委或上海派一个大的机构来办理才行，我们绝无办法可想。”
In 1954, Chen Yun and Deng Xiaoping – who had been promoted to Vice Premier – were looking forward to shaping Sichuan Province as a model for implementing the policy. In a rural town near Chengdu, grain panic and robberies occurred in the local markets, granaries, mills and restaurants. According to the government’s report on the panic, in order to get enough food, customers at restaurants were even trying to spit on food and grabbing it as the waiter carried the dishes out of the kitchen.\textsuperscript{14} In Chongqing, in one village alone, there were 539 cases of violence, including resistance from landlords against the authorities who overestimated their annual grain production in order to charge more agricultural tax. Another county’s documents show that 107 landlords and rich peasants were labelled and sentenced by the CCP as counterrevolutionaries in early 1954, resulting in 14 death sentences. The report title also indicates that the real body count was higher – 19 suspects committed suicide before they were put on trial.\textsuperscript{15} In a classified report, the leader of the Sichuan Government admitted that there were 262 suicide cases in the entire province within one month of the implementation of the grain purchasing policy.\textsuperscript{16}

\textsuperscript{14} ‘Wenjiang diwei bangongshi guanyu Wenjiangqu nongcun naoliang wenti de zonghe qingkuang baogao’, (Wenjiang District Committee’s Report about Robbing Grain Events), 31 July 1954, in \textit{Xi’nanqu tudi gaige yundong ziliao huibian} (The Collected Work on Land Reform in the Great Southwest China Area), ed. by Zhonggong zhongyang xi’nanju nongcun gongzuobu (Rural Work Department of the Central Committee of the CCP of Southwest Bureau), Vol. 1, (classified documents, 1954).

\textsuperscript{15} ‘Jiangjin xianwei guanyu tonggou tongxiao zhong zisha qingkuang de baogao’, (The Report of Suicide Cases Related to Unified Purchase and Sale Policy by Jiangjin County Committee), 28 November 1954, JDA, 0001-0001-00155.

\textsuperscript{16} ‘Sichuan shengwei guanyu liangshi tonggou tongxiao gongzuode zongjie baogao’, (The Committee of Sichuan Province’s Report of Unified
The Sichuan Provincial Government had been tasked with supplying grain to the major cities of southern China during the First Five-Year Plan, within ten billion kilograms of grain surplus after the state purchase and sale in the province: 8.1 billion kilograms in total were transported to other regions.\textsuperscript{17} Ultimately, the tensions between the peasants and the authorities, the local food supply and grain export, and agricultural production and industrial development, came to the fore during the Great Leap Forward. As a result of the continuous exporting of grain, Sichuan Province experienced the highest number of deaths from 1958 to 1962. According to Sichuan Province Government’s documents, in a rural district near Chongqing City, up to 250 people died every day in December 1960.\textsuperscript{18} In 1961, when the Politburo reflected on the party’s mistakes in the First Five-Year Plan, Chen Yun admitted that the grain panic that took place in 1954 was due to the implementation of tonggou tongxiao, and the CCP had over-charged and purchased 3.5 million kilograms more grain than in 1953.\textsuperscript{19}

\begin{flushright}
Purchase and Sale of Grain Work), 26 April 1954, JDA, 0001-0001-00138.
\end{flushright}


However, Sichuan’s tragedy and its people’s sacrifice for the Chinese national industrialisation did not begin with the PRC’s Socialist Transformation in the First Five-Year Plan, but can instead be traced back to the “Great Rear” (da houfang 大后方) period during the War of Resistance against Japan, or even earlier to Imperial China. Beyond regimes and revolutionaries, how can we understand Southwest China’s role in China’s modernisation and revolutions? How can we understand the path of Southwest China’s modernisation and its impact on the local economy and society, especially after Imperial China?

In this research, I will focus on the centre of Southwest China – East Sichuan and the Chongqing Municipality area – instead of West Sichuan’s Chengdu area. The municipality (31,816 square miles) is the largest central government direct-controlled municipality in China, which was established on 14 March 1997, containing 26 districts and 12 counties, and with a population of over 30 million. Its territory is approximately the same as the total area of Chongqing City and the Third, Eighth, Ninth and Tenth Prefecture in Sichuan Provincial Government (Sichuan sheng jiu qu gongshu 四川省第三区、八区、九区和十区公署) during the Republic of China, which were merged as the East Sichuan Administrative District (chuandong xingzhengqu 川东行政区) and Chongqing City from 1949 to 1953 (Map 1). Unlike Chengdu Plain, 75.33 per cent of Chongqing Municipality covers mountains and hills. The Yangtze River cuts through Chongqing from the
southwest to the northeast and meets with the Jialing River at Chongqing City.20

Chongqing City (2,113.1 square miles) is the urban centre of Chongqing Municipality, located at the juncture of the Jialing and Yangtze Rivers. Due to its strategic location in Southwest China, Chongqing City was heavily controlled by the Nationalist Government during the Second World War as the wartime capital until Chiang Kai-Shek moved the government back to Nanjing on 5 May 1946. When the Civil War ended, Chiang returned Chongqing, taking an aeroplane from there and fleeing to Taiwan in November 1949. In November 1949, the CCP took over Chongqing area and set up Chongqing City, not Chengdu, as the capital of the Great Southwest Area, which was directly administrated by the People's Central Government until July 1954.

Chongqing Ribao, 19 September 2017.
http://www.cqrb.cn/html/cqrb/2017-09/19/008/content_180404.htm [Accessed in June 2019]. Before abolishing the Great Administrative Area in 1954, the administrative division of China from the central government to the counties’ government, included five levels: the Central People’s Government, the Great Administrative Area’s Bureaus (for example, Southwest Bureau), the Provincial Governments (for example, Sichuan Province), the Administrative Governments (like East Sichuan Administrative Government) or the City Governments (there were nine municipal cities around the mainland China. They were supervised by the Great Administrative Area’s Bureaus directly, for example, Chongqing City), the District Governments (for example, Jiangjin District Government) and the County Government (for example, Jiangjin County Government).
Chongqing's climate and mountainous geography necessitated a different rural economy model from Chengdu Plain. The vast area of commercial crops, such as poppy plants and tung trees, explained Chongqing's paradoxical positioning between the conservative warlords' localism and the active international trade market in the early 20th century. Silk reel factories comprised a third of the market in Southwest China. Compared with Chengdu Plain, Chongqing's mountainous terrain severely challenged the
capacity for agricultural production and local peasants’ daily life during wartime and famines.

In the early 20th century, Chongqing City was opened to foreign trade and the Chongqing Maritime Custom Service was established. This was the first treaty port and financial centre of Sichuan Province. In the following years, Chinese and foreign merchants connected Sichuan, Yunnan and Tibet with Shanghai and the world via international compradors, banks and the crude resource processing factories for native products. Commercialisation and internationalisation propelled the city into a fast development stage and the global market brought significant benefits to the Chongqing local market, as market economists suggest. To a certain extent, this also jeopardised the original rural economy, however.

Chongqing was the centre of the grain market in Southwest China and a perfect site through which to establish a new grain policy, as implemented by the Nationalist Government and Communist Party after the war. Chongqing was the core market for the Nationalist Government to examine during their


22 The Chongqing Municipal Archives hold 2,858 files of Chongqing Customs Report in series 0351; The Wanzhou District Archives hold 526 files of Wan County Customs Report in series 054.

23 Jiangjin County Court Records of Dispute Cases in the Republic of China era, ranging from 1911 to 1949. There are 10,969 files of civil dispute cases. They are categorised into different types as disputations of debt, land tenancy, trade, real estate, marriage and boundary. Most of the files contain the lawsuit documents, the records of inquests, the reports of inquiries and the judgments. There are 1,800 dispute cases have been published as an online database in 2015. http://jiangjin.datahistory.cn/pc/ (Accessed in June 2019).
wartime economic policy. For the Communist Party Government, Chongqing was a strategic location, and the centre of grain trade to connect Southwest China with Mid- and East-China as well. In the autumn of 1952, the newly opened railway line between Chengdu and Chongqing (*chengyu tielu* 成渝铁路) connected the rice production area with the river port, combining west Sichuan with Yangtze River in order to short the transport time to eastern China. During the First Five-Year Plan, 60 per cent of Sichuan Province’s export grain was transferred via Chongqing port, which became the backbone of the Communist planned economy in the following decades.

**Historiography**

### Nationalist Government State Building in the Second World War Context

As Rana Mitter has argued, the Nationalist Government generally did not received praise from its allies or historians as an Allied member during Second World War. In the following Civil War, the collapse of the regime and the lost mainland replaced the memory of the Nationalists’ glorious victory in the Second World War, and radically altered how the regime was perceived. The Nationalist Government became the “forgotten ally” in both English-language and Chinese-language studies of the Second World War.\(^{24}\)

Not only has the Nationalist defeat undermined and reduced scholarly attention to its more successful period, but the Nationalists also fled to

Taiwan. Combined with the Northern and specifically rural northwest emphasise of the CCP historians were drawn away from the Nationalist Government wartime heartland site of expectation and success – Sichuan and its wartime capital of Chongqing. This research suggests that in order to engage with the local society and cross the 1949 divide, a re-examination of Chongqing from the perspective of local archives is the best way to avoid the paradigms and ideology research pitfalls that historians have been struggling with for years.

Early English-language studies of the Nationalist Government in the Second World War were impacted by the ideological debate about the United States Government’s Chinese policy during the post-war and Cold War period. In 1948, Theodore White edited and published *The Stilwell Papers*, drawn from reports by Joseph W. Stilwell. As Hans van de Ven’s research argued, *The Stilwell Papers* significantly affected the distinctions that English-language research into the military history of China’s Second World War made in the following years.\(^25\) Furthermore, researches based on Stilwell’s judgements about the Nationalist military abilities expanded their interpretations to other aspects of the Nationalist Government administration. The paradigm engaged a view of the Nationalist Government as not only an authoritarian and militarily incompetent regime, but also a corrupt and politically debilitated bureaucracy.

In the late 1960s and 1970s, the United States provoked a debate about the roots of the Chinese Communist Revolution’s victory and renewed attention

was paid to the failure of Chinese policy during the Second World War.\(^{26}\) The CCP was a regime from the grassroots. The economic and social structure’s transformation under the Nationalist regime in the 1930s and 1940s thus became the core debate in Communist Revolution research. Although Chalmers Johnson and Mark Selden expressed different understandings about rural peasant nationalism and social support for the Communist Revolution, both investigated the Nationalist administration’s failure in the War of Resistance. This was not a purely comparative exercise, as the success of the revolution in the Civil War always overshadowed the debate about the Nationalist Government’s financial collapse and corruption in the War of Resistance. To some degree, early scholarship based on discussion of the Communists’ successes and the Nationalists’ failures in the Civil War, but not the War of Resistance, shaped interpretations of the Nationalist Government’s fiscal crisis and reforms in the 1940s. Historians suggested that the reasons for the Nationalist loss of Mainland China in 1949 emerged in the Second World War and even earlier.

A landmark research by Lloyd Eastman in 1974 tracked the Nationalists back to the Nanjing Period (1927-1937), narrating the Nationalists’ failures in effective administration from the start.\(^{27}\) In Suzanne Pepper’s seminal work


on the Civil War, without discussing the military interaction between the two
parties, she compared the Nationalist failure in the cities with Communist
success in rural areas. She also tracked the Nationalist financial crisis of
1947 to the Second World War period.\textsuperscript{28} Eastman interpreted the
incompetent Nationalist administration on price controls as the cause of the
inflation disaster that took place in Chongqing. Eastman summarised that “all
these factors – inflation, lack of imports, shortage of skilled workers,
withering consumer demand, obstructive price-control policies and military
disaster – plunged Nationalist China’s industry into a deep crisis.”\textsuperscript{29} Pepper,
who also wrote the civil war chapter in \textit{The Cambridge History of China},
engaged similar interpretations.\textsuperscript{30}

In the 1970s, the Nationalist Government’s published documents and official
surveys from during the war were ignored or devalued as a source by
scholars. The Nationalists had been translating and publishing their wartime
documents, yearbooks and research in the United States since the 1930s.\textsuperscript{31}

\textsuperscript{28} Suzanne Pepper, \textit{Civil war in China: The Political Struggle 1945-1949}
(Rowman & Littlefield Publishers, 1999). Although it was published in
1999, according Pepper’s words in the “Preface to the Second Edition”,
the research started in 1968 and the first print was published in 1980.
This was her PhD study, being supervised by Chalmers Johnson in
Berkeley. See pp. xix-xxxiv.

\textsuperscript{29} Lloyd E. Eastman, ‘Nationalist China during the Sino-Japanese War 1937-
Fairbank and Albert Feuerwerker (Cambridge University Press, 1986),

\textsuperscript{30} Suzanne Pepper, ‘The Nationalist Government- CCP conflict 1945-1949’

\textsuperscript{31} For example, see Chinese News Service (An Agency of the Chinses
In the 1980s, the Nationalist Government in Taiwan published the central government documents on its state- and nation-building, which included the 1930s and wartime period. Following on from these works, William Kirby used Chinese published surveys and documents to describe the Nationalist state-building during the war. He suggested that the Nationalists began a planned transformation of the economy structure from the Nanjing decade (1927-1937). Tracking the bureaucracy reforms, especially the National Reconstruction Commission (Guojia ziyuan weiyuanhui 国家资源委员会), as National Defence Planning Commission (Guofang sheji weiyuanhui 国防设计委员会) in 1932, Kirby interpreted that the Nationalist Government followed Sun Yatsen’s Industrial Plan (shiye jihua 实业计划): specialised bureaucracies filled with scientific academic expertise during the nation-building process. However, the Japanese invasion in 1937 transformed the industrial policy from a “controlled economy” into a “war economy” and the bureaucracy controlled most of the state industrial sector and trade mechanisms to manage Sino-foreign cooperation.


Eastman cast doubt on the industrial expansion during the 1930s. He accepted the Nationalist Government’s efforts on the Three-year Plan for industrial development from 1936, but pointed out that the plan was stopped by the war. Eastman described the industrial factories developed in Southwest China during the war one paragraph, and focused much attention on Japanese occupied Manchuria as it was the prototype industrial area before the war. He noted that, “A major development during the Nationalist period, which had a crucial impact on the political as well as the economic situation at the time, was the increasing involvement of the government in industry.” However, Eastman argued that this development was at the root of Nationalist failure as the state-managed enterprises became a hotbed of corruption. The state’s “bureaucratic capitalism” following the war meant that the Nationalists lost the support of the people.

The Nationalist Government’s state-building and international diplomacy during the war have drawn scholars to further investigate modern China. Julia Strauss developed William Kirby’s research and argued that the state-building of Republican-era governments was a case of “strong institutions in weak polities”. She demonstrated that the Nationalists had a revolutionary

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36 Ibid, p. 182.

37 Eastman altered Kirby’s translation of guoying from “state-owned” to “managed by the state”. Ibid, p. 260.
approach to institution-building, combining what she termed the “Weberian/technocratic” with the “normative/heroic” in their approach to generating institutional breakthroughs. Wartime emergency powers were increasingly concentrated in Chiang Kai-shek, but without government and administrative capacity for implementation, his decrees would have counted for little.38

In the last decade, following the trend of global Second World War studies and China’s increasing importance in international affairs, historians and sociologists have involved China in global war discussions. This not only includes American military aid and the Allies’ cooperation in Burma, but also the Nationalist Government’s active diplomatic activities to upgrade the international status of China.39 With regard to the social-economic transforms, historians have been drawn by the Japanese occupied east coast area, especially Shanghai and Canton, interpreting the complex and various transformations of the developed international cities during the war.40


Recently, Chongqing has drawn scholars’ attention away from the coast cities and Northern China to connect inland China – and the Great Rear – with the occupied area.\textsuperscript{41} Pursuing a better understanding of the continuous nature of Nationalist state-building during the Second World War, Rana Mitter’s research of wartime Chongqing drew western scholarship back to the Nationalist Government in Chongqing, showing how the state provided a laboratory for policy-makers eager to continue the work they had undertaken in the preceding years.\textsuperscript{42} Scholars have since widened their research from economic and political to military, societal and cultural transformation, covering topics such as women, children, public health and welfare in wartime.\textsuperscript{43} They have argued that due to support from intellectuals and

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\textsuperscript{43} Rana Mitter and Helen Schneider, ‘Welfare, relief and Rehabilitation in Wartime China’, \textit{European Journal of East Asian Studies (Special Edition)}, 11(2012). The articles were from the “Relief and Reconstruction in Wartime and Postwar China” workshop at University of Oxford in June 2011; Nicole Elizabeth Barnes, \textit{Protecting the National Body: Gender and Public Health in Southwest China during the War with Japan, 1937–1945} (University of California, 2012).
elites, the Nationalist Government was efficient at solving social problems in a process of state-building at all levels of society during the war.

Chinese scholars, especially communist historians, have created an impressively dense historiography but they have lagged behind for decades in the ideological debate. In mainstream war research, communist historians have examined the Nationalist regime as doing a poor job of resisting the Japanese. They have emphasised the CCP’s role in contributing to the Northern base areas that were occupied by the Japanese army. Paradoxically, the Communist Government-sponsored scholars have ultimately drawn the same assessment as American scholars, who interpreted the Nationalist Government as a corrupt regime and did little to resist the Japanese invasion.

Recently, Chinese scholars have been extraordinarily active in the study of the Second World War in China. Funded by the Chinese Government to establish research institutes, the War of Resistance has become a strong focus in today’s China. Undoubtedly, Chinese scholars are trying to re-examine Nationalist Government activity and wartime society objectively by benefiting from archival sources. In such studies, historians have acknowledged the Nationalist Government’s efforts and achievements on social and economic reforms, centralising its economic bureaucracies and

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44 For example, The Institute of the Great Rear in the War of Resistance Against Japan, Chongqing (重庆中国抗战大后方研究中心); Tokyo Trial Institute, Shanghai (东京审判研究中心); The Journal of Studies of China’s Resistance War Against Japan (抗日战争研究).
powers in the central government in order to support the military activities on
the frontline during the War of Resistance.\textsuperscript{45}

To highlight China’s contribution to the Second World War and promote the
historical role of the Great Rear in the war, the government has sponsored
research projects inclined to emphasise the positive impacts of the war in
accelerating modernisation in Southwest China.\textsuperscript{46} In such research, scholars
emphasise the development of heavy industry, the internationalising of the
inland areas, modernising of the healthcare system, mobilising of education
and nationalist cultural activities due to the government’s investment in
wartime capital and the refugees from the Down River areas.\textsuperscript{47} However,
due to the increased publication of diaries, memoirs and oral materials on
personal history, the above argument is being challenged. Danke Li’s oral
history research of 35 women in wartime Chongqing revealed the everyday

\textsuperscript{45} Zheng Huixin, \textit{Guomin zhengfu zhanshi tongzhi jingji yu maoyi yanjiu,}
1937-1945 (The Controlled Economy and Trade during the Wartime
Nationalist Government, 1937-1945) (Shanghai: Shanghaishehui
kexueyan chubanshe, 2009); Zhang Zhongmin and Zhu Ting, ‘Kangzhan
shiqi guomin zhengfu de tongzhi zhengce yu guojia zibenqiye’, (The
state-controlled economy and the state capital enterprises in the War of
Resistance), \textit{Shehui kexue} 4 (2007); Zhang Shouguang, \textit{Kangzhan
dahoufang gongye yanjiu} (The Study of Industry in the Great Rear
during the War of Resistance) (Chongqing chubanshe, 2012).

\textsuperscript{46} Zhou Yong, \textit{Chongqing tongshi} (The History of Chongqing) (Chongqing:
Chongqing chubanshe, 2002). Zhou Yong, \textit{Chongqing kangzhanshi,}
1931-1945 (The History of War of Resistance in Chongqing) (Chongqing
chubanshe, 2013). Vincent Chang and Yong Zhou, ‘Redefining Wartime

\textsuperscript{47} Zhang Shouguang, \textit{Kangzhan dahoufang gongye yanjiu} (The Study of
Industry in the Great Rear during the War of Resistance) (Chongqing
chubanshe, 2012). He Yimin, \textit{Kangzhan shiqi Xi’nandahoufang chengshi
fazhan bianqian yanjiu} (The Transformation of the Cities in the Great
Rear during the War of Resistance) (Chongqing chubanshe, 2016).
life of different groups of women and how they survived during the war. Stories of bombing, shortages of food and medical care, and feeding their families by trading in sex, have given us a different picture of the wartime society. By using the dairies of Chen Kewen and Chi Pangyuan, Hans van de Ven argued that the wartime economy was in fact demodernised and traditional trading patterns were revived; the personal experiences of wartime culture and education were thus more complicated than processes of patriotism or nationalism.

Meanwhile, the inherent standpoint of the CCP as a forceful de facto mainstream determiner of research trends has provided impetus for patriotic research and launched a critical storm against “historical nihilism”, which has been the term for public scepticism about the CCP’s version of history by politicians and historians since Chinese president Xi Jinping and the party tied up history with the “ideological civilisation” in 2012. The result of Communist historians’ ideological studies is that the authority transplants the Nationalists’ achievements to the CCP; for instance, in the poster for a CCP propaganda film, the producer replaces Chang Kai-shek with Mao Zedong


as the Chinese leader at the Cairo Conference.\textsuperscript{51} Although “nihilist historians” and communist historians conflict on their debates about history research and education, both nevertheless value and are trying to define China’s character in the Second World War.\textsuperscript{52}

Historians have returned to wartime historiography in the last decade, moving from focusing on the coastal cities and Northern China to connecting inland China with the occupied area; this shifts the focus on policy-making and implementation from top to bottom, to investigating refugees and local people’s everyday lives during the war; from an isolated historiography of the War of Resistance, to globalising China as a Second World War diplomatic player and active shaper in Allied affairs. However, the newly published archives and personal materials have led to more debates on modernisation, mobilisation and nationalism in the Great Area. In this research, I will re-examine the transformation of wartime economic policies on grain resources and the interaction between the authorities and rural peasants in order to understand the impact of wartime economic policies on the post-war and longue durée era in Southwest China.


Debates on the Communist Government’s State Building Models in the 1950s

The transformation of socio-economic realities during the Second World War and Civil War (1937-1949) has been one of the core issues that scholars use to explain the success of the Chinese Communist Revolution in 1949. The historians who work on the PRC era have continued the research of the CCP in the Revolutionary Base Areas and the Central Soviet Area in the 1930s, explaining the path of its state-building campaigns in rural China after 1949. Unlike Chalmers Johnson and Mark Seldon’s debate on the interpretations and theories of communist mobilisation during the war, Chen Yungfa’s work, *Making Revolution*, which was one of the first generation of local studies, focused on the study of interactions between the CCP and the rural population in the Anti-Japanese Revolutionary Base Area, highlighting the work of dedicated cadres in the region in organising and mobilising the rural population.53 Gao Hua and other scholars re-examined the origin of the Leninist Party and Mao Zedong’s leadership in the Yen’an era in order to understand the shaping of centralised power and the continuous intra-party purges in the CCP’s upper structures.54 Meanwhile, by using central government archives and published materials, Yang Kuisong moved away


54 Ga Hua, *Hong taiyang shi zenyang shengqi de: Yan’an Zhengfeng yundong de lailongqumai* (How the Red Sun Rose: The Origin and Development of the Yan’an Rectification Movement, 1930-1945) (Hong Kong: The Chinese University of Hong Kong, 2000).
from the local studies, presenting the Chinese Communist Revolution in the background of the Russian Revolution, the Second World War and the international power structure in the post-war era. Following the “Yen’an way”, researchers have argued for the importance of the base area model and experiences later in the Campaigns of Land Reform and Suppressing Counterrevolutionaries in the early 1950s.

However, in this research of Chongqing, I will focus on the local archives and the interaction of between rural people and the different regimes, following the local historiography in order to understand local transformation during the revolution. Compared to other base areas, the CCP’s power in East Sichuan was weak, especially after the Nationalist Government moved to Chongqing during the war. As Newly Liberated Areas (xin jiefangqu 新解放区) taken over by the CCP after October 1949, the CCP in Southwest China was not only engaged in “making revolution”, but, more importantly, in working on ending the battles and beginning state-building as soon as possible.

Scholars such as William Kirby and Joseph Esherick have bridged the study of the Nationalist Government and the Communist regime, but more work needs be done on understanding the local economic structures created by the War of Resistance and international contact during that period and

55 Yang Kuisong, Zhongjian didai de geming: Guoji dabeijing xia kan Zhonggong chenggong zhidao (Revolution in the ‘Intermediate zone’: The CCP’s path to success seen within the broad international context) (Shanxi renmin chubanshe, 2010).

56 The latest research was by Brian DeMare, Land Wars: The Story of China’s Agrarian Revolution (Stanford University Press, 2019).
through to 1949. Since the opening up of local archives, scholars have further interpreted the relative issues in Southwest China, provoking more questions and debates about the Nationalist Government’s wartime economy policy in the Great Rear and its impact on the later regime – the Communist Government’s planned economy in the 1950s. They asked that the CCP’s mass movements and resource centralisation was from the Soviet Union, Germany or the Nationalist Government? For instance, when examining a similar topic in relation to the history of heavy industry and labour actives in wartime Southwest China, Joshua Howard and Morris Bian provided two different answers to the question. Joshua Howard revealed the discontinuity or radical and transformative change in the socialist revolution from 1937 to 1953, whilst Morris Bian emphasised the continuity of business organisations by tracking the origin of danwei, which scholars conventionally believe to be based on the Soviet model. Bian highlighted that the


59 Kim Ji-hwan, ‘Kangzhan shiqi Minguo zhengfu de mianye tongzhi zhengce’, (The Nationalist Government Controlled Policy of Cotton
bureaucratic governance structure, the distinctive management, the incentive mechanisms and the provision of social services and welfare, which had the characteristics of danwei in post-1949 China, were shaped during the War of Resistance against Japan.  

With respect to the Communist state-building and the socialist transformation that followed, historians have tended to devote extensive attention to the continuous political campaigns in the 1950s. From 1949 to 1953, there were three overlapping campaigns known as the “Three Great Campaigns for State-building” (kaiguo san da yundong 开国三大运动): the Campaign to Suppress Counterrevolutionaries (zhengfan yundong 镇反运动), the Land Reform (tudi gaige 土地改革) and the Movement to Resist America and Aid Korea (kangmei yuanchao 抗美援朝). The new research tends to


Mao Zedong saw the campaigns as intimately connected, as he explained in a letter to Chen Shutong on 14 October 1951. See Mao Zedong Nianpu 1893-1949, ed. by Zhonggong zhongyang wenxian yanjiu shi (Beijing: zhongyang wenxian chubanshe, 2002), p. 405. Paul Pickowicz
emphasise the political structures and cultural practices of the campaigns, illustrating the violence and terror propaganda methods of building the new state, leaving economic aspects of state-building to an earlier generation of observers. With respect to Sichuan and Chongqing in the PRC era, scholars have also focused on Sichuan’s experience of the Great Leap Forward Famine and Cultural Revolution, rather than the process of early 1950s state-building.


The limitations of access to archival resources on 1950s PRC, especially the period from 1949 to 1953, is one of the aspects that has prevented researchers from studying this period from the broader economic perspective of Communist state-building. The classified archives of the central government have forced scholars to collect and use grassroots-level materials. This research methodology provoked Elizabeth Perry’s criticism of PRC historians’ work due to their use of “garbage materials”.64 However, good use of such abundant “garbage” has nonetheless allowed scholars to look beyond the localised and fragmental history.

In order to fully understand the state-building of the early PRC, my research into agricultural collectivisation seeks to present the entire picture, involving understanding the interaction of the top and local administration, and the local societies’ reflections. I suggest that the CCP’s state-building policy not only featured violent mass campaigns, but also utilised adaptive and gradual strategies to establish its policies, achieve influence, and finally control the rural resources by levying tax and marketing with state-owned enterprises.65 Meanwhile, by researching Chongqing and Sichuan’s history before 1949, I seek to understand the impact of the long-term war on their development,


rather than simply outlining that the CCP’s state-building in the early 1950s was more similar to the Nationalist Government paradigm or Soviet Union paradigm. In the 20th century, China experienced the Warlords Era (1911-1928; the Chongqing warlords clash ended in 1933), the War of Resistance against Japan, which was a part of the Second World War (1937-1945), the Chinese Civil War (1946-1949) and the Korean War. During the War of Resistance, the Nationalist Government published a series of “Extraordinary Period” policies (feichang shiqi非常时期), covering the economy, the price of children’s education and public health. I will demonstrate how these “Extraordinary Period” policies influenced the policy-making in the post-war era, which could be seen in the centralised and state monopoly on agricultural resource policies in rural Chongqing in the early 1950s. The continuous state-centralised resource strategy in the post-war period offers a new perspective on agricultural centralisation in the Great Leap Forward and the Great Famine.

The primary materials for this study are taken from the Chongqing Municipal Archives, Chongqing area county archives and related foreign affair documents in the US and UK national archives. The documents in the Chongqing Municipality Archive will provide the bulk of the government documents and local administration documents from 1937 to 1953, especially the business and agriculture department files for the Republic of China era and the People’s Republic of China era. I have chosen Jiangjin District, a port county in Southern Chongqing, and Wanzhou (previously known as Wan County or Wanxian), a port county in Northern Chongqing, as the core case study locations. Jiangjin District Archives and Wanzhou
District Archives provide county government documents for the Republic of China era, which I will supplement with Wan County Maritime Customs documents (1912-1949). Documents from multiple departments in the county archives provide a full picture of the trade network and the interactions between the producers, traders, gangs and the authorities at the local level. Added to this, I use more than 4,000 field documents from the 1950s' People's Republic of China from the Jiangjin and Wanzhou district archives, which provide continuous information on grain market management and agricultural tax collection.

This dissertation investigates the roots of the 1950s-era state-owned grain resource control system in Chongqing (including market administration and agricultural tax collection). It will document and question agricultural production and taxation practices by the Nationalist Government during the Second World War in the wartime capital, and continue this through to the Chinese Civil War (1946-1949). It will then consider how the system was shaped and expanded by the CCP into other regions during the Korean War (1950-1953). The wartime state-controlled economy paradigm provides a key method for understanding the First Five-Year Plan and the Socialist Transformation Campaign in China. Only by considering such thorough background can scholars understand the social and commercial environment that the CCP faced when it took over Chongqing in 1949 and implemented the Unified Purchase and Sale Policy in the following decades. War, trade and socialism are three key words in this research. The wartime background of Chongqing’s modern history is becoming an increasingly attractive topic for historians in China, the UK and the US, but few have
analysed the influence of the extended experience of war mobilisation beyond the 1949 barrier in rural areas. I argue that the Nationalist wartime economic policy impacted the Communists, pushing them into state monopoly policies on grain resources after the CCP took power in 1949. This research will also study the Chinese Government’s state-controlled resource control from a global perspective, demonstrating how international trade and foreign aid in wartime shaped the post-war economic regime. Finally, this research will provide an anchor for future research into the continuous rural reforms and grain resource collection in Chongqing area in the two decades prior to the disaster of the Great Leap Forward, thereby offering a new perspective on understanding the role, practice and impact of agricultural centralisation in contemporary China.

**Outline**

Chapter One analyses the transformation of the Nationalist Government wartime grain management and land taxation policy. The archives from this period illustrates the Nationalist state-building in the Great Rear aimed to establish a state-controlled food supply system in order to feed soldiers and citizens. Facing the chaos of the military grain resource supply, the Nationalist Government’s state-building in Chongqing proceeded the grain resource control in land taxation reform. The Nationalist Government decided to implement countrywide polices for the Levying Tax in Kind (*tianfu zhengshi*) via purchasing/borrowing (*zhenggou/zhengjie*) and grain bonds (*liangshi kuquan*). These steps indicate that the Nationalist Government was gradually cutting the revenues on cash and replacing this with grain and barter trade.
Chapter Two focuses on the Nationalist Government control of the rural resource market by establishing the state-owned enterprises and trade network. This chapter uses the tung oil (Chinese wood oil) trade and grain processing industry as the case studies to examine the Nationalist Government's market management. Tung oil is an ideal means of investigation; it was a vital export and component of Chongqing’s transformation from a traditional commercial centre to a national industry base during the war. I argue that although the Nationalist Government established a state-controlled tung oil supply chain, the implementation of the Unified Purchase and Sale of Tung Oil Policy relied on American Loans and a Japanese embargo. However, the limitations in storage and refining equipment, the fluctuating price, and the political power struggles all impeded the centralised export policy. I will also examine the domestic market after the outbreak of the Pacific War, arguing that the Allies’ international aid, along with the Japanese blockade on international trade and transportation, provided the grounds for growing state capitalism and state-controlled domestic and international trade in Southwest China during the war, which the valid period of the state monopoly on resources extended to 1945. After the war, although the number of state-owned enterprises decreased, the state-controlled trade network remained.

Chapter Three introduces the Nationalist post-war grain policy and rural reforms from a transnational perspective. In order to improve agricultural production and counteract the influence of communism in rural China, the Sino-American Joint Commission on Rural Reconstruction (JCRR) was established as part of the China Aid Act of 1948. During the last days of Nationalist Government control on the mainland, JCRR initiated a series of
programs to improve agriculture in rural Chongqing, which was reflected in the vast and diverse number of infrastructure investments in a short period. After the commission moved to Taiwan in 1949, these programs continued on the mainland and were even integrated into the communist land reform, known as part of the CCP’s Rent Reduction and Refunding Deposit (jianzu tuiya) movement in Sichuan in 1950.

Chapters Four and Five move on to consider the CCP’s agricultural taxation reform and the Land Reform in the Chongqing area. Here I illuminate aspects of the CCP’s agricultural taxation reforms and its tax burden on the wealthy class and peasants from 1949 to 1953. My work shows how, in Sichuan, land tax originated from the Nationalist fuyuan system and then combined with the CCP’s progressive class tax, which was then replaced with the personal income progressive tax after the Land Reform in 1952. I will focus on three policies pursued by the CCP in this period: the Additional Levy on Large Households (dahu jiazheng 大户加征), the Rent Reduction and Refunding Deposit Movement (jianzu tuiya 减租退押) and the Investigating Fields and Setting Production Policy (chatian dingchan 查田定产). Although they have not been studied before in much detail, these movements are vital to understanding the Communist Government’s state-building process and the transfer of power in Southwest China. Studied together, these movements reveal a clear continuity from the Nationalist Government’s tax and land reforms past 1949.

Chapter Six uses an array of materials from newly-opened county archives to show that in the early 1950s, the CCP state-building policy not only featured violent large-scale campaigns, but also utilised adaptive and
gradualist strategies to compete with grain merchants, achieve influence, and finally control the market with state-owned enterprises in Chongqing area. Based on the Chongqing archives, my research outlines the Land Reform Movement in its strategic steps in Chongqing. In the early stages, the CCP needed to cooperate with the old regime’s officers and village elders to organise and communicate with the masses. I investigate the CCP’s grain market and price policies before the First Five-Year Plan. By examining the archives on state-private, the chapter focuses on establishing the state-owned enterprises and organisations in the grain trade and the shaping of the CCP’s grain price policies before implementing the Unified Purchase and Sale Policy in late 1953.

During the Second World War, the Nationalist Government had been forming a state-controlled resource strategy, based on the Great Rear, to support the war and achieve victory after eight years. Although the Nationalists lost the mainland in the following Civil War, the ostensibly enemy regime – the CCP – effectively continued its wartime economy strategy in Chongqing in the process of establishing the planned socialist economy in 1953. I review the CCP’s grain policy in the 1950s based on a transnational and trans-regime history of wartime food supply and famine relief, demonstrating that the Chinese Nationalist Government’s military grain supply and wartime economic policy during the Second World War was continued and strengthened by the CCP after 1949.

Meanwhile, by comparing the Nationalist Government and the Communist Government grain policies on levying and marketing, I argue that the Nationalist Government’s wartime grain resource management focused on
levying tax and storing rice, rather than taking share of the market by competing with private merchants. The Levying in Kind Policy aimed to centralise grain resource in rural areas and supply the army and citizen directly. However, the policy didn't implement since the beginning of the war but worse the price inflation. Compared with the Nationalist Government, the CCP’s grain resource police not only implemented the Nationalist Levying Land Tax in Kind Policy since 1949, but also managed grain price by purchasing and marketing at the bottom level markets systematically. The CCP repressed inflation successfully by centralising grain resource as a result of transforming the Nationalist grain policy on acquisition and distribution to a component of market price control. However, to balance the regional, wholesale-retail seasonal prices of grain, the CCP implemented the Unified Purchase and Sale of Grain Policy to back up its planned economy strategy. With the Stalinist agriculture collectivisation, the CCP’s state monopoly system confiscated peasants’ food surpluses de facto and countryside descended into the tragedy of famine.
1 Chapter:

Army Grain Supply and Levying in Kind

On 7 July 1937, the Japanese army crossed the Marco Polo Bridge (Lu Gou Qiao 卢沟桥) and surrounded Beijing and Tianjin, starting what would become an eight-year period of open warfare in China south of the Great Wall. In the following months, Japanese troops marched from Beijing to Shanghai, and eventually captured Nanjing, the capital city of the Nationalist Government (Guomindang or Kuomintang 国民党) in December 1937. Faced with the fall of Shanghai and Suzhou, the Nationalist Government in Nanjing announced that Chongqing, a mountainous city 900 miles away, would be the wartime capital. After an interim period in Wuhan, the central government moved to Chongqing in late 1938, making the area their stronghold for eight years.¹ Before leaving Wuhan, the Nationalist Government convened the National People’s Congress and published “The Program for the War of Resistance and Nation Building” (kangzhan jianguo gangling 抗战建国纲领) -- and “The Economic Plan during the Extraordinary Period” (feichang shiqi jingji fang’an 非常时期经济方案), providing guidelines for the Nationalists’ wartime strategy in the war that followed.

As an area far from Beijing, Sichuan (including Chongqing) had been isolated from the central government’s administration since the fall of the Qing Dynasty.² It was closer to Tibet than Beijing, and was famous for its resistance to central directives. The start of the Second Sino-Japanese War offered the central government in Nanjing a chance to get direct access to Southwest China. In 1933, Chiang Kai-shek, the leader of the Chinese Nationalist Government in Nanjing, supported Liu Xiang, the leading warlord in Sichuan, to fight Liu Wenhui, Liu Xiang’s nephew, and utilised Sichuan Province during “The Inner War of the Liu Family” (er Liu zhi zhan 二刘之战) – the last of the battles between local warlords in the Republic of China era.³ In exchange, Liu Xiang handed over power to Chiang Kai-shek, accepting the central government’s establishment of a military office in Chongqing and supporting the government to suppress the Communist Red Army in Southwest China. Consolidating control of Liu Xiang, Chiang Kai-shek announced that he would “Nationalise the Sichuanese army”


³ “Er Liu zhi zhan”, from 22 October 1932 to 1933. In the early 1929, Liu Xiang cooperated with Liu Wenhui, fight with Yang Sen and other warlords and as a result of occupying the Easter Sichuan area. However, after the victory, Liu Xiang united with other military powers to fight against Liu Wenhui and won the batter in September 1933. The total number of soldiers from both side was around 200,000, which was the largest warfare since 1911 in Sichuan.
(Chuanjun guojia hua 川军国家化) and he proposed the reorganisation of Liu Xiang's army in August 1935. However, this step intensified the existing conflict between Sichuan local powers and Nanjing Government officers, which ultimately affected the military attempt to block the Communist Long March. After the Xi'an Event, the relationship between Liu Xiang and Chiang Kai-shek was worsened because Liu didn’t support Chiang’s military activities to punish Zhang Xueliang and Yang Hucheng in Shaanxi.

Before Liu Xiang's death in January 1938, Chiang successfully commanded Liu Xiang’s army to the frontline in Nanjing. Scholars have different interpretations regarding why Liu Xiang accepted Chiang's order and moved to Nanjing. Some


6 Huang Tianhua, ‘Cong “Pian Chu Xi Chui” dao “Minzu fuxing genjudi”: Kangzhan qianxixi Jiang Jieshi dui Chuanjun de gaizao’, (From the Western Border to the Area of National Rejuvenation: Chiang Kai-shek’s Sichuan Political Reform before the War of Resistance), Kangri zhanzheng yanjiu, 04 (2012), 14-24; Deng Hanxiang, ‘Liu Xiang yu Jiang Jieshi de gou xin dou jiao’, (The Political Struggle between Liu Xiang and Chiang Kai-shek), in Jiang Jieshi yu ge paixi junfa douzheng neimu (The Inside Story of the Political Struggle Between Chiang Kai-Shek and Warlords), edited by Quanguo zhengxie wenshi ziliao weiyuanhui (National Cultural and Historical Materials Committee of the Chinese People’s Political Consultative
have suggested that under the pressure of relieving Sichuan’s famine from the summer of 1936 to May 1937, Liu exchanged military leadership for financial support from the central government. During this famine, more than 30 million Sichuan people suffered from drought or starvation. According to Chiang’s diary, people were eating dead bodies and babies. The data from the Chongqing Police Bureau also provides appalling information about the famine – in January and February of 1937 alone, a total of 2,870 people died in Chongqing City as a result of starvation and cold. In Yunyang and Wenxing Counties, famine refugees organised as bandits to rob wealthy families’ grain stores together. Liu Xiang required the central government’s financial support and the central government published 12 million yuan in government bonds for famine relief. To express his welcoming attitude, Chiang and the central government moved to Chongqing; on the second day of the Marco Polo Bridge Event, Liu commanded


7 Li Zhihui, ‘Chuanyao Chuanzai Chuanzheng: Kangzhan qianxi Sichuan de tongyihua jincheng’, (Sichuan’s Rumour, Schuan’s Disaster and Sichuan’s Policy: The Unification of Sichuan before the War of Resistance), Kangri zhanzheng yanjiu, 04 (2009), 58-69.


11 Ibid. Also see Li Zhihui, ‘Chuanyao Chuanzai Chuanzheng: Kangzhan qianxi Sichuan de tongyihua jincheng’, Kangri zhanzheng yanjiu, 04 (2009), 58-69.
more than 300,000 Sichuanese soldiers to protect Shanghai and Nanjing under Chiang’s orders.

In this chapter, I will focus on the Nationalist Government’s policymaking with regard to grain, the grain administration’s construction and the grain market management, re-examining the Nationalists’ wartime state-building in local Chongqing in the “Extraordinary Period” and its development in the civil-war era.

As soon as the war began, research into the Nationalists’ grain policy in Sichuan Province attracted the attention of scholars. During the war, the Ministries of Grain, Agriculture and Economy each had their dedicated research offices for collecting the data on agricultural production and other commercial goods in “Free China” in order to support the government’s policymaking. Meanwhile, scholars and intellectuals also published their research on Sichuan grain issues as well. That data and research was collated into two series of books that were published in the late 1980s in Taiwan: *Historical Material on Grain Policy*, edited by Hou Kunhong; *Materials of War of Resistance and State-building: Grain Policy Aspects*, edited by Qin Xiaoyi. Hou Kunhong later wrote his dissertation on grain policy and finance, which focused on the wartime Nationalists’ general grain policies and administration at the central government level.

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In the 1970s and 1980s, Lloyd Eastman researched the Nationalists’ general policy on grain collection and peasantry. Although he conceded the Nationalist Government’s achievements in the first two years of the war, he heavily criticised their food policy and gave a negatively assessed the Nationalists’ state-building during the war.\(^{14}\) The Japanese scholars Ishijima Noriyuki and Sasakawa Yuji used published materials and documents at the Sichuan Provincial Archives to interpret the Nationalist Governments’ mobilisation in terms of levying grain and recruitment in the Great Rear (\textit{dahoufang} 大后方), illustrating the impact of the war and the Nationalists’ policy on local society and people’s daily lives and psychologies.\(^{15}\) They analysed the data on grain levying in Sichuan, and positively assessed the result of the mobilisation and implementation in the local area. By comparing Sichuan with Japanese wartime policy and society, Sasakawa Yuji argued that the Nationalist Government’s limitations and contradictions in terms of mobilisation and the reorganisation of society could not be overcome. Its wartime policies on levying tax and recruitment resulted in


peasant resistance. However, using the relevant administrations’ archives in Taiwan and detailed analyses of the central government’s political struggles and personal networks with local warlords, Taiwan scholars emphasised the limitations of Chiang and his administration in the levying and grain management in Sichuan, demonstrating that the fulfilled and overfulfilled accomplishment of levying in kind was the result of compromise and cooperation between the central government and local warlord powers.\(^{16}\)

In sum, previous research into the Nationalist Government’s grain policy focused on the interactions between Chiang Kai-shek and Sichuan local powers at the provincial level due to the available archive sources. In fact, when the Nationalist Government was pushing the national policy onto local Sichuan, the authority faced three levels of resistance: political struggle within the central government, a lack of cooperation by the local warlord powers; and rural society’s resistance to the policy implementation in the counties. The county level archives in Wan County and Jiangjin County provided me with a unique opportunity to re-examine the practicalities of the central government’s grain policy at the local level.

In this chapter, I will illustrate the formation of the Nationalist Government’s wartime grain policy in three parts. Frist, I will argue that one reason for the

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1940s grain crisis was the army grain supply and purchases on the frontline. To deal with the chaotic army grain supply at the frontline and the food rations to the public service population in the cities, Chiang Kai-shek not only decided to reform the grain administration by centralising the power of the levying local wealthy class, but also launched the rectification movement in grain institutions. Second, aiming to control grain resources through price policies, the government established the National Grain Administrative Bureau (*quanguo liangshi guanliju* 全国粮食管理局) in order to separate the grain purchasing department from the military administration. Third, the government replaced the National Grain Bureau with the new administration, the Ministry of Grain (*liangshi bu* 粮食部), and changed the obtainable grain resource strategy by levying land tax in kind. These steps meant that the Nationalist Government became entirely responsible for the army’s grain supply.

I will outline the three strategic shifts in the Nationalist Government’s wartime grain policy. First, the grain administration shifted from managing prices to controlling grain sources directly in order to have sufficient grain to increase revenue and support the war. Second, Chiang Kai-shek’s grain management targets shifted from the Communist Party to the large households and landlords and civil service officers, mobilising of the anti-hoarding and anti-corruption movements in the grain administration. Finally, I will focus on the grain market policy in order to understand the authority’s relationship with local private merchants during the war. By analysing the strategical changes of the Nationalists in terms of price management after 1942, I will argue that Chiang Kai-shek and the Ministry of Grain’s market policy cooperated with private merchant groups. On the one hand, the Nationalist Government was trying to
manage the market by organising the private merchants’ groups and controlling
the progressing industry; on the other hand, the impressive development of the
state-private-shared grain mills limited the effectiveness of the Nationalists’ price
policy.

1.1 Price and Panic

1.1.1 The Great Rear’s Stable and Sluggish Grain Price (July 1937-
December 1939)

Having lost the east coast trade ports and tariff revenue, the Nationalist
Government’s financial system forced the government to rely heavily on land tax
income from rural areas in Southwest China.17 One month after the Marco Polo
Bridge Event, the Nationalist Government published “The Regulation of the Grain
Administration during the Controlling Period” (tongzhi shiqi liangshi guanli tiaoli
统制时期粮食管理条例), which set the tone for the wartime grain policy, involving a
controlled economy strategy. After the government moved to Wuhan, Chiang Kai-
shek undertook a cabinet reform and, in January 1938, the Ministry of Economy
was established. The new ministry published detailed policies on grain control
and food supply. According to the newly published “The Method of Grain
Management during the Extraordinary Period” (feichang shiqi liangshi tiaojie
banfa 非常时期粮食调节办法) and “The Outline of Grain Management in the War
Zone” (ge zhanqu liangshi guanli banfa dagang 各战区粮食管理办法大纲), the

17 Felix Boecking, No Great Wall: Trade, Tariffs, and Nationalism in Republican
Asia Center, 2017).
new department, the Wartime Grain Administration Office (zhanshi liangshi guanli chu 战时粮食管理处), would become responsible for purchasing, processing, storing, selling and other relevant issues, in order to maintain the supply of grain to the army and people in the Great Rear. 18

The office was led by the Department of Commander in each war zone (zhanqu siling zhangguan bu 战区司令长官部) and worked on all grain affairs, such as storing, transportation, progressing, grain quality testing and even can set up the range of official price of grain in order to manage the market.19 If the itinerant traders, private mills and granaries hoarded large amounts of grain and blocked the supply to the military and citizens, local governments could force them to sell their grain to the authority at a reasonable price.

Meanwhile, the Wartime Grain Administration Office had to cooperate with local governments to set the highest or lowest trade price and prevent grain merchants from manipulating the price and hoarding large quantities of grain in some important markets.20 The office and local government’s implementation of the policy did not smoothly. The main reason for this was that the Wartime Grain Administration Office relied to a large degree on the support of the local


government to implement its policies; it did not have vertical organisation at the lower level and the bureaucracy was not strong and efficient. Another reason, I believe, was simply that the grain supply was plentiful for the army and the population in the Great Rear in the first two years of the war, and there was no need for the government to actively intervene in the market.

According to the data from the Nationalist Government, the grain price in Chongqing did not rise from July 1937 to December 1939 (Figure 1.1). The grain investigation administrations described the fluctuation in the price index in the main cities in 1937 as “stable and sluggish”. By August 1938, although the first major battle had begun in Shanghai, warfare had had little effect on Southwest China. For instance, in Chongqing, between August and October, the rice price actually decreased compared to the same months in previous years. The grain administration suggested that the stable price was benefiting from the rice harvest in Sichuan in 1938 and transporting goods by migrants from Central China to Chongqing. Before the Japanese army arrived in Yichuang, the Nationalists organised a rapid action force to purchase a large quantity of rice for emergencies (qianggou 抢购) from the local markets, transporting it from Hubei Province to the East Sichuan area.

21 Pu Mengjiu ed., Zhongguo ge zhongyao chengshi jiage ji zhishu zhuankan (The Special Issue of Chinese Main Cities’ Grain Price and Index) (Chongqing: Liangshi bu diaochachu, 1945).


Figure 1.1 Wholesale price of mid-quality rice in Chongqing, July 1937-December 1939 (shidan/ yuan)\textsuperscript{24}

![Wholesale price of mid-quality rice in Chongqing, July 1937-December 1939 (shidan/ yuan)](image)


The rice price started to increase slightly from October 1938, when the Japanese occupied Guangzhou and Wuhan, and the central government decided to move to Chongqing. The rice resources in Chongqing area were nonetheless sufficient to supply the increased demand. Even on 13 and 14 May 1939, when the Japanese heavily air-rafted and bombed Chongqing, the grain market was surprisingly stable. In December 1938, the American and British governments

\textsuperscript{24} Dan 石, was a traditional unit of measure grain Volume. One dan equalled 10 dou (peck) or 100 sheng (pint). In 1941, to implement the policy of levying tax in kind, the authority published new metrology in Jiangjin: per dan unhusked rice was 52 kilogram, per dan brown rice (no husk but with bran, 糙米) was 60 kilogram, per dan milled rice (or white rice, 熟米) was 80 kilogram, per dan wheat was 72.5 kilogram. Also see Jerome Chen, The Highlanders of Central China: A History, 1895-1937 (Armonk, N. Y.: M. E. Sharpe, 1992). Frederic Wakeman, Great Enterprise: The Manchu Reconstruction of Imperial Order in Seventeenth-Century China (Berkeley: University of California Press, 1985).
loaned 25 million dollars and 450,000 pounds to the Nationalist Government respectively. Although the Nationalist Government published several price policies and extended the bureaucracy of price and grain management, the stable grain price was not the result of effective administration. These international loans and aid helped the authority relieve the pressure in terms of the price fluctuation in the Great Rear.

The prices of daily supplies and commodities was rising faster than grain in this period. The authority noticed the price fluctuation in commodities at the early stage when Wuhan was lost in February 1939. To avoid a steep price rise, the a new policy “Assessing Prices and Prohibiting Speculative Manipulation in the Extraordinary Period” (feichang shiqi pingding wujia ji qudi touji caozong banfa 非常时期评定物价及取缔投机操纵办法) was published. This stipulated that the local governments should cooperate with the relevant merchants’ guilds and establish a new administration – the Price Stabilisation Commission (pingjia weiyuanhui 平价委员会) – in order to unite the market and maintain the supply of goods.

Including rice and wheat, the local authority was to negotiate and cooperate with relevant merchant groups in evaluating and setting the price of all commodities based on reasonable costs and benefits.

In December, the Nationalist Government published the document, “Stabilising the Price of Daily Necessary Commodities” (riyong bixupin pingjia gouxiao banfa 日用必须品平价购销办法) and established the Stabilisation Purchase and Market Office (pingjia gouxiaochu 平价购销处) at local markets, which related to set

25 I will detailed discuss the international aids and loans in Chapter Two.
official prices of wholesale and retail prices on groceries. According to the Nationalist Government, the office should protect the producers, customers and private merchants benefits, maintain the lowest benefits in purchasing and marketing goods.26 The office purchase rice and other daily necessary commodities according to the demand of citizens and wholesaled it to retailers, the benefit cannot over five per cent of the cost; and stipulated that retailers’ benefit cannot over 20 per cent of the cost.27 The function of the Price Stabilisation Commission and its office was very similar with the CCP’s State-owned Grain Trade Enterprise (guoying liangshi maoyi gongsi 国营粮食贸易公司) in the early 1950s. But the communist grain enterprise actively competed with private merchants by marketing rice in order to establish a state-owned trade network in the local markets.

The effective implementation of the policy was based on controlling large quantities of commodities, which was impossible in most local administrations because of the shortage of goods and financial revenue. However, the Price Stabilisation Commissions could not sell more commodities at a lower price than merchants in the market to meet customers’ demand and relieve the short-supply situation. The implementation of these policies greatly disappointed the Chair of


27 Ibid, p.142.
Sichuan Province Chiang Kai-shek, who said, “the Price Stabilisation Commission sets up the commodities’ prices arbitrarily and perfunctorily”.

Like Lloyd Eastman and Hou Kunhong’s research results regarding the Nationalist Government’s general grain and peasantry policies, Chongqing’s data also proves that the grain market was stable in the first two years of the war.

The conditions in Sichuan began to deteriorate as early as spring 1940, and when Yichang was occupied by the Japanese in June 1940, food crises began to break out generally in the rural area generally.

1.1.2 Grain Crisis and Panic Events (January 1940-August 1940):

   Army Grain Supplying and Purchasing

We know that the rice price has seasonal fluctuations. As a rice production and consumption area, Sichuan sees the rice price increase from June to the middle of July, when “rice seed is growing and ripe grain is in short supply” (qing huang bu jie 青黄不接), and then decrease from the end of July to September, when the rice harvested and rice is supplied to the market. However, in 1940 grain panic event occurred in Chengdu as early as in February, and Sichuan’s rice price continued increasing dramatically from June to the end of 1940 (Figure 1.2).

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The public grain panic was referred to as the “Wave of Rice Robberies in Chengdu” (Chengdu qiang mi fengchao 成都抢米风潮), and it has been interpreted by historians as an example of the Nationalists’ failures in terms of grain supply. On 27 February 1940, the Chengdu Government sent investigators to local areas to collect price data and held a conference about curtailing rice price growth. However, the authority’s activity provoked panic among the local people. On the night of 13 March, around 3,000 to 4,000 people robbed grain stores and granaries belonging to Chongqing Business Bank (Chongqing shangye yinhang 重庆商业银行) in Chengdu’s city centre. In response, the authority sent out soldiers, policemen and plainclothes police officers to violently repress the trouble, arresting some of the people involved, including three journalists who were working for a communist newspaper, one of whom was a member of the CCP.

Chiang Kai-shek and the Major of Chengdu believed that the panic had been organised by the Communist Party with the aim of disordering the Great Rear

markets and causing panic among the public. On 20 March, Chiang ordered the execution by firing squad of the CCP journalist. Chiang believed that this action would deter further communist activities in the Chengdu area and relieve the tension in relation to the grain issues between the government and the public.\textsuperscript{31}

However, these methods did not stop the commodity price increases, instead creating panic among customers and leading to the grain crisis in Chengdu. According to research by scholars at that time in Chengdu, the crisis can be attributed to the government’s ineffective price policy.\textsuperscript{32} The grain crisis and panic not only occurred in the cities, but also impacted counties and towns in East Sichuan. Figure 1.2 shows the different fluctuations in the mid-quality rice wholesale price between Chongqing City and rural counties, demonstrating that the grain supply crisis in fact began in the counties. In May 1940, prices in Wan County (26 yuan per shidan) and Jiangjin County (36 yuan per shidan), the grain supplying areas, were even higher than those in urban Chongqing (24.7 yuan per shidan).

\textbf{Figure 1.2 Mid-Quality Rice Wholesale Price in Chongqing, Jiangjin County and Wan County, January 1939- August 1941 (yuan per shidan)}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure1.png}
\caption{Mid-Quality Rice Wholesale Price in Chongqing, Jiangjin County and Wan County, January 1939- August 1941 (yuan per shidan)}
\end{figure}


Data from: Pu Mengjiu ed., Zhongguo ge zhongyao chengshi liangshi jiage ji zhishu zhuankan (The Grain Price and Index in Main Chinese Cities) (Liangshibu diaochachu, 1945).

The archives of the Ninth Prefecture in Sichuan Provincial Government (Sichuan sheng jiu qu gongshu 四川省九区公署) shows a wider range of grain shortage incidents in the northeast counties, offering detailed information about the reasons for the grain crisis in the local counties.33

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33 The Ninth Prefecture was in Northeast Sichuan and bordered with Hubei Province, including Wanxian (Wansien or Wan County), Fengjie, Kaixian, Yunyang, Zhongxian, Wushan, Wuxi, Chengkou eight counties. The region was approximately as the Wanxian Prefecture (1950-1953). In 1997, Wanxian Prefecture merged into Chongqing Municipal area. Archives are cite in this part are: the file of ‘Sichuan shengfu jiuqu zhuanshu guanyu Yun Feng liang Wu sixian fasheng mihuang, qingqiu dao Yun, Kai, Wan, Bianjing yu Zhong, Kai, Wan, San Xian Caigou Shimi, dianchi Fengjie, Wuxi, jieji nanmin de daidian, xunling’ (The Ninth Prefecture In Sichuan Provincial Government's Telegraph and Orders about Grain Crisis in Yunyang, Fengjie, Wuxi and Wushan, Four Counties; Requesting to Purchase Grain with Zhongxian, Kaixian and Wanxian on the Border of Yunyang, Kai County, Wan County; Ordering Fengjie and Wuxi to Accept Refugees 四川省府九区专属关于云, 奉, 两巫四县发生米荒, 请求到云, 开, 万边境与忠, 开, 万三县采购食米, 电饬奉节, 巫溪接济难民的代电、训令), 24 June 1940 to 3 December 1940, WDA, J002-003-626. The file of ‘Quanguo liangguanju, Sichuann shengfu, Jiuqu zhuanshu chao fa quansheng liangshi guanli, daiocha, tiaoji, dingjia,
On 30 June, in one report by Yunyang County Government (Yunyangxian zhengfu 云阳县府) to the Ninth Prefecture of Sichuan Provincial Government, Magistrate Liang Jingmin (梁敬民) introduced the serious grain supply situation and analysed the reasons for it. Magistrate Liang said:

Yunyang County was not a grain production area in the past, relying on imports from neighbouring counties even in the good harvest years. Since the war started, the military have required grain frequently. The coal industry, iron and salt factories have been built and resettled in the counties since the war started. The number of workers has shot up, increasing the quantity of food consumption.

Adding to the drought, the troops gathering in the county have

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shougou, yunshu, liangshangdengji deng banfa, dagang, Gao Chuan sheng minzhong shu ji xianzhang zhishi deng ling, Dian’ (The National Grain Administration, the Sichuan Provincial Government, and the Ninth Prefecture Copied the Orders and Telegraph on Provincial Grain Management, Investigation, Adjustment, Pricing, Purchasing, Transportation, Grain Merchants Registration, etc., The Letter to Sichuan People and The Speech of County Magistrate's Duties, etc) 全国粮管局，四川省府，九区专署抄发全省粮食管理，调查，调剂，定价，收购，运输，粮商登记等办法，告川省民众书及县长职责等令，电)，11 September 1940 to 29 December 1940, WDA, J002-003-623.

The file of ‘Junzheng bu, Jiuqu zhuanshu fa liangshi gouyun guanli, zhuchi zhushi danwei yanjiu caigou shimi, yanjin shangbing duanjia jiemi, zhujun gulei zugu ji chengqing shangbing yuian shangyi Zhong, Feng, Fuxian, budui yizhu Liang, Kai de xunling, daidian’(The Ministry of Military Affairs, the Ninth Prefecture’s Orders and Telegraph about the Management of Purchasing and Transporting Rice, The Research about Garrisons’ Food Purchasing, The Ban of Intercepting Rice or Purchasing with A Lower Price; The Estimation Of Provision, The Requisition to Move Wounded Soldiers to Zhong County, Fengdu, Fuling County and troops move to Liangshan and Kai County 军政部，九区专署发粮食购运管理，主持驻市单位研究采购食米，严禁伤兵短价截米，驻军估䉪租谷及呈请伤兵役员上移忠，丰，涪县，部队移驻梁，开的训令，代电)，21 June 1940 to 14 December 1940, WDA, J002-003-628.
seriously intensified the rice scarcity. I request assistance and aid from the neighbouring counties immediately.\(^{34}\)

Magistrate Liang’s opinions on the rice shortage issue represented the county-level governments in Northeast Sichuan. In this report, he listed several reasons for the grain crisis, including the military grain supply, industrial factories moving in and consequent worker numbers increasing, and the climate disaster. During the war, not only did more than 50 universities and colleges move to Chongqing City, but also more than 200 mines and heavy industry factories, which comprised one-third of the factories in the east, were relocated to Chongqing’s rural area. Before the war, the population of Chongqing area was 350,000, but by 1946 it had reached 1,250,000.\(^{35}\) The soaring food consumption transformed the rural food producing areas into consuming areas. Later in this report, Magistrate Liang focused on the ministry administration in his county, suggesting that the main reason for the bad situation was related to military activities. In the documents and reports all of the magistrates from the Ninth Prefecture, not just Magistrate Liang, stated that the chaos in the local grain market had been caused by the army’s grain purchasing issues.

To the Nationalist Government in Chongqing, Hubei Province was the last defence area in the north to stop the Japanese offensive toward the Southwest.


On 1 May 1940, the Nationalist commander Li Zongren (李宗仁) led six corps of the Fifth War Zone (about 3.5 million men) to meet with the Japanese in the Zaoyang Yichang campaign (Zao Yi zhanyi 枣宜战役). Although Yichang was lost in June, the commander, Chen Cheng (陈诚), re-formed the Sixth War Zone in July, continuing the battles in West Hubei and protecting Sichuan and Chongqing. Later, the Japanese intensified the economic blockade along the coast by closing Hangzhou Bay in Zhejiang and the major ports of Fujian, and severing connections between Guangdong and Hong Kong. With China cut off from the international grain markets, on which Guangdong depended, and with domestic trade becoming increasingly difficult, it was inevitable that grain shortages would occur. Isolation from the international grain markets, the destruction of harvests due to warfare and the severing of connections between Sichuan and the front led to obvious difficulties.

The Ninth Prefecture Region was the core area of the Great Rear that supported the army on the frontline. Since Yichang was occupied by the Japanese in June, the telegraphs and reports from the county’s magistrates to the Ninth Prefecture Governments and Chiang Kai-shek, who was the chairman of Sichuan Province Government in 1940, were full of complaints about the military administration’s disordered purchasing behaviour and emergency requests for the distribution of grain from neighbouring counties. The conflicts between the military administration and county governments intensified gradually after soldiers, arsenal workers and wounded soldiers began to arrive in the Ninth Prefecture.

In August 1938, the Ministry of Economy established the Sichuan Purchasing Grain Administration (四川购粮委员会), cooperating with the Chongqing Military Committee (重庆军事委员会) to supply the government and military with grain using government financial revenue. The fund was divided into the purchasing portion (600 million yuan) and storing portion (1.67 million yuan). Before the war, the Nationalist soldiers’ warfare supplies were paid for in cash and the army was independently responsible for its soldiers’ food supply andrationing. In the major campaigns, the battle forces had to purchase and transport grain from local markets, making the supply irregular. On 30 January 1940, the Nationalists reformed the soldiers’ warfare supply, separating it into the provision of food and funds (liangxiang huafen 粮饷划分). By establishing the Military Grain Bureau (junliang zongju 军粮总局) and relevant local offices, the authority unified grain acquisition and centralised the supply for the relevant staff at military agencies; this did not just include soldiers in the troops, but also the students in the military schools and training camps, and the wounded and patients in the hospitals. The bureau calculated soldiers’ average daily consumption, rationing each person to 24 liang (about 1.2 kilograms) of rice or 24 liang of wheat flour. It set an official fixed rice


price of four yuan per person and created a purchasing budget based on the numbers of soldiers in the troop. It also centralised the financing of grain purchasing for each military agency, which meant that purchasing and transporting was still organised by the soldiers. The policy was first trialled with a number of pilots first of all, including among the troops in Sichuan Province. However, the policy exposed the divided administrations between military affairs and economic affairs at the county level, evoking the chaos in the local market and increasing the grain price. Supplying large quantities of army grain required a unified arrangement and centralised organisation to create cooperation between the military agencies and local governments. In the local archives, I found that the increasing conflicts and tension between the military and government institutions further disordered local authorities’ market management.

In June, the Aviation Weapon Technology Research Institute of the Military Engineering Department (Junzhengbu binggongshu hangkong bingqi jishu yanjiuchu) was built in Wan County. The institute reported to the Ninth Prefecture Commissioner Min Wenlian (闵文濂) that it could not purchase enough rice for the 8,000 workers and staff because of the rising price and shortage of supplies in Wan County market, and it requested that the government send merchants to import rice from neighbouring counties.

Meanwhile, the Commander of the Eighteenth Corp National Revolutionary Army (lujun di shiba jun siling) wrote to Commissioner Min, accusing

the government of inefficient management and urging the local government to organise the rice supply.40

In Wan County, local merchants usually imported rice from Chongqing (upper river city) or Yichang (down river city) by exchanging it for local products, such as tung oil, bristles or salt. With the population explosion of refugees and workers in Chongqing, the increased consumption of rice limited the exportation to Wan County. The Japanese occupation of Yichang cut Wan County’s down river import route, local grain market in Wan County went into chaos. Therefore, Commissioner Min ordered Zhong County Magistrate Pu Dianqin (蒲殿钦) to accept the buyers from Wan County and organise local merchants to sell 50 dan (local dan, about 22,120 kilograms) of rice to the military.

Like Yunyang County and Wan County, Zhong County was not a rice production area and it had also experienced a major drought since the spring of 1940. Famine had occurred in some towns, and grain resources at the local market were insufficient. In June, the hopeless Magistrate Pu and his administration ignored Chiang Kai-shek’s wartime mass mobilisation movement of “New Life” (Xinshenghuo yundong 新生活运动); they held an official religious ceremony to pray for rain, and published a notice forbidding the public from slaughtering or eating meat for three days.41 However, the “God of Rain” did not produce the


required grain, but rather an order to export from Commissioner Min. On 28 June, Magistrate Pu telegraphed Commissioner Min about the difficult situation in Zhong County, humbly begging him to send the buyers to other counties because their purchases could lead to a serious deterioration in the local markets.\footnote{[Untitled telegraph] from Zhong County Magistrate Pu to the Ninth Prefecture, 28 June 1940.}

The irreconcilable conflicts and disordered institutions forced the county government to make a breakthrough without waiting for the institutional reforms from the top. Wan County’s Wartime Grain Allocation Commission (\textit{Wanxian zhanshi liangshi tiaojie weiyuanhui} 万县战时粮食调节委员会) was established in May 1939. According to Julia Strauss’s research on the Nanjing Republican Government, significant expansion of the Nationalist wartime institutions was occurred during the war. The vast majority of this bureaucratic growth took place because of the wartime proliferation of institutions set up to manage the economy from the top.\footnote{Julia C. Strauss, ‘The Evolution of Republican Government’, in \textit{Reappraising Republican China}, ed. by Frederic Wakeman and Richard Edmonds (Oxford University Press, 1997), pp. 75-97 (p. 92)} Strauss speculated about the lower levels of government attempting their own versions to create institutional breakthroughs on a smaller scale.\footnote{Ibid, p. 94 and p. 96.} Wan County’s Wartime Grain Allocation Commission is a good example of this, although it was only existed for a few months before a top-down reform was instituted. The disordered situation pushed the county level government to

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\end{quote}
make changes first and report to the central government, necessitating upper
level reform. Interaction between the lower level government and the central
government can thus be seen in the wartime economy strategy implementation.

In Sichuan, the military grain shortage not only affected the battle forces on the
frontline, but also provoked discontent among recruits and wounded soldiers. In
July, soldiers intercepted the local grain market and banned its transportation
outside of Wan County, sealing up merchants’ granaries to keep the grain supply
preferentially for the army.\(^45\) These activities further disordered the market and
scared merchants and farmers into selling their surplus grain. Mediated by Wan
County’s Wartime Grain Allocation Commission, the Ministry of Military Affairs
apologised to the government, promising to forbid such behaviour and providing
extra welfare (two yuan per person) to the wounded soldiers.\(^46\) However, a few
days later, the conflicts between the military and governments escalated into
violence. The resident army of the nationalists’ air force took local families’ food
without paying or signing loan receipts.\(^47\) The magistrate of Fengjie County

\(^45\) ‘Wei Dajiuxiang lianbao zhuren He Zifan miaoshi gongling, duanjue junshi
you’ai kangzhan kenyu hecha yiyou’, (To Investigate the Joint Bao Director
He Zifan, who ignored the order, cut military grain supply and offend the War
of Resistance 为大九乡联保主任贺子范藐视功令, 断绝军食, 有碍抗战, 恳于查
核一由), 20 July 1940, WDA, J002-003-628.

\(^46\) ‘Chengfu ben xian miliang quefa, goumai weinan qingxing ken yu hanzhi
xiuyangyuan zanhuian lai xian caigou you’, (The Requirement of Delaying the
Sanatorium’s Purchasing of Grain in the County Because of the Shortage of
Grain 呈复本县米粮缺乏购买为难情形恳于函知休养院暂缓来县采购由), 8
August 1940, WDA, J002-003-628.

\(^47\) Wanxian diyiqu Chenjia zhen lianbao bangongchu (The United Office of
Chenjia Town at the First District of Wan County), ‘Wei zhujun gulei zugu
bing bu geijia juging dianging chaihe zhiszi you’, (Report to Ban Garrison’s
Purchasing Grain without Paying 为驻军估筮租谷并不给价俱请查核制止
由), 1 September 1940, WDA, J002-003-628.
reported to Chiang Kai-shek and asked to resign because of the deteriorating situation since the Eleventh Division of the National Revolutionary Army (reformed as the Eighteenth Corp National Revolutionary Army) had arrived in Fengjie County. The magistrate asked Chiang to send the Eleventh Division to other counties. There was not enough grain for the public, let alone the army.  

1.2 National Grain Administration (quanguo liangshi guanliju)

In July 1940, in order to deal with the chaos of the military grain supply and the rising grain price in the Great Rare, the Nationalist Government created three guidelines for the grain administration policy at the Seventh Plenary Session of the Fifth National Congress. First, they noted the need to establish a national and centralised bureaucracy; second, it was necessary to centralise military grain purchasing; and third, they should collect information from grain merchants in urban markets and production areas. Therefore, on 3 August 1940, a special administration was established under the Ministry of Economy to work on grain issues – the National Grain Administration (NGA, 全国粮食管理局). Compared with the Stabilisation Price Administration, the establishment of the NGA invited an institutional reform of the Nationalist Government’s wartime grain affairs from the top to bottom, with the aim of centralising powers with regard to grain resources.


49 ‘Quanguo liangshi huiyi baogao’, (The Report at the National Grain Works Meeting), the Chinese Second Historical Archives, 83-31.
The NGA carried out national grain surveys on the county level, or even down to peasant families, including agricultural acreage, annual production, the cost of planting and transport, and grain prices at markets before and during the war. Compared with the Communist Government’s later agricultural investigations through mass mobilisation, the NGA’s agricultural survey in Chongqing was poorly done. However, the production and cultivated land information would form the basis of the database for the NGA’s grain policy that would allow it to carry out the following steps with regard to grain market management. In August 1940, the Ministry of Economy published the “Ban on Hoarding Daily Important Products during the Extraordinary Period” (feichan shiqi qudi riyong zhongyaopin tunji juqi banfa 非常时期取缔日用重要商品囤积居奇办法). For rice, as a regulated commodity, the NGA set its highest wholesale price at 49 yuan per dan and a retail price of 52 yuan per dan.

However, the new institution and its price policy did not stop the disorder related to grain purchasing at the local level. Chiang suggested that since the establishment of the NGA, the central government’s grain policies and institutions reforms were good but the local governments implementation was poor. On 11 September, Chiang Kai-shek forwarded a secret survey report by the Military Administration to the Ninth Prefecture to warn the county magistrates about the implementation of the grain purchasing policy. The report listed local governments’ administration problems which had arisen after purchasing grain for the army in the first month of the policy. The report stated that the local governments in the Ninth Prefecture had used the slogan “controlled policies”

(tongzhi zhengce 统制政策) as an excuse to completely ban all grain trade in the local markets. Second, the local governments’ compulsory purchasing had occurred at a lower price than the cost of production. The low benefits of grain trade reduced the peasants’ grain seeding amount in the following year. As a result, the grain from East Sichuan was transported and sold to enemy occupied areas, who purchased it at a reasonable price.51

Before the Japanese army arrived in Yichuang, the Nationalists organised a rapid action force to purchase a large quantity of rice for emergencies (qianggou 抢购) from the local markets, transporting it from Hubei Province to the East Sichuan area.52 This is why, when comparing the rice price in Wan County with Chongqing City and Jiangjin County, we can see that the average price in these areas was lowest in Sichuan in 1940 (Figure 1.2). However, the Nationalists’ rapid purchasing could not stop the Japanese from controlling the grain resources in neighbouring Hubei Province. Conversely, the Nationalists’ compulsory purchasing policy and the authorities’ unreasonable purchasing prices drove away Sichuan merchants and peasants who then smuggled

51 In the report, the Military Commission used the phrase “driving goods to support enemy” (qu huo zi di 驱货资敌). The “enemy” could refer to both communists and Japanese. In the later context, the Commission used the word “someone” (mou fang 某方) vs “our side” (wo fang 我方). Seeing ‘Sichuan shengfu xunling’, (The Sichuan Provincial Government’s Order 四川省府训令), 11 September 1940, WDA, J002-003-623.

52 Wanxian liangyou gouxiao zhi (The Gazetteer of Wan County’s Grain and Oil Purchasing and Marketing) (internal materials), p. 169.
agricultural products from the Great Rear to the Japanese occupied lower Yangtze River areas.\textsuperscript{53}

Wang Yinyuan, a scholar who lived in Chengdu in 1940, pointed out the limitations of the NGA’s price policy.\textsuperscript{54} First, the grain price order prescribed only one price for rice, regardless of the grade of the rice. The official price was reduced by 25 per cent of the market rice price on 9 July, without regard for the real supply and demand conditions. Second, 62 per cent of the rice used in Chengdu was imported from October to January, but the official transportation and marketing became inadequate after private trading in rice was forbidden. Third, Wang believed that if the price control was to reach its highest point of development, it should be extended not only to agricultural prices, but also to the prices of all other commodities. Finally, the price control was not uniform. The decree that had been issued by the Sichuan provincial government on 13 July 1940 had only taken affect in Chengdu; none of the other localities, including the outlying counties of Chengdu, had put the decree into effect.

1.3 Chiang Kai-shek versus Large Households

Besides the institutional reform and new price management policy, Chiang Kai-shek worked on collecting grain by mobilising of the wealthy class—the “large households” (\textit{da hu} 大户 or \textit{da lianghu} 大粮户) to donate grain during the military

\textsuperscript{53} ‘Sichuan Shengfu Xunling’ (The Sichuan Provincial Government’s Order 四川省府训令), 11 September 1940, WDA, J002-003-623.

grain purchasing in rural Sichuan.\(^{55}\) Previous research on the Nationalist Government’s grain policy and the movement of the wealthy class has emphasised the national mobilisation of the “Gold and Grain Donation” by large households (\textit{dahu xianjin xianliang} 大户献金献粮) from 1944.\(^{56}\) However, according to the local archives, the large households were Chiang and the Nationalist Government’s targets from the beginning of the war. Chiang always believed that the “large households” in the local area were the major group that could support the grain supply during the war.

On 26 September, dissatisfied with the implementation at the local level, Generalissimo Chiang, as the Sichuan Province Chairman, called more than one hundred magistrates from rural counties to come to Chongqing and published two speeches, “A Letter to the Sichuan People” (\textit{Gao Sichuan renmin shu} 告四川人民书) and “The Key Points of Grain Management and County Magistrates’ Significant Responsibilities” (\textit{liangshi guanli yaodian yu xianzhang de zhongda zeren} 粮食管理要点与县长的重大责任) – in order to mobilise the local society both from the outer and inner bureaucracies, initiating a stricter wartime grain supply in Sichuan.

\(^{55}\) ‘Sichuan liangshi gouyunchu jieshou ge xianshi juanxian junliang banfa’, (Sichuan Grain Purchase and Transport Office’s Methods of Accepting Donation in Counties 四川粮食购运处接受各市县捐献军粮办法), March 1941, WDA, J002-003-623.

policy in the Chongqing area. In these two speeches, Chiang targeted and severely criticised the wealthy households and county governments.

Generalissimo Chiang began his speech by addressing local magistrates, suggesting that their implementation had been inefficient. In some counties, the military grain donation had not been implemented at all: “It is because of the county governments overtly agreed but covertly opposed the new policies and the newly established National Grain Administration’s activities at the county level.”

Chiang understood that the local governments were under pressure to collect grain from the central government, while they faced local resistance from the “large households”. Therefore, he did not further criticise the magistrates’ administration, but instead directed his anger at the “large households”. Chiang said:

“These powerful and rich people (hao fu 豪富), if they are against the regulations and have hidden the rice, if they are both rich and cruel (wei fu bu ren 为富不仁), if they are destroying the War of

57 In September, Chiang Kai-shek, as the chairman of Sichuan Provence, published series of policies on grain management. Seeing ‘Weiuyuanzhang Jiang yuji shouling guiding liangshi guanli jinji shishi yaoxiang’, (Generalissimo Chiang’s Order and Requirement on Emergency Implementation for Grain Management 委员长蒋虞机手令规定粮食管理紧急实施要项); ‘Sichuansheng zhengfu guanli quansheng liangshi zanxing banfa dagang’, (The Sichuan Provincial Government’s Outline of the Interim Measures in Grain Management 四川省人民政府管理全省粮食暂行办法大纲); ‘Sichuansheng liangshi diaocha zanxing banfa dagang’, (Sichuan Province’s Outline of the Interim Measures in Grain Inspection 四川省粮食调查暂行办法大纲); ‘Sichuansheng ge xian shi liangshi tiaoji ji jiage dingding zanxing banfa’, (Sichuan Counties’ Interim Measures in the Regulation of Grains and Prices 四川省各县市粮食调剂及价格订定暂行办法), WDA, J002-003-623.
Resistance, if they are counterrevolutionary, I will punish them with extreme severity, definitely… In the future, no matter whether I am pursuing donations for army grain, or urging people to sell grain in the market, we will never apportion the amount to each town. If no rich and powerful people hand out their grain first, no efficiency will be achieved.  

This “donation” was not voluntary, but compulsory. Chiang further threatened the magistrates, saying, “I know everyone is selfish and escaping investigation in order to go against the Military Grain Donation”. He ordered them to submit a list of names of their “large households” within one month.

When comparing this with Chen Yun’s speech on implementation of the Unified Purchase and Sale of Grain Policy in 1953, it is clear that both Chiang and Chen used strong tone and words to mobilise their fellows in order to launch the new grain strategies. Both of them targeted “counterrevolutionaries”, defended their policies and showed their determination. However, for Chiang, the “counterrevolutionaries” were wealthy households; for Chen, the “counterrevolutionaries” were grain peddlers and peasants, which I will demonstrate in Chapter Six.

Who were the “large households” according to the Nationalist Government? What was the Nationalist Government’s classification of the wealthy class? According to Chiang Kai-shek and the local government reports, households whose income

was more than 300 shidan were included in the NGA and later the administration’s grain storage surveys in rural Sichuan from 1942. 59

For Chiang Kai-shek and the Nationalist Government, land tax was focused on the wealthy class in the rural areas during the war. This was different from the Communist Party. Although the CCP supported equalitarianism, the party sought to establish a full-scale progressive taxation system based on personal income, including for the peasants, after redistributing the wealthy class’ property to the poor, especially after the Land Reform. 60

1.3.1 Anti-corruption, Anti-hoarding and Anti-profiteering

Chiang understood that the inner party’s corruption and power collusion issues would directly affect the price management, and he used two cases to warn his followers of this. The first one was the Yang Quanyu Case. Just one month after establishing the NGA, Chengdu’s Mayor, Yang Quanyu (杨全宇), was exposed in a scandal regarding hoarding grain and benefiting his bank. Yang was the chairman of Dachuan Bank (大川银行). He had asked the manager of the bank to purchase and store 1,180.8 shidan of wheat in November 1939, when the grain price was rising steeply. Within one month, Dachuan Bank made 41,707 yuan from selling the hoarded wheat. Yang was caught and sentenced to death. Chiang believed that Yang’s death would serve as a warning to other corrupt officers.

59 Sichuansheng tongjichu, ‘Sichuan sanbaishi yishang dahu’, (The Large Households who has over 300 shidan incomes), Sichuan Provincial Archive, 045-01-0160.

60 I will illustrate the CCP’s levying policy in Chapter Four and Five.
The second case was the Stabilising Price Case (pingjia da’an 平价大案). In December 1939, to stabilise inflation and control the grain price, the government established the Stabilising Purchase and Sale Office (pingjia gouxiao chu 平价购销处) under the Ministry of Economy. After Chengdu’s grain panic, H. H. Kung (Kong Xiangxi 孔祥熙), the director of the Ministry of Finance, criticised the failed work of the Stabilising Purchase and Sale Office because its staff used their public office for private gain. The Minister of Economy, Weng Wenhao (翁文灏), and more than ten other officers were investigated and then resigned. H. H. Kung later took over the Ministry of Economy’s power on grain control, unifying the bureaucracy and preparing to establish the Ministry of Grain. The political struggle between H. H. Kung and Weng Wenhao and T. V. Soong (Song Ziwen 宋子文), not only impacted the Nationalist’s central government administration in terms of the economic plan and institutional reform, but also their shaping of the local market network during the war.61

Corruption didn’t just occur at the top level of the government, but also in the county-level governments. According to Sasakawa’s research of the corruption cases that were investigated by the Supervision Office of the Ministry of Grain (liangshibu dudaoshi 粮食部督导室), 3,270 corruption cases were accepted, but only 172 cases were closed from September 1941 to 15 May 1944. During the war, corruption activates related with grain collection can be seen in county-level

61 See Chapter Two.
archives, however, the context of those corruption cases need to be examined.\textsuperscript{62} Before implementing the Levying in Kind policy, most of corruption cases illustrated benefit conflicts between local powers at the bottom administrations, rather than the corruption activities.\textsuperscript{63} As I have illustrated in the report by Magistrate Liang Jingmin, the grain market chaotic in Yunyang County because of purchasing and transporting the military grain in the countryside in 1940. In that case, Magistrate Liang was investigated on his corrupted activities during purchasing military grain, which was targeted by the military-supported local elites. Isabel Crook, who was a sociologist was living at a rural town in Chongqing in 1940, recorded local powers took use of charging and investigating

\textsuperscript{62} ‘Jiuqu zhuanshu zhuancheng Kaixian xianzhang beikong weifa luanji, yunyang xianzhang Liang Jingmin gousie jianshang taigao wujia, tanzang wawngfa an chengwen, Sichuan shengfu zhiling’, (九区专署转呈开县县长被控违法乱纪，云阳县长梁敬民勾结奸商抬高物价、贪赃枉法案呈文), 3 March to 2 November 1940, Wanzou District Archives, J002-003-505. At Sichuan Provincial Archives, I found three corruption cases at the grain administrations in Jiangjin County: ‘Guoji zongdongyuanhui banli jiagnin hechuan baisha dengdi gongcang tunji liangshi an’, (国家总动员会办理江津合川白沙等地公仓囤积粮食案), 26 May 1945, 0024-0001-002870000001000; ‘Jiangjin xian liasngshike kezhang Li Pan huotong taigao liangjia; gongcang liangshi baoguanyuan bing yingyeyuan Yang jishun banli zhangmu wubi’, (江津县粮食科科长李潘伙同抬高粮价公仓粮食保管员并营业员杨吉舜办理账目舞弊), 13 March 1945, 0024-0001-002880000006000; ‘Guanyu jiancha Jiangjin xian shangye yinhang qianzhuang tunji liangshi de cheng’, (关于检查江津商业银行 钱庄囤积粮食的呈), 4 March 1945, 0024-0001-0028700000021000.

\textsuperscript{63} ‘Jiuqu zhuanshu zhuancheng Kaixian xianzhang beikong weifa luanji, yunyang xianzhang Liang Jingmin gousie jianshang taigao wujia, tanzang wawngfa an chengwen, Sichuan shengfu zhiling’, (九区专署转呈开县县长被控违法乱纪，云阳县长梁敬民勾结奸商抬高物价、贪赃枉法案呈文), 3 March to 2 November 1940, Wanzou District Archives, J002-003-505.
of corruption cases on purchasing military rice in order to make benefit and crush rivals.\textsuperscript{64}

The group accused of corruption was the officers and staff of grain storing and transportation as well. According to the Ministry of Grain, only from January to August 1944, only 80 officers were sentenced, 41 of whom were responsible for shipping grain and 21 of whom granary administrators.\textsuperscript{65} Compared with the CCP’s investigated cases and sentenced corruptors in the county-level Grain Bureau during the Campaign of Three-anti (\textit{sanfan yundong} 三反运动) in 1952, the Nationalist Government’s investigation and the level of punishment in the local administrations was much lower than that of the CCP, suggesting that the investigated number of corrupt members of the Nationalist Government was much lower than in the CCP.\textsuperscript{66} Interestingly, in the CCP's Campaign of Three-anti in 1952, the CCP's targets were the same as those of the Nationalist Governments, focusing on the officers of grain storing and transportation, which will be analysed in Chapter Six.


\textsuperscript{66} See Chapter Six.
1.4 The State Monopoly Market: The Limitation of Rice Price, The Ministry of Grain and Levying Land Tax in Kind (tianfu zhengshi)

In March 1941, Chiang Kai-shek decided to carry out the strict economic control at the Eight Plenary Session of the Fifth Central Executive Committee of the Nationalist Party (Guomindang diwu jie bazhong quanhui 国民党第五届八中全会). Discussing with economists about centralising grain resource and the wartime economic strategy, Chiang said, the government should take use of the organisations they had had to approach the state-owned businesses gradually in order to establish the foundation of wartime economic system. However, the price crisis rise steeply after the outbreak of the Pacific War.

In October 1942, Chiang reported the Plan of Enforcing Price Control (jiaqiang guanzhi wujia fang’an 加强物价管制方案) to the senate and requested to place a limitation on the price (xian jia 限价) of rice. The authorities set up the official prices limit on producer cost, transportation and wholesale-retail of daily necessaries according to local market. If the market price was higher than the official price, the authorities could close the market and compulsory collected private merchants’ goods according to the official price.

The Nationalist Government didn’t work on establishing the state-owned trade network and enterprises before formally announced to establish the state

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monopoly market. The warfare the Nationalist Government didn’t work on Scholars and Nationalist Party members were questioning and reviewing the Nationalist Governments’ wartime grain management policy since the beginning of the war. Some of them believed the centralised and monopoly grain policy was the core reason of the price rising and created market chaos. On 27 May 1943, an official in the Nationalist Party’s Headquarters in Chengdu Office, reported to the central government, criticised that the grain administrative staff, not private merchants, caused the steep rising of grain prices. He said, “The reason for the steep price was because of the county grain bureau is purchasing and storing rice from levying the tax in the last two years. The grain administrations did not aim to hoard and profiteering, but as a result it did actually.”

Zhang believed the Nationalist’ grain price management went to the failure.

Meanwhile, on 2 April 1941, the Nationalist Government established the Ministry of Grain (liangshi bu 粮食部), further centralised grain resources by establishing bureaucratic institutions from the top down to the local government. The Ministry of Grain unified the purchasing and transporting affairs regarding grain for the military. Led by the Ministry of Grain, local governments were the agencies that organised and purchased military grain. The Ministry of Grain had two methods to supply military grain: purchasing grain through the official appropriations at the market and assigning grain levies.

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68 ‘Wei zhuangfa Zhang Faxiang tongzhi han yue miaotan laidao qing chazhao jiujuin xiangwei jieshi’, (Setting up a Meeting to Forward Zhang Faxiang’s Letter 为转发张发祥同志函约面谈来到情查照就近详为解释), 27 May 1943, Sichuan Provincial Archives, 092-01-01.
In 1941, the Nationalist Government implemented a policy regarding wartime taxation reform, “tianfu zhengshi (田赋征实)”, levying land tax in kind (in rice, wheat and other cereals), which traditionally had been levied in cash. The Meanwhile, the Nationalist Government centralised the collection of agricultural tax, which was the main revenue of the government, from local governments to the Ministry of Grain. Levying in Kind policy not only changed the Chinese authority’s revenue system, but also shaped the trend of the fiscal revenue relying on cash payments in the following decades.

Based on landlords’ households’ cultivated land areas and agricultural production capacity, the authority set up a new tax unit, the fuyuan (赋元), which was a ratio for exchanging the original cash tax for a cereal tax. The total amount of fuyuan was called fu’e (赋额), indicating the levying amount. Based on each county’s 1941 annual land tax, the Nationalist Government made one fuyuan equal to two dou of unhusked rice.69 However, the fuyuan was not a stable ratio in the following years of the levy. In 1942, to increase the levying amount, one fuyuan was raised to four dou of unhusked rice or 2.8 dou of wheat.70 As well be shown in Chapter Five, the fuyuan system would turn out to be vital not just for the Nationalist Government, but also for their successors in Sichuan.

To avoid corruption and establish a supervision mechanism, the implementation of the levying in kind at the local level was separated into two parts. The jing zheng (经征) system, run by the Ministry of Finance, was responsible for levying

69 Kangzhan jianguo shiliao: Liangzheng fangmian, Vol. 4, p. 4.
70 Ibid.
tax investigation and assignments and establishing agricultural tax administration
(tianfu guanli chu 田赋管理处) in counties; and the jing shou (经收) system was
led by the Ministry of Grain, charged with grain quality checking, storing and
transporting etc., and organising the grain offices and government granaries in
the county-level governments. Although jingzheng and jingshou were separate
and supervised each other, however, peasants and merchants had to deal with
complicated procedures as a result. In 1942, the Ministry of Finance set up a
procurement grain office in order to reduce administration and unify the affairs on
procurement and tax levying. In March 1943, the levying administration under the
Ministry of Finance was merged with the Ministry of Grain. Consequently, the
Ministry of Grain unified all grain affairs.

Meanwhile, the central government further centralised its power on tax incomes,
budgets and financial revenue from the local governments. In 1943, the
Nationalists further merged provincial and county-level tax-related administration,
which meant the central government could directly control the county-level
finance. The progress of centralising the grain administration by the Nationalist
Government during the war can be seen in Figure 1.3 below.
Figure 1.3 Middle Rice Wholesale Price in Jiangjin County, Dec. 1939- Dec. 1942 (shidan/fabi yuan)


One of the interesting findings of this research is that a similar process of institution-building in order to centralise grain resources and implement the state monopoly policies can also be found in the early 1950s after the Korean War.

Between the end of 1951 and early 1952, the CCP launched the Campaigns of Three-anti and Five-anti, which targeted illegal merchants and corruption. In August 1952, the CCP established the Ministry of Grain, merging the agricultural taxation institutions under the Ministry of Finance with the grain management institutions under the Ministry of Trade (Figure 6.1). The difference between the Nationalist and the Communist process is that the CCP had published the Levying in Kind Policy in the early stages of establishing the PRC in 1949.

Controlling grain resources by levying in kind was the key to maintaining the grain supply to the army, balancing the market price of grain through government purchasing and selling, and bringing inflation down. The Nationalist Government
had been developing the plan of levying in kind since the start of the war; however, the policy was not supported by the local warlords and governments in Sichuan, who were worried about the unbalanced benefit distribution of state-local grain revenue, and, more importantly, the fact that storage and transport of large amounts of grain required more investment in groceries, labour and staff training.

According to the Minister of Grain, Xu Kan (徐堪), the amount of levying in Sichuan was impressive by the end of the war. The amount of Sichuan Province’s grain taxation was 822.8 million shidan, comprising 38.57 per cent of the entire country’s grain taxation from 1941 to 1946.71 Wang Chaoran and Syu Siou-Meng’s research of Sichuan grain policies, demonstrated the central government and local warlords powers came to a compromise after mediating different options on the Levying in Kind Policy at the provincial level, and as a result of impressive achievements on grain policies.72


1.5 Levying Tax via Purchasing (zhenggou), Grain Bonds (liangshi kuquan) and Borrowing (zhengjie)

Following the levying tax in kind, the peasants were forced to sell an equal amount of grain to the authorities, and this later this became forced expropriation, which was known as “Levying Tax via Purchasing”. Under the Qing Dynasty the land tax had been paid in the hard currency, silver liang (yinliang 银两); however, the levying tax by purchasing was paid in fabi, the official paper currency of the Nationalist regime. The purchasing standard was based on the fuyuan system, where one fuyuan was charged as 1.179 shidan of unhusked rice as the procurement amount when borrowing 1.979 shidan of unhusked rice; or, according to the fu’e standard, one liang of fu’e was levied at 22.836 shidan of unhusked rice with another 26.84 shidan as the borrowing tax.

The levying by purchasing policy made it necessary for a large amount of currency to be in circulation because the government had to pay for the grain purchased from the peasants and merchants. However, this devaluated the fabi, because of overprinting, as a result of devaluing the currency and increasing inflation. On 1 September 1941, to avoid a financial crisis and stabilise the market, the authority published “The Grain Bonds Policy” (liangshi kuquan zhidu 粮食库券制度). Instead of cash, the governments used grain bonds as receipts to pay for the grain procured from the peasants and merchants.

In Sichuan Province, the vast procurement amount forced the government to control the circulation of the fabi. In 1941, the government paid for 70 per cent of the procurement in grain bonds, and the cash payments only contributed 30 percent. In 1942, Zhang Qun (张群), the Chairman of Sichuan Province,
proposed to the Ministry of Grain that Sichuan’s grain procurement should be paid entirely by bonds. Zhang Qun received an award from Chiang Chai-shek because of his successful implementation of the policy. In 1944, the Ministry of Grain further reformed the policy, making it a Levying tax by Borrowing (zhengjie 徵借), which meant that all purchased grain was paid for with the authority’s grain bonds.

The previous studies on the Nationalists’ wartime taxation have catalogued the compulsory purchasing or Levying tax by Borrowing Policies that occurred through the taxation system, rather than analysing it alongside the grain market management. However, according to my analysis above of the military grain purchasing policies and the policies’ transformation later during the Communist Government era, I suggest that the Levying tax via Purchasing and Borrowing should be considered a transition policy that changed the focus from a levying taxation to state monopoly market management. Furthermore, unlike the Levying in Kind Policy, levying by purchasing and borrowing were two policies based on progressive taxation, which were also adopted by the CCP later in their “Unified Purchase and Sale of Grain Policy”. (Table 1.2)


Table 1.1 The Levying Standard of Borrowing

<table>
<thead>
<tr>
<th></th>
<th>per yuan borrowing grain (dan)</th>
<th>fu’e (liang)</th>
<th>per liang borrowing grain (dan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 15</td>
<td>4</td>
<td>More than 1</td>
<td>3.2</td>
</tr>
<tr>
<td>10-15</td>
<td>2</td>
<td>0.5-1</td>
<td>1.6</td>
</tr>
<tr>
<td>5-10</td>
<td>1</td>
<td>0.2-0.5</td>
<td>0.8</td>
</tr>
</tbody>
</table>

As discussed in the Introduction, for the authorities, the methods of controlling grain resources could be divided into two groups: levying grain tax and marketing management. For the Nationalist Government, with both its taxation reform of levying tax in kind and its grain purchasing and marketing policy, which gradually transformed from compulsory purchasing with cash to bonds, it sought to control more resources in the inflation market in kind rather than in paper cash. The sensitive and unstable market pushed the Nationalist Government to give up cash payment for grain trading. The war not only shaped the Nationalist Government international trade, which I will demonstrate in the following chapter, but also impacted its domestic trade, moving it from relying on cash to controlling resources directly. Both of these changes can be seen in the Communist Government’s trade strategy during the PRC era as well.

1.6 The Grain and Gold Donation Movement in the Autumn of 1944

In 1944, the compulsory donation was expanded to a broader range of taxpayers and a progressive taxation system was established. In August 1944, Chiang Kai-shek published “Upgrading Soldier Welfare, Donating Grain and Gold Method”, mobilising the public to join in with the national “Gold and Grain Donation
Movement”. The goal of the movement was to collect 15 million shidan of unhusked rice and 200 billion fabi. The “donations” were divided into “spontaneous donations” (zifa xianliang 自发献粮) and “designated donations” (zhidiing xianliang 指定献粮). The “donation” tax was one of various compulsive and incidental levies, the so-called tanpai (摊派). The substance of the donation was a progressive taxation based on rich families’ annual income. The authority grouped large households into five levels to establish a tax rate based on their annual income.

**Table 1.2 Donation standard of the “Gold and Grain Donation Movement”**

<table>
<thead>
<tr>
<th>Income (shidan)</th>
<th>Donation Rate (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 10,000</td>
<td>40</td>
</tr>
<tr>
<td>5,000 to 10,000</td>
<td>35</td>
</tr>
<tr>
<td>3,000 to 5,000</td>
<td>30</td>
</tr>
<tr>
<td>1,000 to 3,000</td>
<td>25</td>
</tr>
<tr>
<td>500 to 1,000</td>
<td>15</td>
</tr>
<tr>
<td>100 to 500</td>
<td>10</td>
</tr>
</tbody>
</table>

According to the standard, the Nationalist Government’s target was landlords with an income over 100 shidan (10,800 jin). The lowest extra-tax rate was 10 per cent of landlords’ annual rent (10 shidan, or 1,080 jin). According to my research on the Communist Party’s “Additional Levy on Large Households Movement” in 1950, the Nationalists’ lowest standard was less than that of the communists.

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On 13 January 1945, the Nationalist Government published the government order to implement the big families’ donation movement. From January to the end of March 1945, the government set up a national donation task for 15 million shidan. Chongqing City Government’s task was to raise 20,000 shidan, a total of 270.4 million yuan. The authority also allowed donators to pay cash based on the official rice price. As such, the movement was called the “Grain and Gold Donation by Large Households” (dahu xianliang xianjin yundong 大户献粮献金运动).

Previous research on the Nationalist Government’s taxation system has criticised the Nationalist Government’s bureaucratic failure on taxation reforms, arguing that the Nationalist local governments lost political credit and collapsed because of tanpai and random levies. According to Sasakawa’s research, the Nationalist Government allocated 75,000 shidan of rice to the grain donation task in Sichuan Province during the “Gold and Grain Donation Movement” in 1944. If the counties could not complete the levying task on the “large households”, the local governments would use other tanpai – unreasonable or unapproved levies – to finish the task. In this way, the levying targets were not only focused on “large households”, but also expanded to poor peasants. This expanded tax range


also occurred with the Communist Government during the mobilising of the “Additional Levy on Large Households” in 1950.78

According to Chongqing archives, for the central government, the original plan on finishing the levying and donation task was pursuing unpaid taxes (zhuijiao 追缴) on large households who had not handed over taxes in previous years, rather than levying new taxes. From 23 February to 26 February 1945, the Minister of Grain, Xu Kan (徐堪), organised a three-day meeting about the grain work in East Sichuan. Xu said that, according to the investigation, more than eight million shidan of grain had not been collected by the central government in the last four years. The wealthy households’ unpaid taxes amounted to more than four million shidan of rice. During the three-day meeting, Xu made several speeches to the county magistrates, emphasising the importance of rapidly pursuing the unpaid taxes for the following year’s taxation.79

<table>
<thead>
<tr>
<th>Year</th>
<th>Planted Apportion</th>
<th>Detailed Apportion</th>
<th>Actual Levying</th>
<th>Completion Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agricultural Taxation</td>
<td>Other Taxations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Levying in Kind</td>
<td>Purchasing (or Bowring)</td>
<td>Subtotal</td>
<td></td>
</tr>
<tr>
<td>1941</td>
<td>170639.31</td>
<td>85319.66</td>
<td>170639.31</td>
<td>170923.45</td>
</tr>
<tr>
<td>1942</td>
<td>224177.70</td>
<td>119127.29</td>
<td>224177.70</td>
<td>226580.83</td>
</tr>
<tr>
<td>1943</td>
<td>259177.70</td>
<td>119127.29</td>
<td>224177.70</td>
<td>35000.00</td>
</tr>
<tr>
<td>1944</td>
<td>331007.02</td>
<td>119634.47</td>
<td>276007.02</td>
<td>55.00</td>
</tr>
<tr>
<td>1945</td>
<td>363016.98</td>
<td>119919.58</td>
<td>276169.71</td>
<td>86847.27</td>
</tr>
<tr>
<td>1946</td>
<td>116314.75</td>
<td>51599.66</td>
<td>116314.75</td>
<td>86149.75</td>
</tr>
</tbody>
</table>

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78 See Chapter Four.

79 ‘Sichuan Chuandongqu tianliang huiyi yishilu’, (The Records of the East Sichuan Grain Meeting in Sichuan), Chongqing Municipal Archives, 00280001000050000000100.
However, in Table 1.3 Jiangjin County’s revenues from levying in kind and via purchasing and borrowing are shown to decrease after 1945, and the increasing “other section” (танpai) part fills the revenue shortages from levying in kind.

During the Gold and Grain Donation and other танpai or unapproved levies, local governments extended the range of “large households” to include peasants and levied the “donation” tax based on progressive income taxation during the implementation. The various тайpai presented not only exposed the limitations of the фуяну system, but also showed the limitations of its levying capacity, which could not fill the vast demand for financial revenue.

Through the military grain supply, the Nationalist Government understood the cost of levying in kind on local officer training, rice storage and transportation. The фуяну system’s levying grain targets focused on the wealthy class so as to reduce the cost of centralised levying administration for the central government.

After the war ended, besides the levying in kind and levying by purchasing and borrowing, “the other taxation” section in Table 1.3, which included the “Gold and Grain Donation by Large Households Policy”, became a major revenue source.

From another perspective, the progressive taxation fixed the limitations of the фуяну system on the narrative levying range.

According to Table 1.3, there were high completion rates for levying agricultural grain by Jiangjin County Government from the implementation of levying in kind in 1941 to the end of the regime. However, the data should be examined carefully.
and rural people’s resistance during the local governments cannot be ignored. According to historian and socialists’ research on the Nationalist recruitment and peasants’ labour duty in the wartime, the conflicts and violent events broadly happened during impressment and military grain collection in the rural areas. Individual desertion was common during the because disease and the long distance of transporting recruits.\(^{80}\) In 1941, Zhongjiang County, Guanghan County and other counties even broke out the collective ratio and disinsertion event. Those deserters went to be bandits and live in the mountain area later.\(^{81}\) Isabel Crook’s research also revealed the tension between peasants and troop stationed in the local county. Peasants were beat by soldiers due to they did not hand out enough milled rice.\(^{82}\)

As I have mentioned, the Nationalist levying land tax policies, especially the Levying in Kind, requested large investment on grain storing and transportation, which were based on supporting and cooperation from local powers and peasants at villages. It is difficult to figure out the contradiction between the terrible civil-army relations and the high completion rates of levying army grain from the government archives resource, but the research of local secret society paoge (袍哥) in Sichuan could give us some clue. According to Crook, Sasagawa


and Di Wang, paoge did play an important role on cooperating with local authority to collect grain from landlords and peasants, but also on organising peasants to resist the authority. According to Isabel Crook’s records, by trading opium and capitalising local paoge connections, Feng Qingyun, a member of paoge in the market village, was appointed keeper of the Famine Relief Granary in the warlords era due to the public granary rent to private dealers for profit. After the Nationalist Government established its regime in Sichuan and took over those granaries for storing land tax, Feng retained his power of managing granaries in the rural society. In the early spring of 1940, Feng was able to resist the pressures to call back the 100 dan of public rice even though people suffered acute hunger.

1.7 Private Merchants and State-owned Grain Mills

Compared with the CCP grain marketing and price policy in 1950s, the Nationalist Government’s policy design of balancing grain price by purchasing and marketing was not as impressive as the CCP’s later. The CCP implemented the levying in kind policy since the beginning of its state-building in 1949. The massive agricultural tax fully supported the CCP’s grain price policies and the market management ability in the following years. While, the Nationalist Government did seek accessible policies on grain price control and reducing


inflation, however, the Nationalist Government’s grain policies focused on levying tax rather than competing with private merchants and marketing rice in local markets.

Traditionally, Chongqing City was both a grain consumption market and a terminal market. As the wartime capital, Chongqing’s population increased by millions, receiving refugees from across the nation. The increasing consumption of grain shaped urban Chongqing as a terminal market, but also increased the pressure on food supplying in rural Chongqing areas. Following the Japanese invasion along the Yangtze River up to Hubei Province, the North Chongqing counties at the frontline were also shaped as the centre for transporting and supplying military grain.

To supply food to the urban population, the Nationalist Government had to cooperate with private merchant groups. The Nationalist Government was not only short of granaries, but also local officers and technical carders. On 1 April 1941, H. H. Kong suggested the government make use of private merchant groups and organisations to reduce the cost of recruiting and training new staff. Therefore, Kong suggested taking advantage of brokers or itinerant traders and middlemen.85 The Ministry of Grain didn’t publish official prices in order to limit price rises until 15 January 1943. However, the late price management also relied on the state organised private merchant groups, such as the Grain Trade

Association (liangshi tongye gonghui 粮食同业公会). For grain trading, the authority also investigated and licensed all merchants working on grain transportation and marketing, storing and processing.

In 1941, the National Grain Administration established the state-owned China Grain Industry Company (Zhongguo liangshi gongye gongsi 中国粮食工业公司) in Chongqing City, working on processing rice and wheat in order to support the food rations in urban areas. From 1941 to 1945, the China Grain Industry Company opened nine factories around Chongqing City. Meanwhile, the number of private rice mills increased from nine factories in 1936 to 117 in 1945; the daily production increased from 350 shidan in 1939 to 14,600 shidan in 1945; and the number of workers increased from 73 in 1939 to 541 in 1945. The number of grain processing factories reduced after the war, and they ultimately went bankrupt during the CCP’s Five-anti Campaign in 1952. For the CCP, taking over grain processing factories was the key to controlling the grain markets in Chongqing.

However, the modernised grain industry did not bring the modernised life to the citizens in Chongqing. Danke Li’s oral history research about women’s wartime everyday life showed the real situation of the food supply and food ration in the urban Chongqing. Student and teachers were included in the government fixed-price rice ration policy, but their daily meal was not better than other rural population according to Li’s interviewees. They recorded that students’ daily meal

86 Li Xiuyi, ‘Chongqingshi de mianmi ye’, (The Rice Mills in Chongqing), 1 April 1937, Jianshe zhouxun 8 (1939); Zhang Guangxu, ‘Chongqingshi minying dianji mianmichang gaikuang diaocha’, (The Investigation of the Private Electrical Rice Mills in Chongqing), Liangzheng jikan 1(1945).
was babaofan “eight treasures rice”, the poor quality of rice mixed with plenty of barnyard millet, sand and rat droppings.\textsuperscript{87} Due to the shortage of rice supplying, students used to have two meals every day. The breakfast was one bowl of thin rice porridge, sometimes was with some cooked soy beans.\textsuperscript{88} Public schools were occasionally supplied steamed rice and buns, excepted the Chinese Wartime Child Welfare Protection Association (\textit{Zhongguo zhanshi ertong baoyuhui 中国战时儿童保育会}), which was supported by the American aid and directed by Chiang Song Meiling, the wife of Chiang Kai-shek.\textsuperscript{89} The wartime economy and the modernised grain industry was in fact demodernised people’s every day life as Hans van de Ven argued.\textsuperscript{90} It not only happened in grain industry, but also in oil, electricity, chemistry and other industries as well. Even as Danke Li mentioned, more women were employed during the war, however, the higher employment rate and industry output did not rise people’s living standard.

1.8 Conclusion

Food shortage and famine threatened the “Heaven’s Storehouse” since the beginning of the war. Liu Xiang and Chiang Kai-shek were faced crucial issue on feeding citizens and soldiers in Sichuan. To supply the army grain, the Nationalist Government launched reforms on levying taxation, grain marketing and


\textsuperscript{88} Ibid, pp.72-75.

\textsuperscript{89} Ibid, pp. 20-21;

\textsuperscript{90} Hans van de Ven, ‘Wartime everydayness: beyond the battlefield in China’s Second World War,’ \textit{Journal of Modern Chinese History} 2019 13.1, 1-23.
bureaucratic institutions as a result of establishing the state monopolised market on grain and other daily necessaries groceries in the Great Rear.

By analysing the Nationalist military grain supplying, I demonstrate how the Nationalist agrarian taxation shifted from levying in cash to Levying in Kind, which transformed the traditional land tax revenue to feed soldiers and citizens. Aiming to establish a state-controlled grain collection and dispersion system during the war, the Nationalist Government had to rely on local warlords and private merchants’ trade network, which limited the authority’s ability to managing grain resource by marketing but by levying. However, the Nationalist Government didn’t implement the policy since the beginning of the war as a result of rising price inflation when it was published later. By analysing the strategical changes of the Nationalists in terms of price management after 1942, I will argue that Chiang Kai-shek and the Ministry of Grain’s market policy cooperated with private merchant groups. On the one hand, the Nationalist Government was trying to manage the market by organising the private merchants’ groups and controlling the progressing industry; on the other hand, the impressive development of the state-private-shared grain mills limited the effectiveness of the Nationalists’ price policy.

The Nationalist Government’s fuyuan taxation system only charged landowners, landlords and rich peasants. The various of taipai presented not only exposed the leaks of the Nationalist Government’s taxation, but also showed the limitation of its levying capacity could not fit the vast demand of financial revenue. When the Communist Government was taking over rural Chongqing, the authorities took over the Nationalist Government’s taxation system and launched similar
movement “Additional Levy on Large Households” as the assistant policy to fix the fuyuan system’s limitation.
Chapter:

State-owned Enterprises and the State-monopolised Market: Tung Oil Trade in Chongqing

In the last chapter, I analysed the Nationalist Government's reform of grain policies, both in terms of levying taxes and institutional reform, rooted in its supplying of military grain. In this chapter, I will focus on the Nationalist Government’s resource management from the perspective of the wartime domestic and international trade network. In order to present a model of the Nationalist Government’s wartime market management and its bureaucratic transformation, I will focus on the tung oil (tongyou 桐油) trade in Chongqing area.

Most of the studies on the Nationalist wartime economy have focused on issues such as bureaucratic transformation, arsenals, mining, iron and heavy industry. In the 1980s, William Kirby’s writings revealed the important role of the National Resources Commission (NRC) in the War of Resistance. Its primary institution – the National Defence Planning Commission – was organised by Weng Wenhao in 1932. It was responsible for the Nationalist Government’s national defence against Japan and tasked with laying an industrial foundation for China that was capable of resistance. In 1935, the

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NRC took over the National Defence Planning Commission and managed the national industrial mobilisation. From 1938 to 1945, the NRC expanded its activity to almost all aspects of heavy industry in the Great Rear.

Morris Bian’s study on the Nationalist Government’s industry development also revealed a significant achievement of state-owned enterprises during the war. In 1938, the share of output of state-owned iron and steel industries was only 5.8 per cent and 20 per cent respectively, but by the end of 1945, these figures had increased to 64.8 per cent and 96.4 per cent. Meanwhile, the average share of product of public enterprise also steadily increased during the war, from 55.6 per cent in 1938 to 79.9 in 1945.²

Most scholars have positively assessed the wartime state-controlled economy policies for centralising social resources to support the war, but they have criticised the centralised policies and enterprises that suppressed and expropriated private capital.³ Recently, Liu Sufen studied the enterprise archives of the Guangxi textile machinery factory, which moved from Shanghai during the war. She demonstrated that the central government agencies promulgated regulations, controlled personnel appointments and


significantly improved benefits for employees in such state-owned enterprises of the war economy.⁴

The Nationalist wartime economy was applied to a wide range of national resources. For the Nationalist Government, petroleum and minerals in Northwest China were major natural resource to trade and make foreign exchange. The Nationalist Government made a state strategy to export natural resource in Xinjiang Province in order to exchange the aid from Soviet Union and United States during the war. However, the Nationalist Government did not establish its governance of Xinjiang successfully. In 1937, the Nationalist Government concluded a Treaty of Nonaggression with Soviet Union in order to obtain Soviet military aid and recruit the Soviet Union to China’s side against Japan. From 1939 to 1940, China obtained 849 planes, and other weapons form the USSR.⁵ However, under the threaten of Xinjiang local power’s anti-Soviet activates, the Soviet Union was in tensions with the Nationalist Government in 1943 and cut the road transport between middle Asia and Free China.⁶

Compared with the natural resource in Xinjiang, Chongqing’s local products were easier to control and trade for the Nationalist Government. This


research will focus on the most important agricultural resources in Chongqing – tung oil and grain. The importance of these two products reflects Nationalist China’s two most vital, supportive pillars – foreign aid and domestic stability.

The tung oil trade shared a similar trade model with the grain trade in Chongqing rural areas. Tung nuts need to be pressed to tung oil and then packaged, stored and tested before exporting. Unlike the state monopolised market on grain by levying land tax, the Nationalist Government established the state monopolised tung oil market strategically by transforming the traditional tung oil trade network into the state-owned supply chain during the war. The trade model of tung oil offers a new perspective on agricultural resource centralisation in the early 1950s.

In 1938 tung oil had become the major trade good with which China could acquire the Allies’ aid. In the barter trade with the United States Government, Nationalist China was asked to build up an effective trade line to provide the US with tung oil as pledged security for the loans. The importance of tung oil not only reflects the need for aid from the Allies, but also a newly established aid model of state controlled resources during the wartime and post-war period.

The question of tung oil helps to further interpret the War of Resistance against Japan beyond the Nationalist understanding and to position our perception of wartime China and the Nationalist regime with regard to global history. My research is based on these scholars’ understanding of the wartime capital Chongqing, a city that went on to become further
nationalised and internationalised during the war. In this chapter, I will use the tung oil trade and the state-owned and state-organised trade organisations in Chongqing as a case study to address how the international trade circumstances shaped Nationalist wartime economic policies, further impacting the bottom local market in Chongqing.

I argue that the American loan and Japanese blockade shaped the Nationalist Government’s international trade in the following years, even after 1945. To keep the supply from the local market and repay the debt on time, the Nationalist government established a state-controlled tung oil supply-refining-export chain, and implemented the Unified Purchase and Sale of Tung Oil Policy (tongyou tonggou tongxiao 桐油统购统销) as a result of monopolising the tung oil market. In 1938, cooperating with provincial governments and unifying local merchant groups, the central government established the state-owned export trade enterprise (Fooshing Trading Corporation 复兴贸易公司, or Fooshing Co.) and provincial state-private joint trade companies (Sichuan Tung Oil Corporation 川桐贸易公司). Adding to the Chinese Vegetable Oil Corporation (Zhongguo zhiwu youliao chang 中国植物油料公司), the Nationalist government used the war to further control key Chinese oil-producing areas, such as Sichuan and Hunan, and fostered a state-controlled trade based on a productive economy. 

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植物油料厂), these three state-controlled trading organisations guaranteed
the repayment of the Tung oil loan.

After the outbreak of the Pacific War, the blockaded international trade
forced the Nationalists to shift their resource strategy to the domestic market
in 1942. The block on exporting and the development of fission technology
(to transform the tung oil into gasoline) extended the policy of the Unified
Purchase and Sale of Tung Oil Policy to 1945. Finally, Fooshing Co.
transformed from a tung oil export company to the only national state-owned
foreign trade enterprise, charging for all native product exports from “Free
China”. In the domestic sphere, the government shaped provincial state-
shared branches to replace its cooperation with private merchants as well.

I will also discuss the limitations of the implementation of the Unified
Purchase and Sale of Tung Oil Policy and the bureaucratic design. The
central government was attempting to establish a unified wartime market
management policy and to strengthen the power of centralisation; however,
the chaos of the bureaucracy design was from the top down. While unifying
tung oil international trade, chaos reigned as the competition between the
Ministry of Economy and the Ministry of Finance at the top was directly
reflected in the competition between the Chinese Vegetable Oil Corporation
and Fooshing Co. in the local market.

Finally, I will focus on the grain market policy in order to understand the
Nationalist state-owned enterprises from the perspective of grain processing
and food rationing during the war. By analysing the development of the rice
mills and wheat flour factories in Chongqing, I argue that Chiang Kai-shek
and the Ministry of Grain’s market policy cooperated with private merchant
groups in order to manage the market by controlling the progressing industry; on the other hand, the impressive development of the state-private-shared grain mills limited the effectiveness of the Nationalists’ price policy and created flaws in hoarding and corruption. After the war, although the number of state-owned enterprises decreased, the state-controlled trade network remained.

2.1 Tung Oil: “the Most Profitable Cash Crop Grown in its Climatic Area”

Tung oil, or China wood oil, is a dry oil used for waterproofing wood, ships and paper umbrellas in China. Tung oil production is concentrated in certain limited areas where the soil, climate and transportation are suitable. In the sub-tropical hillside and mountains of Southwest China, tung trees are abundant. Sichuan has fulfilled more than 50 per cent of the total global oil production since the 1930s.8

Table 2.1 Production of tung oil in Sichuan, Hunan and Guangxi in 1940

<table>
<thead>
<tr>
<th>Province</th>
<th>Report ed Counti es’ Numb er</th>
<th>Total Planti ng Area (mu)</th>
<th>Avg. Numb er of Trees Per mu</th>
<th>Total Numb er of Trees (1,000 Trees)</th>
<th>Fructiferous Tree Number and Percentage (1,000 Trees)</th>
<th>Production of Nuts</th>
<th>Production of Tung Oil</th>
<th>Producti on of One</th>
<th>Total Producti on</th>
<th>Producti on per dan (jin)</th>
<th>Total produ ction</th>
</tr>
</thead>
</table>

8 According to the survey of 33 counties from Ministry of Industry, International Trade Bureau Office (Shiyebu guojimaoyi chu), the production was 437,415 gongdan (gongdan was quintal, 43.7 million kg). The survey of 44 counties by Sichuan Bank’s Economy Research Office, the production was 459,800 gongdan. Yan Kuangguo calculated the regional market trade volumes and got the annual production was between 535,000 to 447,500 gongdan. I accept Yan’s data as it avoids self-use and wastage volume during the transportation and trade, and the average production number was 491,250 gongdan. See Yan Kuangguo, Tongyou (Tung Oil) (Zhongzheng shuju, 1944), p.124.
In the late 19th century, American researchers discovered that Chinese tung oil was an effective dry oil that could be used as an ingredient in paint and varnish, linoleum and oilcloth, and printing inks. The first recorded shipment of tung oil to the United States was 138,635 pounds, valued at $53,641 in 1896. In 1905, the high demand from the American market even spurred the American Government to experiment with planting Chinese tung trees on the American Gulf Coast, but the climate and soil limited tung tree production.\(^9\)

After the First World War, the rapid growth of the American paint and varnish industry caused the Chinese tung oil export volume to increase significantly. In 1927, the American tung oil trade company, Werner G. Smith Company, established The First Tung Tree Farm in Wan County. It was the first tung tree farm in China to experiment with a scientific planting method; it had 8,000 trees. The Second Tung Tree Farm of Werner G. Smith Company was established in Bishan in 1936 (a district in today’s Chongqing, along the Jialing River) and it had about 110,000 trees.\(^10\) In 1935, China exported a


total of 739 quintals (about 166 million pounds) of tung oil, valued at 41,582,000 yuan. Replacing silk and tea, tung oil became the largest export commodity in China (Figure 2.1).\textsuperscript{11}

**Figure 2.1 Chinese tung oil exports, 1912-1937 (unit: quintal)**

![Graph showing tung oil exports from 1912 to 1937](image)


The United States has comprised about 90 per cent of the Chinese tung oil export market since 1922. In 1932, America replaced Japan and the UK to become China’s largest trading partner. In 1937, the United States imported 159 million pounds from China, which was 1,000 times more than the imports in 1896. (Table 2.2)

**Table 2.2 Tung Oil Imports into the United States (Unit: pound)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Imports</th>
<th>From China</th>
<th>Percentage of import from China to total import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>53,852,595</td>
<td>45,363,472</td>
<td>84.23</td>
</tr>
</tbody>
</table>

\textsuperscript{11} Yan kangguo, ‘Sichuan tongyou chanxiao gaikuang’ (The production and marketing of Sichuan tung oil), *Zhongnong yuekan* 4.9 (1941), p.154.
<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Value</th>
<th>Value %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>68,000,000</td>
<td>55,768,830</td>
<td>85.00</td>
</tr>
<tr>
<td>1921</td>
<td>27,000,000</td>
<td>23,456,475</td>
<td>87.00</td>
</tr>
<tr>
<td>1922</td>
<td>79,000,000</td>
<td>76,217,565</td>
<td>95.19</td>
</tr>
<tr>
<td>1923</td>
<td>87,000,000</td>
<td>77,930,932</td>
<td>89.55</td>
</tr>
<tr>
<td>1924</td>
<td>82,000,000</td>
<td>76,447,232</td>
<td>93.26</td>
</tr>
<tr>
<td>1925</td>
<td>102,000,000</td>
<td>98,125,282</td>
<td>96.18</td>
</tr>
<tr>
<td>1926</td>
<td>83,000,000</td>
<td>80,332,821</td>
<td>96.75</td>
</tr>
<tr>
<td>1927</td>
<td>89,770,000</td>
<td>75,043,427</td>
<td>83.64</td>
</tr>
<tr>
<td>1928</td>
<td>109,000,000</td>
<td>97,783,436</td>
<td>89.08</td>
</tr>
<tr>
<td>1929</td>
<td>120,000,000</td>
<td>109,549,217</td>
<td>90.12</td>
</tr>
<tr>
<td>1930</td>
<td>127,000,000</td>
<td>121,138,804</td>
<td>90.52</td>
</tr>
<tr>
<td>1931</td>
<td>81,000,000</td>
<td>75,632,777</td>
<td>93.34</td>
</tr>
<tr>
<td>1932</td>
<td>77,100,000</td>
<td>70,942,808</td>
<td>92.02</td>
</tr>
<tr>
<td>1933</td>
<td>119,000,000</td>
<td>112,235,931</td>
<td>90.43</td>
</tr>
<tr>
<td>1934</td>
<td>110,000,000</td>
<td>100,253,772</td>
<td>80.35</td>
</tr>
<tr>
<td>1935</td>
<td>120,000,000</td>
<td>108,338,426</td>
<td>80.00</td>
</tr>
<tr>
<td>1936</td>
<td>134,800,000</td>
<td>127,826,706</td>
<td>90.48</td>
</tr>
<tr>
<td>1937</td>
<td>174,884,803</td>
<td>159,329,562</td>
<td>90.09</td>
</tr>
<tr>
<td>1938</td>
<td>107,455,674</td>
<td>100,054,026</td>
<td>90.33</td>
</tr>
<tr>
<td>1939</td>
<td>78,717,634</td>
<td>80,543,846</td>
<td>89.70</td>
</tr>
<tr>
<td>1940</td>
<td>97,048,595</td>
<td>90,700,023</td>
<td>93.50</td>
</tr>
<tr>
<td>1941</td>
<td>43,800,457</td>
<td>43,708,295</td>
<td>99.77</td>
</tr>
<tr>
<td>1942</td>
<td>8,268,923</td>
<td>8,245,533</td>
<td>99.75</td>
</tr>
<tr>
<td>1943</td>
<td>67,893</td>
<td>1,623</td>
<td>2.40</td>
</tr>
<tr>
<td>1944</td>
<td>1,770,585</td>
<td>31,536</td>
<td>1.79</td>
</tr>
<tr>
<td>1945</td>
<td>339,473</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1946</td>
<td>36,206,762</td>
<td>34,928,466</td>
<td>96.49</td>
</tr>
<tr>
<td>1947</td>
<td>121,564,669</td>
<td>121,105,173</td>
<td>99.59</td>
</tr>
</tbody>
</table>


In 1937, when the Japanese occupied Shanghai and cut off Chinese exports of tung oil, its largest importers – American companies and the United States Government – were the most affected.
2.2 Tung Oil Loan

In 1937, the Ministry of Finance suggested designing a new trade strategy for long-term warfare and reorganising the government’s economic and financial administration system in order to unify all of the Great Rear resources and establish a state-controlled economy model. The Ministry of Finance believed that “unless we control resources and trade, there is no way to confirm the finance basement and prepare for long-term warfare”. In September 1937, “The Outline of Increasing Production and Adjusting Trade” (zengjin shengchan tiaozheng maoyi banfa da’gang 增进生产调整贸易办法大纲) was published, marking the first step in bureaucracy integration and the rearrangement of the warfare economy. K. P. Chen was the director of the Trade Regulate Commission (TRC, maoyi tiaozheng weiyuanhui 贸易调整委员会) under the Military Commission. In 1938, Chiang Kai-shek agreed with H. H. Kung’s proposal and reshuffled the TRC as the Trade Commission (Maoyi weiyuanhui 贸易委员会) under the Ministry of Finance. Chiang Kai-shek said that the duty of the Trade Commission should be to unify private business and state-owned organisations so as to maintain the trade of Chinese products in the international market, deal with domestic overproduction and supplement any gap in import products.

12 ‘Maoyi weiyuanhui gongzuo gaikuang’ (The overview of Trade Administration’s work), October 1937 to August 1940, Archives of Finance 148-153, CSHA, Nanjing. Cited from Shen Zurong, Zhongguo jindai jingjishi yanjiu ziliao, Vol.9, p.94.
In September 1938, K. P. Chen (Chen Guangfu 陈光甫) represented the Nationalist Government in seeking financial loans from the United States Government. Chen was born into a comprador family in Jiangsu province and graduated from the University of Pennsylvania. Before the war, Chen established the Shanghai Commercial and Savings Bank and was hired as the financial advisor to the Nationalist Government. Chen had successfully negotiated with the American Government for the Silver-Gold Exchange Agreement in 1937 and won the trust of Henry Morgenthau, the US Secretary of the Treasury.\(^{13}\) China could not obtain any military assistance directly from the United States due to the Neutrality Act during the first three years of the War of Resistance. At the first meeting, Morgenthau and Harry Dexter White, the senior US Treasury Department official, asked Chen which natural resources exported from China could grantee the loan, and Chen suggested tung oil.\(^{14}\) On 15 December 1938, Chen and Morgenthau concluded an agreement for the Export-import Bank to provide a $25 million “tung oil loan”, which would be repaid in five years at an annual interest rate of 0.4 per cent.\(^{15}\) Although the number of tung oil loans could not compare

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\(^{15}\) Ibid, pp. 243-245, 251.
with later American economic aid, it launched the model for the barter trade with foreign governments during the war, especially continued with the Chinese Tin Credit Loan Agreement and the Tungsten Ore Agreement in 1940.  

In the agreement, the Nationalist Government agreed that the proceeds of the loan would go through state-owned trading companies, rather than being directed to the Chinese Government. This was to avoid the Japanese inspection, but not the US Government’s inspection. The Nationalist Government established the Universal Trading Corporation in New York and the Fooshing Trading Corporation (Fooshing Co.) in Chongqing. Based on the Nationalist Government’s proposal, Fooshing Co. was responsible for collecting the tung oil in the Chinese market and shipping it to the United States. The Universal Trading Corporation worked on selling the tung oil and purchasing military ordnance and industry products in the United States. The two corporations were led by the Trade Commission, Ministry of Finance. K. P. Chen was the chairman of the Universal Trading Corporation and H. H. Kung, the President of the Executive Yuan and the Minister of Finance, was the chairman of Fooshing Co.

Historians used to argue that the Fooshing Co. was a tool for making profit for the so-called “Four Noble Families”, the families and notables representing bureaucratic capitalism, but not for the state’s benefit. From this

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17 The original administration was the Trade Adjustment Commission (*Maoyi tiaozheng weiyuanhui* 贸易调整委员会) was belonging to Military Commission and established in Shanghai in October 1937.
perspective, scholars demonstrated that the wartime market policy was
designed to achieve personal benefits by monopolising the market and
suppressing private merchants. However, Zheng Huixin’s research showed
that Fooshing Co. did not benefit much from the tung oil trade and loan. The
benefits of the tung oil trade and the tung oil loan included using this to cover
weapon purchasing and transportation fees. The Bureau of Ordnance (bing
gong shu 兵工署), Warfare Affairs (jun wu shu 军务署), Commissariat (jun xu
shu 军需署) and Military Hospital (jun yi shu 军医署) took 68.25 per cent of
the total budget. The transport administration, including the Bureau of
Southwest China Transportation (Xi’nan yunshuchu 西南运输处), took 16.65
per cent, and Fooshing Co. took only 5.38 per cent.18

For the Nationalist Government, tung oil resource control was much easier
than that of grain during wartime because tung oil was the primarily export-
consumed, which means that alongside Chinese producers and middlemen,
the trade network also required international trade companies and foreign
exchange. Under the Japanese blockade of the Yangtze River, Canton and
later the exports in Vietnam and Burma shaped a perfect blocked
environment for the Nationalist Government to manage and control the
domestic tung oil trade in Southwest China.

18 Caizheng bu (Ministry of Finance) ed., ‘Zhongmei diyici jiexuan xia
gejiguan fenpeishu ji dongzhishu’, (The Distribution and Payments of
Administrations by Using the Sino-American First Loan), 1942. In
Caizheng kexue yanjiu suo, Zhongguo di’er lishi dang’anguan (Financial
Science Research Institute and Chinese Second Historical Archives)
ed., Minguo waizhai dangan shiliao (The Historical Materials of Foreign
135-136.
The barter trade model also supported the Nationalist Government’s desire to establish a monopolised market and involve the markets directly. Although the tung oil loan amount was small, K. P. Chen and the Nationalist Government understood that the loan was a pilot project for the American Government, allowing them to experience the Nationalist Government’s abilities on wartime mobilisation and debt payment, and enabling them to decide on further loans and trade between the Chinese Government and western countries. Unlike the grain management policy, which was heavily criticised and debated in the government even before it was published, with the American loan, the Nationalist Government could easily control the tung oil resources in Southwest China. Ironically, the Communist Government learned how to deal with a trade embargo environment from the Nationalist Government and American Government’s cooperation experiences, as this was created by the American Government during the Korean War.

2.2.1 Reconstructing the Market and Unified International Trade

The tung oil trade shared a similar trade model with the grain trade in Chongqing rural areas before the state monopolising markets. Tung nuts need to be pressed to tung oil and then packaged, stored and tested before exporting. The traditional trade of tung oil requiring middlemen, such as peddlers and private mills, could not be ignored in the regional markets.

In the early 20th century, Chongqing City was open to international trade and established the Maritime Custom Service, along with a sub-office established in Wan County in 1917; both became the main trade centres for East Sichuan to export tung oil from the 1930s. A suitable climate, hilly geography and convenient river transport formed an integrated tung oil
industry chain from the tung nut supply and press to tung oil refining and export. In the traditional tung oil trade, there were three groups of producers and merchants that formed the trade network: the tung peasants and native mills on the production market, tung nut and oil peddlers and stores, which formed the centralised market, and the middlemen and agencies of foreign companies constituted the export market with foreign companies.

Although Sichuan had the largest tung tree planting area in China, the established tung tree farms were limited. Table 2.3 shows that the number of tung trees in the farms was only one per cent of the total 39,837,000 tung trees in Sichuan in 1940. Compared with the large-scale tung tree farms on the American Gulf Coast, thousands of peasant families were the primary and main suppliers of the tung oil market in Sichuan.

Planting tung trees provided an income for peasant families in East Sichuan during the 1930s. According to a survey from 1938 (Table 2.3), in Jiangjin, each family’s tung tree field was about 1.41 mu, comprising 8.8 per cent of the cultivated land on average. In Ba County, a county next to Jiangjin where the tung oil industry was popular, each family’s tung tree field was about 2.40 mu, comprising 16.6 per cent of the cultivated land.

**Table 2.3 Tung-planting peasant families in East Sichuan Counties**

*(survey date: July–September 1938)*

<table>
<thead>
<tr>
<th>County</th>
<th>Number of peasant households</th>
<th>Number of tung tree planting households</th>
<th>Ratio of tung-planting peasants from whole household number</th>
<th>Fructiferous tung trees in each household</th>
<th>Tung tree number in the county</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jiangjin</td>
<td>99,311</td>
<td>19,861</td>
<td>20</td>
<td>6</td>
<td>119,171</td>
</tr>
<tr>
<td>Bishan</td>
<td>28,500</td>
<td>7,980</td>
<td>28</td>
<td>5</td>
<td>39,900</td>
</tr>
<tr>
<td>Baxian</td>
<td>113,360</td>
<td>29,473</td>
<td>26</td>
<td>7</td>
<td>206,311</td>
</tr>
<tr>
<td>Jiangbei</td>
<td>103,100</td>
<td>21,651</td>
<td>21</td>
<td>6</td>
<td>129,906</td>
</tr>
</tbody>
</table>
In 1940, a survey of 115 counties in Sichuan showed that the fructiferous tung tree numbers had increased to 30.41 for each peasant family, which meant that peasant families made 54.74 yuan from them in annual income (Table 2-5). For Chongqing peasant families, tung oil, like opium and silk, was an important commodity by which to increase their income.

**Table 2.4 The Tung-planting peasant families’ average production of tung oil in 1940**

<table>
<thead>
<tr>
<th>Province</th>
<th>Percentage of entire peasant household number</th>
<th>Planting trees area (mu)</th>
<th>Number of trees in one mu</th>
<th>Tree number in one household</th>
<th>Fructiferous tree number</th>
<th>Tung nut production (dan)</th>
<th>Tung oil production per tree (dan)</th>
<th>Income (yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sichuan</td>
<td>18</td>
<td>1.28</td>
<td>44</td>
<td>56.32</td>
<td>30.41</td>
<td>3.04</td>
<td>0.61</td>
<td>54.74</td>
</tr>
<tr>
<td>Hunan</td>
<td>18</td>
<td>0.93</td>
<td>40</td>
<td>37.2</td>
<td>19.72</td>
<td>1.97</td>
<td>0.39</td>
<td>35.49</td>
</tr>
<tr>
<td>Guangxi</td>
<td>19</td>
<td>0.32</td>
<td>60</td>
<td>19.2</td>
<td>9.41</td>
<td>0.94</td>
<td>0.19</td>
<td>16.93</td>
</tr>
</tbody>
</table>


The tung nut maturation season occurs around October to November, which coincides with the season after the autumn harvest of grain. Peasants can

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19 Zou Xupu said that “1937 average price was 35 yuan; 1938 was 45 yuan; 1939 was 71 yuan. Although there was no report about 1940’s price, it should be higher than 1939’s, about 100 to 200 yuan.” Comparing with Chongqing government’s monthly report of tung oil price in 1937, which average price was 36.46 yuan, Zou’s data should be reliable. This research would use 1940 average price, according to Zou’s data, 150 yuan. See ‘Chongqing tongyou shiji ji chengjiao shuliangbiao’, (Tung oil’s price and volume in Chongqing), Sichuan yuebao, 1.6 (December of 1937), p. 153; Zou (1946) p. 19.
therefore also work as tung nut or oil peddlers (tong zi fan/tong you fan 桐子/油贩子), trading tung nuts in the market after delivering those that have been reserved. To increase the benefits of this, most peasants accessed to oil mills to press the nuts and then sold oil in the market.

Tung oil pressing equipment was an expensive investment for the poor peasants. The rich peasants and landlords established oil mills to press tung nuts and supply tung oil to the local market. In East Sichuan, tung oil mills charged processing fees (oil in reward), usually at 10 per cent of the total volume of tung oil. The large capital mills also purchased tung oil from peasants and oil peddlers. Therefore, native tung oil mills became the primary producers of tung oil in the market.

Compared with flexible peddlers, oil stores functioned as a stable connection between oil producers and foreign companies’ export agencies. Most millers and peddlers had pre-retailed oil to stores during the tung flower blooming period. When tung oil was on sale, oil stores were responsible for testing and wholesaling the collected oil to the brokers and big agency companies. In terms of inspection and management, led by the local elites and county officials, more than 300 oil stores joined the Guild of the Tung Oil Industry in 1918. In 1929, the guild involved members from other provinces and was renamed the Guild of Tung Oil Importers in Wan County (Wanxian tongyou jinkouye gonghui 万县桐油进口业公会).20

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As in every treaty port, the local intermediaries comprised the connection between the local suppliers and the other provinces’ purchasers. Wan County and Chongqing were the main national trade tung oil markets in the Upper Yangtze River area, gathering suppliers from Sichuan’s counties and purchasers from Hunan, Hubei and Shanghai. In Wan County, the intermediary groups were called *guo zai pu* (过载铺), making money from the service. In 1936, 28 *guo zai pu* in Wan County formed the Guild of Tung Oil and Grain organisation. They were responsible for purchasing from other provinces as they were familiar with the local markets, sharing local supplying information, guaranteeing fair trade as the notary and even taking charge of tung oil quality testing.

With respect to the tung oil export market, foreign importers usually hired a local trading or financial company as the purchasing agency to purchase and transport tung oil. As the agency for W. G. Smith Co., the tung oil marketing office of the Young Brothers Banking Corporation (*Juxingcheng yinhang* 聚兴诚银行) was the largest tung oil trading organisation in the Chongqing area before the 1940s.21

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Notably, virgin tung oil needs to be refined before packaging and shipment. The agency companies were equipped with storage and refining tanks, centralising the retailed tung oil in the local market. In Wan County, there were nine tanks in total. However, most of them were controlled by the compradors, which significantly affected the Nationalist Government’s later implementation of the monopolising market. For both regimes, Nationalist and Communist, their ability to control the processing and storing equipment, and organising middleman merchants, was the key to controlling the rural agricultural production markets.

### 2.2.2 Tung Oil Unified Purchase and Sale Policy and State-owned Companies

In March 1939, the Sichuan provincial government published a set of “Temporary Regulations of Tung Oil Trade in Sichuan Province” (*Sichuansheng tongyou maoyi guanli zanxing banfa* 四川省桐油贸易管理暂行办法大纲). The regulations catalogued 28 tung oil inner markets and four export ports in the Great Rear. Chongqing and Wan County were the major exporting areas. The Sichuan Government and Trade Commission set and published the official purchase price in the Chongqing market – 47.5 yuan per quilter as the standardised price – and then set other areas’ purchase prices based on the distance and cost of transportation between the exports and inner markets. This price was not changed until the last day of 1939.22

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22 ‘Sichuansheng zhengfu gonggao’ (The government notice), (Chongqing Municipal Archives, CMA) March 1939, 0055-5-0066. Citing from
To supply tung oil to Fooshing, a government-private joint venture, the Sichuan Tung Oil Trading Corporation (Sichuan tongyou maoyi gongsi 四川桐油贸易公司), was established in April 1939. The corporation was based on cooperation with the Guild of Tung Oil Importers in Wan County and an investment of 40,000 yuan from Fooshing Co.\(^{23}\) The outbreak of the war cut the export road from Chongqing to Shanghai, and tung oil merchants in Chongqing and Wan County suffered a loss of shipments. To encourage Sichuan Tung Oil Trading Co.’s purchasing and collecting of tung oil in the market, Fooshing Co. paid for the shipment and insurance at three per cent of the purchasing price. Therefore, Sichuan Tung Oil Trading Co. was the official supplier of Fooshing Co.\(^{24}\)

In 1936, the Nationalist Government cooperated with the provincial governments in tung oil production to establish the Chinese Vegetable Oil Corporation (CVOC, Zhongguo zhiwu youliao chang 中国植物油料厂) for trading and refining tung oil in the primary markets. The company was invested in by the Ministry of Real Industry (later the Ministry of Economy), provincial governments and bankers from Shanghai and Sichuan.\(^{25}\) After

\(^{23}\) Zhengxie sichuansheng wanxianshi weiyuanhui wenshi ziliao gongzuowei yuanhui ed., *Wanxian tongyou shilue*, p. 75.


establishing Sichuan Tung Oil Trading Co., the Chinese Vegetable Oil Corporations were responsible, in particular, for storing and refining tung oil.

Flowchart showing the tung oil market after 1940

In June 1939, H. H. Kung reported to Chiang Kai-shek that Sichuan Tung Oil Trading Co., Chinese Vegetable Oil Co. and Fooshing Trading Co. had a new tung oil supplying, refining and exporting chain, which would transform the traditional tung oil trading business into a state-controlled one.  

In October 1940, the central government published the National Implications of Unified Purchase and Sale of Tung Oil (Quanguo tongyou tonggou tongxiao banfa 全国桐油统购统销办法). This regulated that “the [purchasing] price of tung oil could be published at any time by Fooshing Co., according to the cost of production, transportation and the international situation, and it would be supervised by the Trade Commission”.

Meanwhile, like the price management on essential daily commodities and military resources, to avoid private merchants hoarding and profiteering from tung oil, the policy “forbade private organisations or individuals from trading..."

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27 ‘Quanguo tongyou tonggou tongxiao banfa’, (The National Implications of Unified Purchasing and Marketing of Tung Oil) in Maoyi faling zhangze huibian (The Collection of the Trade Decree), edited by Zhou Liangcai (Fujiansheng maoyi tezhong gufen youxiangongsi, 1941), pp. 57-58.
or transporting tung oil in the markets, unless the organisation was registered at the Trade Commission.” Publishing the policy of National Implications of Unified Purchase and Sale of Tung Oil, the Nationalist Government’s state monopoly market was officially formed. Fooshing Trading Co. was the only tung oil trading organisation in the export market. Notably, according to the local archives, conflicts also existed in the state-owned institutions and affected the achievements of the state-owned market. The Nationalist Government’s central government was attempting to establish a unified wartime market management policy and strengthen the power of centralisation; however, the chaos of the bureaucracy design was from the top down.

Previous studies of Nationalist wartime state-owned enterprises have emphasised the integration at the top or provincial levels. However, the local materials and factory archives show that following on from organising the tung oil international trade, the disorder was reflected as inner competition between the Ministry of Economy and the Ministry of Finance at the top, and between the Chinese Vegetable Oil Corporations and Fooshing Trading Co. in the Chongqing local market.

As I discussed with regard to the “Stabilising Price Case” and establishing the Ministry of Grain in the first chapter, the competition between the Ministry of Finance and Ministry of Economy was also exposed in the state tung oil trade.28 In 1938, the Ministry of Economy was established and Weng

Wenhao was the minister. The ministry was responsible for the state economic policy and trade in important resources, investing in state-owned businesses and enterprises in the local markets. H. H. Kung, minister of the Ministry of Finance, seized upon the issues of price rises and the uncontrolled black-market to attack the Ministry of Economy during the scandal of the “Stabilising Price Case” in 1939. The case came to an end when H. H. Kung took over control of the Ministry of Economy and Weng Wenhao resigned.

Chinese Vegetable Oil Corporation (CVOC), as an organisation under the Ministry of Economy, was responsible for the state purchasing of tung oil before the establishment of Fooshing Co. In order to purchase and market tung oil, CVOC established its factories in seven tung oil producing provinces, including Sichuan, Hunan, Hubei, Guangxi, Zhejiang, Jiangxi and Anhui. CVOC also worked on offering loans to small and private merchants, improving tung tree planting technology, and increasing tung oil production.29

Organising the private tung oil merchants and establishing Sichuan Tung Oil Trading Corporation was not the Nationalist Government’s original plan. In 1939, when Fooshing Co. was established, the authority did not set up its sub-institutions, but instead commissioned COVC to deal with Fooshing Co.’s domestic tung oil business, including purchasing, storing, refining and transporting. However, the political conflicts between the Ministry of Finance and Ministry of Economy broke down the cooperation between COVC and

Fooshing Co. According to COVC’s archives in Wan County, COVC disagreed with Fooshing Co. on monopolising the market.\textsuperscript{30}

Local private merchants understood the conflicts between Fooshing Co. and the COVC very well. According to the memoirs of the manager at Young Brothers Banking Corporation, which was the largest tung oil trading company in Chongqing in the 1930s, local merchant groups took advantage by increasing the tung oil price and trading both with Fooshing Co. and COVC.\textsuperscript{31} In 1940, Fooshing Co. invested in the local tung oil private merchants and established the Sichuan Tung Oil Trading Corporation to supply oil. Without the commitment to purchase from state-owned tung oil export enterprises only, COVC shifted its business to refining and storage.

However, the competition between Fooshing Co. and COVC had not ended. After Japan cut the export route through Burma and Vietnam, tung oil shifted from exporting to domestic consumption. After dissolving Sichuan Tung Oil Trading Corporation, Fooshing Co. established a state-owned company


branch in Chongqing, replacing Sichuan Tung Oil Trading Corporation. In 1942, Fooshing Co. established a sub-factory for refining tung oil, competing with COVC. Meanwhile, COVC also established a state-private shared company, Chuan Kang Company (川康兴业公司), competing with Fooshing Co. The business not only focused on the tung oil trade, but also covered all local production, such as wool and bristles.\(^{32}\)

### 2.2.3 Storage and Transportation

The limitations of the state-monopolised tung oil markets reflected the shortage of tung oil tanks, which were used for refining and storing tung oil in the markets. The storage infrastructure comprised the key equipment to implement the policy of resource collectivisation. However, according to Wan County Maritime Customer Reports, in Wan County only CVOC had nine storing and three refining tanks. Among the private companies, W.G. Smith Company had two storing tanks and one refining and Young Brothers Banking Corporation had three storing and four refining tanks. Other trade organisations, even if they were state-owned, like Fooshing Co. or Sichuan Tung Oil Trading Company, had to borrow from the above three companies.

The shortage of tanks limited the state-owned enterprises’ tung oil purchasing ability. In the Chongqing CVOC report, it was noted that:

> Sichuan Tung Oil Trading Corporation doesn’t have storage equipment. Because the tung oil export required a long process of transporting [after the trade routes were cut off].

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Sichuan Tung Oil Trading Corporation’s borrowed oil tanks are always filled and cannot be used continuously. However, the local export companies, like W.G. Smith Company have large oil tanks and they can keep purchasing and marketing the oil to the Sichuan Tung Oil Trading Corporation whist benefiting from a higher price.”

Without tanks, even if they purchased tung oil, the state-owned enterprises could not manage price by purchasing and marketing. At the same time, the report noted, the transport condition was limiting the effective management of the tung oil trade.

Before the war, tung oil was exported both from Shanghai and Hong Kong. Shanghai was the exporting centre for the oil gathered in Central and Western China, whilst Hong Kong was the centre for oil from South China. Before the fall of Canton, in October 1938, most of the oil from Central China was concentrated in Hankow or along the Canton-Hankow Railway, from which point it was shipped by rail to Canton or Hong Kong. After the fall of Hankow, all cargo was routed upstream to Chongqing or Suifu (Yibin, a port city in Southern Chongqing) by junk or boat. Motor trucks then took it to Guiyang or directly to Kunming, the railhead connecting with Haiphong, Vietnam. Another line included shipments of Tung oil made to Indo-China via Nanning, to be exported through Haiphong. Both lines of export were fully utilised until the Japanese occupied French Indo-China in September

33 ‘Chongqiang nian jiu niandu gongzuo baogao’, (The Summery Report by the COVC Chongqiang), January to June 1939, Chongqing Municipal Archives, 0271-0001-00005.
1940. Then, the road from Kunming to Burma became the only choice for international trade.

After signing the loan contract in America, K. P. Chen flew back to Chongqing and immediately went on a field trip from 16 October to 8 November 1940, investigating the tung oil exports from Kunming, Yunnan Province, to Yangon, Burma. In K. P. Chen’s diary, the crucial issue was not purchasing tung oil, but transporting all of the cargo that had been piled up in the ports. Poorly equipped tanks and low-quality packaging not only stocked the trade, but also reduced the quality of the tung oil. There was interaction between the authorities and local merchants/producers during the authority’s implementation of control over the traditional trade network and re-assessment of the impact of the Nationalist government state-building at the grassroots level.

As Kirby and Hans van de Ven argued, from 1941 to 1943, Nationalist China was in the midst of an industrial depression. Financial shortages and the inability to transport raw materials forced the Nationalists to cut back on investment and production. “The Nationalist Government was never able to create the industrial capacity capable of sustaining the Nationalists’ armed

34 C.C. Chang, China Tung Oil and Its Future (Hong Kong: The Local Printing Press, LTD., 1940), p. 7.

forces”. The same situation also impacted the tung oil trade in Chongqing. From December 1941, the block on exporting forced the Nationalist Government to shift its tung oil trade strategy toward the domestic market.

The Japanese blockade had two levels of impact on Chongqing’s market: first, the overstocked tung oil and monopolised market stagnated the tung oil market; second, the food price and fuel price rose steeply because there had been shortages in gasoline importing since the Pacific War. Faced with this market, tung oil peasants chose to cut down tung trees as fuel and replace them with rice and wheat. As I analysed at the start of this chapter, tung trees need three to five years’ growth to be fructiferous, which means that the widespread cutting down of tung trees in Sichuan affected the tung oil price for the following three to five years.

Whilst Fooshing Co. monopolised the tung oil market, COVC dominated the food oil business, including rapeseed oil and sesame oil. Following the increases in grain price, COVC benefited more from new products rather than tung oil. Meanwhile, faced with the depressed tung oil market and shortages of fossil fuel, the scientists and engineers focusing on COVC’s refining technology initiated a project in fission technology, seeking to transform the tung oil into gasoline. The project succeeded in 1942 and helped COVC become a chemical engineering factory in Wan County, with

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37 Wanxian chang sanshiyi niandu zongjie’, (The 1942 Summery Report by the COVC Wan County Factory), Chongqing Municipal Archives, 02710001000870000001000.

38 Ibid.
projects including soap, gasoline and refined diesel oil in the following years.\textsuperscript{39}

Notably, COVC’s development of chemistry technology not only occurred in Wan County or Chongqing; the tung oil fission technology, led by the Nationalist Government, accelerated the development of the chemistry industry in the Great Rear. This was why the Nationalist Government did not abolish the Unified Purchase and Sale of Tung oil Policy in 1942 under pressure from private merchant organisations, and instead extended it to the end of the war.\textsuperscript{40}

\section*{2.3 Tung Oil Trade in the Post-war Period}

In 1945, after repaying the tung oil loan, the Nationalist Government and the Ministry of Finance dissolved Fooshing Co. and abolished the Unified Purchase and Sale of Tung Oil Policy. However, the state-owned Universal Trading Corporation in New York remained. According to the reports from the US National Archives, 1948 marked the “arrival of heavy shipments from China 60 to 70 per cent of which were consignments to the government agency in New York”.\textsuperscript{41}

\textsuperscript{39} Wanxian chang 1945 nian shangqi gongzuo baogao’, (The first half year of 1945 Summery Report by the COVC Wan County Factory), Chongqing Municipal Archives, 02710001000390000001000.

\textsuperscript{40} Ibid.

\textsuperscript{41} L.S. Wong, \textit{The Outlook of China’s Trade in 1948}. Record Group 84, Foreign Service Posts of the Department of State, Shanghai Consulate General Commercial Section, Box 9. U.S. National Archives.
In the domestic market, the supply and processing and transporting chain remained after the war. Although the state-owned enterprises did not exist, the so-called “government-run enterprises” (guanban shanghang 官办商行) had been broadly established in Shanghai. As an officer at the central government said: “In the Beijing Government era and the Nanjing Government era, the combination of compradors and bureaucracy was difficult because of the distance between Beijing, Tianjin, Nanjing and Shanghai; today, the officers, capitalists, compradors were [all] in Chongqing and united together.”

These enterprises were registered as private investments, but they had close relationships with the officers who controlled the foreign exchanges and international trade with foreign companies. Taking advantage of nepotism, such enterprises got priority in foreign exchanges and qualified with the import and export authorities.

2.4 Conclusion

By examining the tung oil trade and grain processing industry in wartime Chongqing, I illustrate the function of the state-controlled tung oil supply

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chain and the state-owned enterprises during the war, as well as their impact on rural society.

The large-scale investments and shortages of equipment limited the Nationalist Government's ability to fully monopolise the resource market. The international barter trade model and Japanese blockade created the circumstances for the Nationalists to realise the state-monopolised resource market. The stabled price of tung oil and the well mobilised cooperation between the state-owned trade enterprises and private merchants cannot interpret as a success of the Unified Purchase and Sale of Tung Oil Policy during the war but a sluggish market because of the state monopolised policy and international trade embargo.

Meanwhile, the war limited the Nationalist Government’s investments into growing its own organisations. In both tung oil and grain trade, the authorities relied on private merchant groups’ cooperation. The shortage of storage and refining equipment, the fluctuating price, and the political power struggles all impeded the centralised export policy. After the war, although the number of state-owned enterprises decreased, the state-controlled trade network remained. When a similar trade environment was shaped again during the Korean War, the CCP established the state monopolised market and like the Nationalist Government did during the war.
3 Chapter:

Nationalist Rural Reform and International Aid after 1945

In 1946, the Nationalist Government moved back to Nanjing from the wartime capital. Followed the governmental administrations, schools, factories and refugees from the "Down Yangtze River" area evacuated from Chongqing as well. Chongqing's local finance and economy went to the depression because the vast capital moved out of market and merchants' panic sell of hoarding goods.\(^1\) In the rural area of Chongqing, peasants were suffering in the famine caused by flood and drought.\(^2\)

However, the wartime centralised grain policies enhanced Sichuan (including Chongqing)'s role in supplying grain to the national market and supporting national revenue. In 1947, Gu Zhenglun (谷正伦), the Minister of Grain, submitted a reported to Chiang Kai-shek on a five-year plan of establishing the central government directed granary system in Shanghai, Wuxi, Nanjing, Wuhu, Jiujiang, Hankou, Changsha, Chongqing and Taiwan, mainly along the Yangtze River. Added to the plan of establishing state-owned grain trade enterprise in Northeast China after taking over Manchuria, the Ministry of Grain suggested to make a budget of 126


billion yuan to establish the granary system in order to establish the food supply line from Sichuan and Northeast China to eastern China. The proposed granary system would focused on purchasing and marketing rice to balance rice price and “recover the bankrupted rural economy”.

After the War of Resistance, China’s Allies involved into post-war relief through the vehicle of transnational organisations as well. The most famous one was the United Nations Relief and Rehabilitation Agency (UNRRA). The UNRRA was led by the United States government, and its main business was implemented by the US, the UK, the Soviet Union and China. The UNRRA’s projects in China focused on health, food, famine relief, flood control and other social welfare issues in the countryside. However, compared to the massive investment, the impact of those projects was limited. In 1948, the China Aid Act was passed in the U. S. Congress. The first Economic Cooperation Administration (ECA) mission to China aimed to establish a long-term joint cooperation committee that would not just provide the short-term famine relief that the UNRRA had attempted, but also initiate a long-term development project.

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3 Zhongguo Guomindang Di Liujie Erzhong Quanhui Zhongquanhui Jueyi’an (Si), Guomin Zhengfu (The Governmental Resolutions at the Second Plenary Session of the Ninth Central Executive Committee of the Chinese Nationalist Party), 8 April 1947, Taiwan Academia Historical Online Archives, 001-014152-00017-057.
It was in this context that, during the investigation of the ECA in China, that the rural land reform issue came to the front, and that the southwest began its central role in rural reconstruction efforts. The rural land property rights for peasants in Sichuan had experienced dramatic changes after the war. These changes were not only reflected in the land concentration and increased land prices, but also by the decreased grain production and unstable grain market. Land property issues ultimately impacted both the Nationalist and Communist regimes’ abilities in the crucial sphere of rural reform in the post-War of Resistance period. Although the Nationalist Party implemented rent reduction movements in Zhejiang Province and the Chinese Communist Party undertook land reform in Northern China, Southwest China was a new area for both of them. The unique characteristics of the land property rights system in Southwest China meant that both regimes realised that “rent” and “deposit” were the keys to rural reform. With the support of America’s 1948 China Aid Act, the Nationalist Rent Reduction movement was successful in some pilot counties near Chongqing; these initiatives continued and were expanded by the Communist “Rent Reduction and Refunding Deposit” campaign in 1950. In other words, domestic imperatives in land reform inevitably met with international advice from outside, and there was a particularly important mixture and overlap in Sichuan.

3.1 Nationalist Rent Reduction Movement: The Sino-American Joint Commission on Rural Reconstruction in Rural Sichuan, 1948-1950

One month after declaring victory in the Second World War, the Chinese Nationalist Government presented the United States Government with a proposal for technical
collaboration in agriculture between the two countries. Facing bankruptcy of the rural economy and the rise of communist power, the Nationalist Government and Chinese intellectuals who advised it decided that agriculture modernisation and rural reconstruction were significant paths to relieve the general economy and consolidate the Nationalist Government regime. In letters exchanged between President Harry S. Truman and Chiang Kai-shek, Chiang wrote that he was “keenly conscious of the fact that unless and until Chinese agriculture is modernised, Chinese industry cannot develop”. Truman also pointed that “a high level of living for the whole of China’s population, which can hardly be achieved without a strong development of agriculture, is the necessary foundation for the achievement of results that will benefit both of our countries, including an expansion of complementary trade and the development of China’s industrial program”.4

Initiating American reconstruction aid to China, the United States Congress passed the bill of the China Aid Act of 1948, which totalled $570 million. The result of the China Aid Act was the first Economic Cooperation Administration mission to China, the Sino-American Agricultural Mission of 1948, which aimed to establish a long-term joint cooperation committee that would not just provide the short-term famine relief that the United Nations Relief and Rehabilitation Administration (UNRRA) had attempted, but also initiate a long-term development project. Using Y.C. James Yen’s experiences of organising the Chinese Mass Education Movement in Ding County (定县), Hebei Province, as a successful model in the eyes of the United

States Government, a joint commission was authorised under the China Aid Act and established in Nanjing on 1 October 1948. In the last decade, historians have been examining the shift among intellectuals and rural reconstruction movements under the international/transnational view of the Second World War and the post-war period. As the representative joint organisation of the Chinese and American governments and the critical bureaucracy during Taiwan’s modernisation, the JCRR’s history in the 1950s and 1960s has been extremely well


6 For example, John L. Buck led a decade-long survey by the Department of Agricultural Economics, Nanking University. The result was published as Chinese Farm Economy (University of Chicago Press, 1931); for Liang Shuming’s rural reconstruction movements in Zhouping County, see Liang Shuming, Xiangcun jianshe zhiqu (The objective of rural reconstruction) in Liang Shuming quanji (The Collection of Liang Shuming’s Work), vol.5 (Shandong chubanshe, 2005); for Yan Yangchu’s Chinese Mass Education Movement, see Yan Yangchu, Yan Yangchu quanji (The Collection of Yan Yangchu’s Work) (Tianjin jiaoyu chubanshe, 2014). About Chinese scholars’ research on the rural reconstruction movements in the Republic of China era, see Zheng Dahua, Minguo xiancun jianshe yundong (Rural Reconstruction Movements in the Republic of China Era) (Beijing: Shehui kexue wenxian chubanshe, 2000).

researched. The Joint Commission has been publishing archived works and committee members' memoirs since the 1970s. Joseph Yager’s book, *Transforming Agriculture in Taiwan*, explored the Joint Commission’s agricultural reform in Taiwan and illustrated the JCRR’s remarkable role in that island’s modernisation. The subsequent studies further examined JCRR organisation and policies and other international aid from foreign governments, especially the United States, to Taiwan after the Second World War, emphasizing that the support of foreign aid to Taiwan’s transformation was fundamental. Recently, agricultural historians narrating the JCRR’s agricultural technological reform have argued that Taiwan's agricultural modernisation blended technocratic methods with the social organisation of farmers’ cooperatives, which had arisen out of rural reconstruction movements in the mainland since the 1930s. In regard to the JCRR’s method of land reform, Julia

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Strauss’s comparative study on the South of Jiangsu Province (Su’nan 苏南) and Taiwan illustrates the similarities and differences in the land reforms undertaken by the Nationalist and Communist governments in the early 1950s: one was revolutionary and insisted on mobilising of people in public theatrical displays, while the Nationalist government was “wedded to notions of gradualism”.  

However, this chapter in the dissertation endeavours to break new ground in scholarship on the role of land reform and international aid to China in the 1940s. It does so by interpreting the two regimes’ land reforms in Sichuan as a continuous rural reconstruction movement, looking forward to the transitional period of Communist planned economy. This research will focus on the American-funded and Nationalist Government-supported JCRR land reform project in Sichuan before 1949 and also examine how the experiences of the JCRR on the mainland affected its work in Taiwan later. By using Sichuan county-level archives and JCRR documents in the U.S. National Archives, this chapter seeks to build trans-regime linkages between the Nationalist and Communist control of the rural areas in relation to the land reforms in mainland China.  

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14 Published archives will be used in this research as well. See Institute of Modern History, Academia Sinica ed., Zhongguo nongcun fuxing lianhe weiyuanhui koushu lishi fangwen jilu (The Record of Oral History of the Chinese Joint Commission on Rural Reconstruction) (Taipei: Institute of Modern History, Academia Sinica, 1992); see also Huang Junjie, Zhongguo noncun fuxinglianjie weiyuanhui shiliao huibian (The collection of historical materials about the
I argue that: first, while the scholarly focus has been on its success in Taiwan, the JCRR’s rural reform in Southwest China was surprisingly effective, and that this fact has been overlooked by scholars in China and the West. Before moving to Taiwan in October 1949, the JCRR had only existed for ten months in Sichuan. Compared to the Nationalist Government’s movement of a “Twenty-five per cent Rent Reduction” (er wu jian zu 二五减租) in 1927 and early 1940, respectively, the JCRR’s “Land Rent Reduction Project” was successful, albeit only in the pilot counties of Chongqing in 1949. Second, after the war, the Communist Government and Nationalist Government regarded land reform as a reform or a revolution of rural social structures and a necessary step towards strengthening and building their regimes. Both parties had a clear understanding that the keys to land reform in Southwest China were “rent” and “deposit”. Paradoxically, the American-aided and Nationalist-implicated JCRR “Land Rent Reduction” was beneficial to the next regime, and helped the CCP during its Land Reform in 1950. Third, all regimes, including the American government, regarded rural land reform not only as a movement to reconstruct the rural cultivated land property structure but also as a tool to carry out currency reforms and consolidate the financial markets in rural areas.

The chapter will begin by introducing the background to the establishment of the JCRR and its project of rent reduction in Sichuan. I will then explore the land reform proposal from the American Government and its Chinese adviser Solomon Trone and the fieldwork report by Wolf Ladejinsky, the land reform expert of the JCRR. The paper concludes with an analysis of the result of the JCRR’s land reform in the

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context of the Nationalist Government’s financial crisis. Local peasants and merchants’ interactions with the authority and American aid will be examined as well.

3.1.1 The Sino-American Joint Commission of Reconstruction and Rehabilitation in Sichuan

By the late 1940s, Chinese and American experts and officials had in some cases more than a decade or more of common experience. The Republic of China had sent students abroad to American universities to build expertise in agronomy and land management. The JCRR was not the ultimate culmination of that cooperation, but it was indicative of the sweep of Sino-US educational and technocratic exchanges that would become more visible -- and indeed critical -- after 1945. The JCRR was governed by five commissioners -- two Chinese and three Americans. All three Chinese commissioners had studied at American universities, and both Americans had decades of experience in working in the rural area with Chinese farmers and officials. James C. Yan (Yan Yangchu 晏阳初) generally supervised the dissemination of information about the JCRR to the public. Chiang Monlin (Jiang Menglin 蔣夢麟), who was elected chairman of the JCRR at its first meeting held in Nanking on 1st October 1948, had been president of the National Peking University for many years and had also served as Minister of Education and Secretary General of the Executive Yuan. T. H. Shen (Shen Zonghan 沈宗瀚) was a professor at Nanking University and the director of the Central Research Institute of Agriculture. Raymond Moyer was a graduate of Oberlin College and Cornell University, had been an agricultural missionary in Shansi Province in northern China for fifteen years and was later appointed the chief of the Far Eastern Division, Office of Foreign Agricultural Relations in the U.S. Department of Agriculture. John Baker had been a
relief executive in China for many years and had served as an adviser to the Chinese Ministry of Railways. According to Joseph Jagar’s research, although all of the commissioners were working on the rural reform, they had different understandings and methodologies in terms of practising it. There were disagreements between James C. Yan, who believed that long-term mass education was the foundation of rural relief, and Raymond Moyer, who supported direct investment in agricultural technology or grain production in a larger area, rather than indirectly through Yen’s programme of social improvement in a few localities.\footnote{Joseph Yager, \textit{Transforming Agriculture in Taiwan: The Experience of the Joint Commission on Rural Reconstruction} (Ithaca: Cornell University Press, 1988), p. 10.}

In the report of the China-United States Agricultural Mission in 1947, the Mission summarised ten recommendations as the basis of future collaboration between the two countries. These included investment in agricultural technology, such as the construction of chemical-fertilizer plants, irrigation and the improvement of plants and animals and their protection from insects and diseases. The recommendations also included a land survey and land reform.\footnote{Shen T. H, \textit{The Sino-American Joint Commission on Rural Reconstruction: Twenty Years of Cooperation for Agricultural Development}, p. 12.}

On 1 October 1948, the JCRR was established in Nanjing. The commission worked out the main outline of a programme, which aimed to reconstruct the rural area by establishing numerous centres around the whole county and having a large-scale impact on the rural economy.\footnote{Raymond T Moyer, Subject: “Transmittal of a memorandum on the rural reconstruction program to Mr. Hoffman” on 13 December 1948. In Record Group 496, Records of the US. Foreign Assistance Agencies, 1948-1961, Office of Far Eastern Operations. China (JCRR) Subject Files 1948-1856, Administration-
along these lines were, as Raymond T. Moyer wrote, “based on the assumption that conditions would remain sufficiently stable so that operations could continue from Nanking (Nanjing) as a base”. However, just two months later, Nanjing came under threat by the People’s Liberation Army, who were coming from the north, and the JCRR moved its operational headquarters to Guangdong on 5 December 1948. Facing the prospect of communist attack, the JCRR made a pragmatic decision to focus significant attention on the development of programmes in provinces south of the Yangtze River, from Fujian in the east, extending south and west to Sichuan and including Taiwan. Furthermore, the JCRR’s emphasis was on projects that were susceptible to immediate development and usefulness, such as irrigation, dyke repair and the control of animal diseases and public health.\(^{18}\) The commission was seeking effective implementations that would be able to both produce immediate results and bring benefits year after year in Sichuan.

The switching of focusing to the south of the Yangtze River, brought immediate stimulus to the JCRR’s programme in Chongqing. Some remnants of wartime experimentation were still present in Chongqing. During the war, James Yan had established a Chinese Rural Education College in Xie Machang (歇马场) in the suburban area of Chongqing, with Chiang Kai-shek’s support. In 1946, the Chairman of Sichuan Province, Zhang Qun (张群), cooperated with James Yan to experiment with village reform in Sichuan’s Third District of Administration and Supervision \((Sichuansheng disan xingzheng ducha zhuanqu 四川省第三行政督察专区)\), an area

\(^{18}\) Ibid.

Administration: Staffing, Box 1, Folder “China (JCRR)- Administration (Policy). 1948.” U.S. National Archives (U.S. NA).
that roughly approximates today’s Chongqing.19 The first group of pilots located in Bishan County, Beibei County, Tongliang County, Yongchuan County and Rongchang County were renamed “The Mass Education Association of China, Western China Experimental Area” (Zhonghua pingmin jiaoyu cujinhui huaxi shiyuan 中华平民教育促进会华西试验区) and those counties were drawn into the Bishan Division (Bishan zhuanqu 璧山专区) by the CCP in 1950.

Although Raymond Moyer believed in a different strategy for rural reconstruction to that of James Yan, the JCRR’s project in Chongqing was in fact based on James Yan’s mass education project. The final objectives of the JCRR programme were nevertheless consistent with both points of view. The programme in Sichuan was a broad and integrated programme, which included educational, agricultural and farm organisation projects around rural Chongqing.

Those projects specific to Chongqing included:

- Irrigation projects. The largest project “Hsiao Anchi Pumping Irrigation Project, Tungliang County” was undertaken at a total cost of $525,000, which was shared by the JCRR, the Sichuan provincial government and the local government.

- The Hybrid hog project at Beibei Town. To increase the domestic production of pig commodities, the JCRR imported ten Yorkshire boars and allocated them to the eight counties in Beibei.

• Cooperating with the Department of Rural Reconstruction, West China Union University, in the training of college students to be the next workers and leaders of rural reconstruction.

• Strengthening of county-level health centres and health stations, building rural dental hygiene, maternal and child health stations in several counties, and also improving the transport for the inspection of health projects.

• Increasing agricultural yards for sweet potatoes, wheat, rice and oranges.

• Loans to village weaving cooperatives to provide winter uniforms for the troops.

Archives show that land reform project was not the JCRR’s concern in the beginning, although the rent reduction issue was concerned by commissioners in the recommendation of China-United States Agricultural Mission in 1947. According to archives, surprisingly, the land reform project was proposed by the American Government’s Chinese adviser Dr Solomon Trone, which proposal was strongly supported by the American Government, especially the Economy Cooperate Association China Mission, and added into the JCRR’s second phase programme in Sichuan.

3.1.2 American Government Suggested the Rent Reduction Project to the JCRR

The JCRR files show how urgently and quickly the American government realised that rural land property issues were at least, in part, if not completely, driving the CCP’s victories. On 4 May 1948, Dr Solomon Trone, former General Electric representative in Russia, who was an adviser on industrial and economic planning to the Chinese Government, submitted a proposal for Chinese rural reform to American Ambassador, J. Leighton Stuart in Nanjing.

In this proposal, Dr Trone summarised Chinese historical revolutions and pointed out the situation was “The unfolding of an agrarian revolution, of which the civil war is the outer expression.” With powerful and uncompromising language, he criticized the Nationalist Government was an “one party” regime with the nature of old feudal foundation. “On the surface, we see the introduction of the machinery of Western political and economic life, but this machinery is only superimposed on the old feudal
foundation, particularly on the old landlord-tenant relationship. This will not suffice as a basis for democratisation.”

Then Dr Trone pointed his argument: land reform was the only solution to save the Nationalist Government and China. “Otherwise,” he argued, “after a prolonged and disastrous civil war, a Communist regime in China is not impossible… The only way to prevent the further splitting off parts of China— as has already happened with Manchuria— and to prevent Communism to become the political regime in China, is to create conditions less conducive than the present to the growth of communism.” The Americans, Trone said, should help the Nationalist Government to begin a land reform programme in one province, “without waiting for an eventual military victory, which may not be in the offing for a long time to come.”

According to Dr Trone’s proposal, the United States Government could provide a long term “land reform loan” to the Chinese government through the Marshall Plan and carry out a land distribution programme. Land owners would be paid in special land bounds with U.S. dollar value and the bonds to be used solely for purposes of industrialisation. Each industry needed to establish a special enterprise in the form of a stock company, where the owner of land bonds could exchange his bonds for stock. Dr Trone’s proposal appears to have little immediate impact on the Nationalist

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20 The Letter from Dr Solomon Trone to Donald S. Gilpatric. Record Group 496, China (JCRR) Subject Files 1948-1856, Administration- Administration: Staffing, Box1. Folder: “China (JCRR)- Administration (Policy) 1948.” U.S. NA. Emphasis in original.

21 The Letter from Dr Solomon Trone to Donald S. Gilpatric. Record Group 496, China (JCRR) Subject Files 1948-1856, Administration- Administration: Staffing, Box1. Folder: “China (JCRR)- Administration (Policy) 1948.” U.S. NA.

22 Ibid.
Government or the JCRR’s specialists, as little evident feedback to it was founded in the archives. Nevertheless, his proposal was a prediction of the land reform as it happened later in Taiwan in the 1950s.  

Dr Trone’s proposal was submitted just right when the Economy Cooperate Association (ECA) China Mission had discussed several times to seek the solution. The ECA believed that “Trone’s proposals for land reform are ingenious and practicable partial cure for present rural problem”.  

On 28 June 1948, Hearlan Cleveland, Consultant China Aid Programme wrote to Mr. Lapham, the Chief of the ECA China Mission said:

“The idea of using U.S. dollars to promote land reform in China has been discussed at various times I believe… my own feeling in that the more we can put into this China Aid Programme that offers some hope and some promise of attacking the basic land problems in China, the more the programme will accomplish in terms of support for moderate elements in the Chinese picture and the provision of some alternative to the social programme with which the Communists are being so successful. For this reason, I hope that Dr Trone’s proposal has not been buried but is, or will be, actively discussed among the people in China who are more familiar with the situation.”


24 From Donald S. Gilpatric to Harlan Cleveland on the Land Reform Proposal. Record Group 496, China (JCRR) Subject Files 1948-1856, Administration-Administration: Staffing, Box1, Folder: “China (JCRR)- Administration (Policy) 1948.” U.S. NA.

25 Ibid.
Two months later, on 2 August 1948, Donald S. Gilpatric, Deputy Chief of Mission, drafted a proposal which could represented American Government’s interests on the land reform project and explained the reason why the American government’ was more active than the Chinese Nationalist Government on the issue of rural land reform—currency.26

In the ECA’s draft proposal, American Government was seeking an approach of supporting Chinese rural land reform and at same time strengthen the Nationalist Government’s weak finance. The ECA’s suggested to invest $13,750,000 on “The Rent Reduction Programme” in a small scale and “U.S. would surrender at this stage its interest in reimbursement for part of project fund in order to test out a practical programme of rural reconstruction which might be expanded in many subsequent aid programme.”27 The JCRR Rent Reduction Commission would receive this money on condition it invest it in foreign exchange costs of specified projects of a productive nature and in comparatively safe areas, which projects could be concurrently supported by the ECA. Against these investments, the commission would issue bonds with a stated gold or pre-war Chinese dollar value, and with interest payable in local currency on a percentage tied to the valuation. The commission’s bonds would then be tendered along with some local currency if possible, for land purchases from absentee land owners. This land would be leased at nominal fee by the commission to peasants or given away outright to present tenants. The ECA “believe that many

26 Ibid.

27 From Donald S. Gilpatric to Harlan Cleveland on the Land Reform Proposal. Record Group 496, China (JCRR) Subject Files 1948-1856, Administration-Administration: Staffing, Box1, Folder: “China (JCRR)-Administration (Policy) 1948.” U.S. NA.
landowners in China will be ready to exchange all or part of land holdings for income-producing share of productive enterprise in areas which are comparatively safe militarily.”

The investment methods and financial issues were paid highly attention since the American Government designed the proposal of rent reduction project for the JCRR. The ECA and the JCRR to invest in rural China without evoking the financial crash under hyperinflation and stable the weak financial market in China. In 1948, the excessive amount of fabi dollars (法币), the Chinese official paper currency since 1935, threatened not only the stable of Nationalist Government’s financial system but also its regime. The reason of the ECA suggested to issue the commission bonds was not only invoking landlords’ investment to industrialisation, more importantly, American specialist were seeking to avoid increasing hyperinflation while the Chinese currency fabi already over printed. However, when the ECA drafted out the proposal of “The Rent Reduction Programme” based on fabi dollars in Washington D.C. on 2 August 1948, the Nationalist Government was secretly preparing of its financial and currency the Golden Yuan Reform (jin yuan quan 金圆券) in Nanjing. On 19 August 1948, the Nationalist Government abandoned fabi and published the new currency Golden Yuan. According to John L. Stuart, the Nationalists’ whole scheme had been kept secret and the premier Weng Wenhao (翁文灏) had confided it to John L. Stuart just a few days before of the Golden Yuan was publishing.29

28 Ibid.
In August 1948, Chongqing’s market price index had inflated over 155 times than 1937. However, JCRR's investment with other Chinese Aid Act in 1948, did not suppress the inflation but worse the Nationalist financial situation and became the attack target by local merchants and the CCP. To the JCRR, some projects were successful and had a good result to rural society. But to the Nationalist Government and its financial market, the American Aid explored its weakness of local administration again.

On 7 February 1949, the JCRR exchanges two million dollars to the newly printed currency Golden Yuan and purchased 700 packages of cotton yarn, about one hundred bars of gold and silver in Chongqing, which increased the price of cotton yarn in a short time. In five days, the price of cotton yarn per package was increasing from 100,000 yuan to 380,000 yuan, the price of gold up to 130,000 yuan per liang and the price of one silver dollar reached 18,000 yuan. In the same day, the price of the excellent quality cotton yarn in Shanghai was only 220,000 yuan. Chongqing as the supply area the price was even higher than Shanghai market. It evoked the counterattack from local merchants. Gao Yunbin, the editor of the left-wing newspaper *Chongqing Business Daily* (Chongqing shangwu ribao) and the senator


31 ‘Meiyuan dailai de buxing shijian’ (Unfortunately event came with the American Aid), *Zhuijiang bao* 113 (1949), p. 1.
of Chongqing Government, believed the JCRR purchase a large quantity of cotton yarn, gold and silver in order to keep its value of investments, which behaviour was illegal according to the Nationalist Government’s market rulers.\(^{32}\) Gao published a series of articles from 13 to 15 February to criticise the JCRR hoarding goods and hard currency, raising the prices of gold and devalued the Golden Yuan. The article criticised the JCRR with a heavy irony that “JCRR’s trickeries and sinister on doing business are greater than other powerful and wealth classes.”\(^{33}\) JCRR hadn’t started its major investments and other projects, but lost its reputation in Chongqing firstly. The conflicts between the authority and private merchants’ groups had been explored since the War of Resistance to the CCP’s transitional state-building period until the private business be replaced violently. Unlike the EAC’s plan, the American Aid did not strengthen the Nationalist authority but be lost confidents of the market by themselves.

### 3.1.3 The JCRR’s Rent Reduction Project

Sichuan’s rural land property rights changed before and after the war. The population of tenants and semi-self-cultivated peasants (\textit{ban zigeng nong} 半自耕农) was increased, but the self-cultivated peasants was decreased. Meanwhile, rent was paid less in cash, and more in grain. This was because of currency inflation; landlords preferred to collect rent in kind (Table 3.1).

\(^{32}\) Ibid.

Table 3.1 Land Ownership and Rent Payment Methods in Sichuan (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ownership</th>
<th>Rent Payment Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>self-cultivated</td>
<td>tenant</td>
</tr>
<tr>
<td></td>
<td>peasant</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>32.5</td>
<td>23.3</td>
</tr>
<tr>
<td>1940</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1941</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1942</td>
<td>33.1</td>
<td>22.9</td>
</tr>
<tr>
<td>1943</td>
<td>30.6</td>
<td>24.7</td>
</tr>
<tr>
<td>1944</td>
<td>30.4</td>
<td>23.8</td>
</tr>
<tr>
<td>1945</td>
<td>28.7</td>
<td>25.9</td>
</tr>
<tr>
<td>1946</td>
<td>28.2</td>
<td>25.1</td>
</tr>
</tbody>
</table>


Sichuan (including Chongqing) was the base area during the Second World War, but its rural economy had not entirely departed from the shadow of the economic crisis in 1948. As the following graph indicates, inflation had affected the rural area since 1940, and the rural land concentration was increasing as well.
Figure 3.1 Market Prices of the Agricultural Land Index in Baxian County (BX) and Beibei County (BB), Chongqing, 1931-1942 (the average price from Jan. 1937 to Jun. 1937 was 100)


Figure 3.1 shows the survey of land price changes from 1937, the first year of the war, to 1942. Contemporary scholars have set the average land price of Baxian County and Beibei County, suburban counties of Chongqing, from January 1937 to June 1937 as 100, in order to compare the land price index before and after the war. In 1942, the middle-level irrigated land price in Baxian County inflated to more than 400 times the pre-war price. After implementing the Levying Tax in Kind policy, the land price increased dramatically as well. The Jiangjin Court Records of Rent
Dispute Cases also revealed that the another change of rural land property was the landlords preferred the rent paid in kind than in cash after the war.34

In fact, the Nationalist Government had been pushing reform of the rural economy since the 1920s. In October 1926, the Nationalist Government published its land reform regulations, which stipulated that the maximum rent was to be 50 per cent of the annual production. The government required landlords to reduce 25 per cent of their original rent in order to have the standard rent of 37.5 per cent of the main crop. This policy faced fierce opposition from landlords and was only implemented in Zhejiang.35 In October 1945, the Executive Yuan decreed a one-quarter reduction in rent for the whole of China, for one year only. On 20 September 1946, the Executive Yuan decreed a two-year rent reduction of one-eighth each year, which would revert to customary rent beginning in the third year. The tenants of the formerly Japanese-occupied China were to become the recipients of the benefaction in 1946 and 1947, while the tenants of the non-occupied China were to get their share in 1947 and 1948.36 The Nationalist government had little ability to enforce or even check these

34 Jiangjin County Court Records of Dispute Cases in the Republic of China era, ranging from 1911 to 1949. There are 10,969 files of civil dispute cases. They are categorised into different types as disputations of debt, land tenancy, trade, real estate, marriage and boundary. Most of the files contain the lawsuit documents, the records of inquests, the reports of inquiries and the judgments. There are 1,800 dispute cases have been published as an online database in 2015. http://jiangjin.datahistory.cn/pcl/ (Accessed in June 2019).


36 Mr. John B. Nason (Director ECA China Program), Subject: “Land Tenure Reform Program”. In Record Group 496, Records of the US. Foreign Assistance Agencies, 1948-1961, Office of Far Eastern Operations. China (JCRR) Subject
regulations, and there was profound resistance at the local level. The policy was rejected by the local elites and landlords in Sichuan. The Sichuan provincial government delayed publishing the order until July 1949.

On 20 September 1948, Raymond T. Moyer sent a proposal for a Land Reform to Harlan Cleveland, proposing for consideration a Rent Reduction in 15 counties, which had five to eight million peasants, 750,000 farms, 2625,000 acres, and rented land valued at $126 million ($120 per acre). If these calculations in fact indicate roughly the sum of money that would be required to finance land reform measures in China on a significant scale, the proposal to finance these measures with U.S. money does not appear to have been a practical one, except possibly on a very small scale as a demonstration of a general type of procedure."\(^{37}\) The JCRR implemented the rent reduction project in Sichuan, Guangxi and Guizhou.\(^{38}\) One pilot was done in rural Chongqing.

The Rent Reduction Program was progressing even as the Communist PLA was threatening to move into Southwest China after successfully crossing the Yangtze River. The purpose of this programme was to win peasants’ support in the Great Rear and block the Communist occupation of Sichuan within the next few weeks.

\(^{37}\) Letter from Raymond T. Moyer to Harland Cleveland, 20 September 1948. Record Group 496, China (JCRR) Subject Files 1948-1856, Administration-Administration: Staffing, Box1, Folder: “China (JCRR)- Administration (Policy). 1948.”

James Yen had maintained contact with the top-level officials in the Sichuan government, and suggested cooperation on the land reform initiated in May 1949. On 24 August 1949, the ECA passed the JCRR’s proposal to use $350,000 (equivalent to 715,976 yuan of silver dollars) to launch the land tenure reform project in Sichuan. Under the review by the JCRR members, especially Chiang Mon-lin, on 30 July 1949, the Sichuan provincial government published three proclamations on Rent Reduction. The regulations of the Rent Reduction were based on the 1927 “Land Rent Reduction” but were rendered more clarified and strict.

The regulations requested every county and village to establish a Land Commission comprised of landlords and tenants. The commissions were supposed to consist of: the village head, who would also serve as the chairman of the commission; one representative of the village assembly; one representative from the village farm association, and/ or people known for their reputation; two landlords, two owner-


40 “The 1949 Regulation Governing the Execution of the Farm Rent Reduction Program for Provinces under the Jurisdiction of the High Commissioner’s Office of the Southwest” (Xi’nan junzheng zhangguan gongshu xiaqu sanshiba niandu nongdi jianzu shizheng gangyao 西南军政长官公署辖区三十八年度农地减租施政纲要), “The Measure of Farm Rent Reduction for Sichuan Province” (Sichuasheng nongdi jianzu shishibanfa 四川省农地减租实施办法) and “The Regulations Governing the Registration and Revision of Farm Lease Contracts for Sichuan Province” (Sichuansheng nongdi zuyue dengji ji huanding zuyue banfa 四川省农地租约登记及换订租约办法). See at Chongqing Municipal Archives, 0081-0004-04017 and 0055-0005-00080; see also Translation of Szechuan Provincial Government’s Proclamation on Rent Reduction. 27 September 1949. In Record Group 496, Records of the US. Foreign Assistance Agencies, 1948-1961, Office of Far Eastern Operations. China (JCRR) Subject Files 1948-1856, Administration- Administration: Staffing, Box 1, Folder “China (JCRR)- Administration (Policy). 1948.” U.S. NA.
cultivators and four tenants. In practice, the JCRR found that the number of representatives was slightly flexible. In Ba County, a suburban county in south Chongqing, the Land Commission was organised by one landlord, one owner-cultivator and two tenants.\textsuperscript{41} “The creation of the Land Commission was a very wise move in the direction of enabling the tenants to participate actively in the enforcement of the reform.”\textsuperscript{42}

Meanwhile, for the administration, the idea of a secret ballot in the hands of the farmers was an even more significant break from the traditional way of doing things in rural China than the Rent Reduction itself.\textsuperscript{43} Furthermore, the JCRR supposed that the Land Commission could and should become a training centre for the participation of the tenants in the affairs of the community, out of which a new farm leadership might, in time, arise, which would become a core unit of the rural reform.

The JCRR requested $200,000 in October 1949 to establish about 20,000 tenant farmers and producer cooperatives in five prefectures. The purpose here was to make permanent the reduction of land rents effected during the current year and set up a basis for future agrarian reforms, emphasising the land programming sponsored

\begin{flushright}
\textsuperscript{41} “Banli jianzu yiyue (Handle affairs of rent reduction in January 1949)”, Bishan County Archives, 09-01-122.
\end{flushright}

\begin{flushright}
\textsuperscript{42} W. I. Ladejinsky (Land Consultant from U.S. Department of Agriculture), Subject: “Field Inspection Report on Rent Reduction Program in the I Prefecture of Szechuan,” Report for JCRR’s Land Division, October 1949 (Taipei, Taiwan), Record Group 469, Records of U.S. Foreign Assistance Agencies, Office of Far East Operations, China Subject Files, 1948-1956, Box 23, Folder “CHINA (JCRR)-PROJECTS (Szechwan). January-October 1948.” U.S. NA.
\end{flushright}

\begin{flushright}
\textsuperscript{43} Ibid.
\end{flushright}
by the provincial supervisory bureau. Under the JCRR’s suggestion, the regulation of registration was not only an administration order but was also published by the military authority, and ignoring the rent reduction would be judged as criminal.

According to the JCRR’s schedule, the process of the rent reduction would be finished in October, as tenants in Sichuan paid their rent between 15 September and 15 October annually, and tenants could exchange contracts with their landlords before December 1949. In the final report of the field surveys from Sichuan in October, Wolf I. Ladejinsky, the Land Consultant from the U.S. Department of Agriculture, stated that he was impressed by what the JCRR had accomplished in only two months. In a report of over 20 pages in length, Ladejinsky observed that: “In every village office, we observed crowds of tenants patiently waiting their turns for the registration of the new contracts”. He went on to say that “In Wankiang (Wenjiang County, 温江) and Pi Hsiens (Pi County, 郫县), 70 per cent of the total cultivated land had turn their contracts”. He expected that the result in December would be good.


45 “Sichuan sheng zhengfu bugao” (The Notice by Sichuan Provincial Government 1949), Chongqing Municipal Archives, 00081-0004-06801.

At this point a sceptical reader might be wondering to what extent Ladejinsky was simply seeing what he wanted to see. After all, the photographs and other evidence may have been meant primarily at this point to justify the expense and paint a rosy picture for bureaucrats in Washington. It was therefore instructive to check the assertions made in the American materials with the archives in Chongqing. Doing so yielded confirmation that Ladejinsky, in fact, was not exaggerating, and that the rural reforms appeared to have been effective (Table 3.2).

Table 3.2 The Result of Rent Reduction in Western China District (Unit. dan)

<table>
<thead>
<tr>
<th>County</th>
<th>Villages’ Name</th>
<th>Cultivated Area</th>
<th>Original Rent</th>
<th>Actual Rent</th>
<th>Reduction of the Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bishan</td>
<td>Daxing</td>
<td>7386.20</td>
<td>5565.75</td>
<td>4174.31</td>
<td>1391.44</td>
</tr>
<tr>
<td></td>
<td>Fulu</td>
<td>4916.70</td>
<td>3177.87</td>
<td>2383.40</td>
<td>794.47</td>
</tr>
<tr>
<td></td>
<td>Zidong</td>
<td>2943.04</td>
<td>1946.94</td>
<td>1460.21</td>
<td>486.74</td>
</tr>
<tr>
<td></td>
<td>Taihe</td>
<td>11008.50</td>
<td>7082.17</td>
<td>5311.63</td>
<td>1770.54</td>
</tr>
<tr>
<td></td>
<td>Danfeng</td>
<td>11467.80</td>
<td>7438.96</td>
<td>5579.22</td>
<td>1859.74</td>
</tr>
<tr>
<td></td>
<td>Sanjiao</td>
<td>2893.70</td>
<td>1906.86</td>
<td>1430.15</td>
<td>476.72</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>29607.44</td>
<td>27118.55</td>
<td>20338.91</td>
<td>6779.64</td>
</tr>
<tr>
<td>Ba County</td>
<td>Xiyong xiang</td>
<td>17483.55</td>
<td>10880.77</td>
<td>8160.58</td>
<td>2720.19</td>
</tr>
<tr>
<td></td>
<td>Xinfa</td>
<td>3167.23</td>
<td>1883.21</td>
<td>1409.51</td>
<td>470.80</td>
</tr>
<tr>
<td></td>
<td>Tuzhu</td>
<td>29127.85</td>
<td>18521.70</td>
<td>13891.27</td>
<td>4630.42</td>
</tr>
<tr>
<td></td>
<td>Qingmu</td>
<td>28636.60</td>
<td>20065.62</td>
<td>15049.22</td>
<td>5016.41</td>
</tr>
<tr>
<td></td>
<td>Fenghuang</td>
<td>10701.73</td>
<td>7027.11</td>
<td>5270.33</td>
<td>1756.78</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20650.78</td>
<td>19791.09</td>
<td>13430.91</td>
<td>6360.17</td>
</tr>
</tbody>
</table>

Data from: ‘Daxing deng xiangzhen jianzu qingkuang biao, October 1949’, (The rent reduction in Daxing and other villages). Bishan County Archives, 09-01-254.

Western China District was one of the JCRR’s land reform centres. According to the above table, the rent reduction number was 6,779.64 dan in Bishan County, occupying 22.9% of its annual production and 6,360.17 dan in Ba County (30.8% of annual production). As of October 1949, the JCRR had contributed $218,000 to the Rent Reduction Project. According to Ladejinsky, the financial aid from the JCRR in five Prefectures of Sichuan made it possible to manage the services of a total of
2,249 individuals, or two per cent of the total number of people concerned with the programme.

3.1.4 What was Deposit Money?

During the trip to Chongqing, Ladejinsky discerningly noticed another key element of the rural land property structure that needed to be reformed/eliminated—yajin, the “deposit” or “key” money. In Sichuan, tenants had to pay yajin to landlords when they rented the land as a deposit. Yajin guaranteed the tenants the land’s usufruct (shiyong quan 使用权) and landlords could collect their annual rent on time.

According to Ladejinsky’s research, “The ‘key’ money varies from 7 to 28 silver dollars for each mow of rented land, and averages about 14 dollars per mu”. “It is regrettable, therefore, that the rent reduction regulations leave this burdensome practice untouched.”

The “deposit” was returned when the lease lapsed, while during the life of the lease the tenant received an interest rate in the form of rice. The latter was deducted from the rent annually. The custom of a “deposit” or “security” money barred many an agricultural labourer from becoming a tenant. The practice was a great hardship for those who succeeded in making the payment because in most cases the new tenant had to borrow the money at an exorbitant interest rate.

The discussion of the “deposit” issue was started during a dinner conversation between the Commissioner of the Third Prefecture and Ladejinsky. According to Ladejinsky’s report, Commissioner Sun was enlarging on the possibility of a land purchase scheme after the completion of the rent reduction programme. When

47 One mu was 0.15 acres or 0.066 hectare.
Ladejinsky asked Commissioner Sun about how to finance the project, Sun suggested collecting the deposit from landlords and establishing a Land Bank.

Ladejinsky agreed with Commissioner Sun’s suggestion and believed that such a volume of deposit money could serve as a good foundation for a land purchase programme but, more practically, Ladjejinsky worried about the true value of the deposit after years of inflation. During his field trip, Ladjejinsky did a more detailed survey of the deposit money in rural Chongqing but the result was disappointing. Ladjeinsky wrote that, “sad to report but true, the resources, of the would-be Lank Bank kept on dwindling as we continued our trip, and by the end of the trip it became clear that the Commissioner’s information was quite dated. The money was not there in a great many cases. Inflection, and, above all, the privilege of the landlord of changing contracts at will, have seen to that.”

Furthermore, Ladejinsky gave an example case, one of the biggest tenants, Yen Yantsu, in Taiping Village. In 1929, Yen had rented 50 mu of land, equally divided between dan of unhusked rice and drip land. He paid the landlord 700 silver dollars as deposit money. At the then prevailing purchase price of rice land, tenant Yen could have bought 10 mu of land, while in terms of the value of the entire holding the deposit money represented from 25 to 30 per cent of the value. In 1946, the landlord decided that that 700 silver dollars he had received in 1929 had depreciated to a point that their real worth was no more than four dan of rice, which could be purchased at between 30 to 40 silver dollars. Having reached this decision, he cancelled the old contract, and made the tenant sign a new one, where he entered the tenant’s deposit as four dan of unhusked rice. In the end, the landlord took back

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the tenant’s receipt for the 700 dollars. In 1948, the tenant was about to get a new contract under the JCRR’s rent reduction project, where the item under “deposit” would read “700 silver dollars” and not “four dan of unhusked rice”.

The impact of wartime inflation and the Levying Land Tax in Kind Policy was not only on the central governments’ financial structure and economy policies during the war, but much longer and deeper on the post-war rural economy in Chongqing. According to the Jiangjin Court Records of Rent Dispute Cases (1911-1949), I found the disputes broadly happened after the war due to the payment mathord and the ratio of deposit and rent in the renewed contracts. As Lajinsky’s comments, this case was quite typical although there were many variations in terms of amount of land and the deposit. The shift from the substantial deposit to almost no deposit may have come about not in one change but in two or three changes of contract over a period of several years, whereby each change reduced the value of the original deposit. Every change in contract was the landlord’s insurance against inflation. The officials believed that the percentage was much higher; they estimated that in the Municipality 80 percent of the contracts had been changed by the landlords immediately after the war.

After the trip to Chongqing, Ladejinsky complained about the Nationalist Government’s implementation in the past, stating that “what the Nationalist Government failed to do in the 23 years since the Rent Reduction became a plank in its platform, the Government is attempting to push through now in less than six months”.49 He concluded that, “The seeds thus planted may not all be lost when the

49 W.I. Ladejinsky (Land Consultant from U.S. Department of Agriculture), Subject: “Field Inspection Report on Rent Reduction Program in the I Prefecture of Szechuan,” 7 November 1949. Report for JCRR’s Land Division, October 1949
Nationalist Government has disappeared from the mainland of China and the Communists have taken over”. He had foreseen that the achievement of the JCRR’s Rent Reduction Project would ultimately benefit the Communist Government.50

3.2 International Aids and Chinese Food Ration in 1948

The western countries’ administration were questioning by their citizen about their benefit from supporting an Asian country. When British people were suffering at post-war food ration and austerity, British government used their tax money to aid a county withdraw the food ration project after the war, the angry elector voted out Churchill and its party. The program “centre around direct food distribution in deficit areas and sale through commercial channels under rationing and price controls” was required by the American government in the post- UNRRA’s contract to support and offer grain to China. In 1948, the food ration was implemented in Nanjing, Shanghai, Beijing, Tianjin and Guangzhou, which had a total population of about 110 million.51

Notably, John Hutt, the British adviser, who was vice-minister of Food, based on his experiences of rationing food in Britain, led the project in China. As Ladejinsky felt the communist was arriving, John Hutt also advised the project under the

(Taipei, Taiwan), Record Group 469, Records of U.S. Foreign Assistance Agencies, Office of Far East Operations, China Subject Files, 1948-1956, Box 23, Folder “CHINA (JCRR)-PROJECTS (Szechwan). January-October 1948.”

50 Ibid.

51 ‘The Ambassador in China (Stuart) to the Secretary of State’, Nanking, May 31, 1947—1 p.m. [Received May 31—9:25 a.m.], 893.48/5–3147: Telegram. https://history.state.gov/historicaldocuments/frus1947v07/d1050

“emergency”. He suggested that to use the *baojia* system, establishing the “Police for a Residence (or Identity) Card”, and then “the Residence (or Identity) Card should be combined with the Food Card; this would obviate extra work and save time and trouble. If this is not possible then the applicant should be enabled to obtain a separate Food Card immediately on obtaining his Residence Card and at the same or an adjoining office”.53

Hutt’s food ration proposal shared a basic similarity with what would emerge as the Communist Government’s Unified Purchase and Sale of Grain in the 1950s, which was implemented based on *hukou*, the Police Registered Permanent Residence, combining with the food tickets (*liangpiao* 粮票). As I have analysed in Chapter One, the Nationalist Governments’ food ration system was extended from the soldier’ food supply to officials, teachers, students etc. The rationing amount varied according to citizen’s occupation, a method with which Hutt strongly disagreed with in his report. Although John Hutt’s report was not acted upon by the Nationalist Government, the Communist Government’s food ration system did learn from the British experiences. In 1953, When Chen Yun introduced his design of the Unified Purchase and Sale of Grain Policy to Bo Yibo, Chen said, “The British Government implemented this policy. Their economy situation was similar to our country’s today. They were successful in implementing the policy and could offer us [the benefit of] their experience.”54


53 Ibid.

54 See Bo Yibo, ‘Chen Yun de yeji yu fengfan changcun: Wei jinian Chen Yun tongzhi shishi yi zhounian er zuo’, (Long live Chen Yun’s Achievement and
3.3 Conclusion

Compared to the Nationalist Government’s failed movement of “Twenty-five per cent Rent Reduction” in 1927 and early 1940, respectively, the JCRR’s “Rent Reduction Programme” was implemented, albeit only in the pilot counties of Chongqing in 1949. The JCRR’s reform was reflected in the considerable amount and various infrastructure investment during their last days in mainland China. The purpose of the reform was not only on increasing agricultural production and investing health and education infrastructure but also to provoke the grass-roots democracy by self-renovating in order to prevent the communists in Southwest China. The American Government proposed the original guideline and offered financial aid, and the Nationalist Government and local authorities in China supported with administration and law regulations. The JCRR, therefor, offered their specific guidance and promoted fund based on the commissioners’ experiences on years of dealing with rural society. The three parties offered a positive approach of trans-organisational cooperation on rural modernisation in Asia, which were practised in Taiwan, Japan, South Korea and other areas later and impacted on the history of technocratic and democratic reforms in those countries.

Rural land reforms in mainland China and Taiwan merit re-examination as a long-term rural reconstructed process, crossing different parties’ ideology and regimes across 1949. After the CCP took over Chongqing, the communist government organised the “Rent Reduction and Refunding Deposit Movement” in 1950. After the war, the Nationalist Government, as well as the CCP, regarded land reform as a

Manner: To Commemorate the First Anniversary of Comrade Chen Yun’s Death), Renmin ribao, 10 April 1996.
reform or a revolution of rural social structures and as a necessary step of strengthening and building their regimes. Paradoxically, the American-aided and Nationalist-implicated the JCRR’s “Rent Reduction Programme” was beneficial to the next regime, and enabled the CCP during its Land Reform in 1950. Based on the JCRR’s rent reduction, the CCP continued and focused on the movement of refunding deposit money in rural Chongqing in order to clean up the contracture of land property right since the War of Resistance against Japan and prepare for its next revolutionary state-building.
Chapter: “Large Households” and “Black Fields”: Agricultural Taxation in 1949 and 1950

Previous studies on the taking over of the Newly Liberated Areas have focused on the Land Reform within the historiography of Communist Land Reform since the 1930s in the revolutionary bases in North China. Following the “Yen’an way”, researchers have overlooked the agricultural taxation reforms in rural areas or have reviewed them in the context of the Land Reform. However, it is necessary to distinguish the historical dislocation of the CCP’s state-building in the Newly Liberated Areas from the pattern of “making revolution” in the Old Liberated Areas.

Facing the American embargo and the Korean War, the CCP decided to rely heavily on agricultural tax revenue in early 1950. To support the war and the First Five-Year Plan of industrialisation and modernisation, the rural Newly Liberated Areas, especially Sichuan (including Chongqing), were shaped as the “Great Rear” to supply others. Julia Struss’s work on the Land Reform in Jiangnan suggested that the Land Reform in the Newly Liberated Areas after 1949 imposed a same model as in the Old Liberated Areas, and “had little to do with objective economic and social


need for social revolution, but everything to do with a larger process of revolutionary regime consolidation in the countryside.”

However, both central government report and local archives shows the economic purpose before and during the Land Reform in Sichuan. In 1950, only one month after “liberating” Sichuan, Chen Yun asked Deng Xiaoping to collect and transport 0.4 billion jin of grain from Sichuan to Shanghai to counter price inflation. In 1950, Chongqing’s rural areas exported 0.1 billion jin of grain to East China, 80 million jin of grain to Chongqing City and 50 million jin of grain to other regions. Compared with the Land Reform, the first priority of Sichuan was to supply and export grain to other areas stably and continuously. The Land Reform in Sichuan took place in the context of the CCP’s national agricultural taxation reform.

Thus, in this and the following chapters, I will re-examine the CCP’s agricultural taxation reform and the Land Reform in the Chongqing area from a new perspective


5 Jin Chongji and Chen Qun ed., Chen Yun zhuang (Chen Yun’s Biography) (Beijing: Zhongyang wenxian chubanshe, 2015), pp. 675-666. Deng Xiaoping, ‘Guanyu Xi’nan gongzuo qingkuang de baogao’, (The report of Southwest Bureau’s work), January 2, 1950, in Deng Xiaoping Xi’nan gongzuo wenji, ed. by Zhonggong zhongyang wenxian yanjiushi and Zhonggong Chongqing shiweiyuanhui, pp. 44-47. Deng was promoted to be the Vice Premier in Beijing since July 1952. His works after August 8, 1952 were published in Deng Xiaoping wenji (The Collected Works of Deng Xiaoping), ed. by Zhonggong zhongyang wenxian yanjiushi (Beijing: Renmin chubanshe, 2014).

of state grain resource control. Limited by a lack of access to the early 1950s’ archives, the CCP’s agricultural taxation reform in the transfer period has not been fully studied. In 1980, Vivian Shue used published material to illustrate the outline policies of the CCP’s agricultural taxation from the 1930s to the Land Reform in 1952. Kathryn Bernhardt used detailed archives from the down Yangtze River provinces, illustrating the history of landlords’ resistance to levying grain and their bankruptcy before the Communist Land Reform. Recently, scholars have paid attention to the “levying grain (zhengliang 征粮)” issue from the perspective of the CCP’s violent suppression campaigns events, especially the “Cleaning Out Bandits (jiaofei 剿匪)” and the “Suppressing Counterrevolutionaries Campaign (zhenya yundong 镇反运动)” in Guizhou Province. Based on the historiography of Shanghai local history, James Gao and Huang Jinjuan researched the CCP’s “rice war” with the private merchants in the city and agricultural tax collection in rural areas from 1949 to 1953.

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Using comprehensive archives from Jiangjin District and Wanzhou District, especially the CCP's County Committee's Meeting Records on the work of levying grain in 1950, I will demonstrate local variation in the bureaucratic methods and violence against resisters that occurred in rural areas during the period when the CCP was taking over Chongqing. I will examine the process of the CCP local government’s policy-making and implementation at the grassroots level. This research will illuminate aspects of the CCP’s agricultural taxation reforms and its tax burden on the wealthy class and peasants from 1949 to 1953. In Sichuan, my work will show how agricultural tax originated from the Nationalist fuyuan system and then combined with the CCP’s progressive class tax, which was then replaced by the personal income progressive tax after the Land Reform in 1952.

In order to illustrate these great changes and startling continuities, in this and the following chapters, I will focus on three policies pursued by the CCP in this period. They are the “Additional Levy on Large Households (dahu jiazheng 大户加征)”, the “Rent Reduction and Refunding Deposit Movement (jianzu tuiya 减租退押)” and the “Investigating Fields and Setting Production Policy (chatian dingchan 查田定产)”. These policies have of course been dealt with in previous historiography, but are never taken in aggregate or in combination with one another – work I believe is vital to understanding the Communist Government’s state-building transfer in Southwest China. Studied together, those movements reveal a clear continuity from the Nationalist Government’s agricultural tax and land reforms across the year of 1949. The CCP’s “Additional Levy on Large Households” had been modelled on the

Nationalist Government’s “Large Households’ Grain Donation Movement”, and the
Communist “Rent Reduction and Deposit Refunding Movement” likewise continued
the JCRR’s “Rent Reduction Movement” in Chongqing in 1948. The “Investigating
Fields and Setting Production Policy” represented a separated movement with the
Land Reform from the perspective of taxation investigation. I argue that before the
enactment of Land Reform in Eastern Sichuan, the CCP pushed the landlord class
into bankruptcy in two steps: firstly, by levying a heavy annual agricultural tax and
additional tax; secondly, by mobilising the “Rent Reduction and Refunding Deposits
Movement” and confiscating their silver dollars and gold in 1950 and 1951. Finally,
combining with the land redistribution with the “Investigating Fields and Setting
Production Movement” during the Land Reform, the CCP well controlled the data of
rural production and cultivated land of each peasant household, setting up a stable
taxation system and tax rate in rural Chongqing for its next step of socialist
transformation.

4.1 1949 Annual Agricultural Taxation

On 1 October 1949, Mao Zedong announced the founding of the People’s Republic
of China on Tian’anmen Gate in Beijing. But it took another month for the People’s
Liberation Army (PLA) to march into Chongqing, the famous wartime capital during
World War II, which the CCP promptly settled as the capital of the Southwest
Greater Area (xi’nan qu 西南区). The Central Committee of the Southwest Bureau
(xinan ju 西南局), led by Deng Xiaoping as First Secretary, thereafter, took up work
stations in the hilly city.

Chongqing’s celebrated recent past as a Nationalist Government stronghold and rear
base area made the central government in Beijing very anxious about consolidating
In the process of reviving agricultural production and implementing the Land Reform, the Southwest Bureau and PLA claimed to suppress more than 150,000 Nationalist remnant troops and bandits, a process colourfully known as “Cleaning out Bandits and Opposing Bullies” (qingfei fanba 清匪反霸 or jiaofei fanba 剿匪反霸) in East Sichuan Administrative District (chuandong xingzhengqu 川东行政区), the sprawling region that approximates the present-day Chongqing municipality.\(^{12}\)

The work of cleaning out the bandits and Nationalist remnants was absorbed into the Campaign to Suppress Counterrevolutionaries in the Southwest China.\(^{13}\) According to Deng, there were more than 900,000 Nationalist soldiers who surrendered in Southwest China; moreover, 400,000 Nationalist Government officers were absorbed by the communist government in the two months from December 1949 to January 1950.\(^{14}\) Deng Xiaoping stated that of the 700,000 PLA soldiers in Sichuan,


\(^{12}\) Qiu Haidong, ‘Chuandong jiaofei ji’, (The record of clearing bandits in East Sichuan), in *Chongqing wenshi ziliao* (Chongqing’s Cultural and Historical Material), Vol. 8, ed. by Luo Maolin (Chongqing: Xinan shifan daxue chubanshe, 2005).

\(^{13}\) Bai Xi, *Da Zhenfan* (The Great Suppressing of Counterrevolutionaries) (Beijing: Zhonggong dangshi chubanshe, 2006), pp. 111-142.

\(^{14}\) Deng Xiaoping, ‘Guanyu Xi’nan gongzuo qingkuang de baogao’, 2 January 1950, in *Deng Xiaoping Xi’nan gongzuo wenji*, ed. by Zhonggong zhongyang wenxian yanjiushi and Zhonggong Chongqing shiweiyuanhui (Chongqing: Chongqing chuban jituan and Chongqing chubanshe, 2006), pp. 44-47. Deng was promoted to be the Vice Premier in Beijing since July 1952. His works after 8 August 1952 were published in *Deng Xiaoping wenji* (The Collected Works of Deng Xiaoping) (Beijing: Renmin chubanshe, 2014).
some would go to Tibet, while others would go to South Sichuan.\textsuperscript{15} Feeding two million Nationalist and Communist officers and soldiers was among the most pressing and immediate burdens on the local government.\textsuperscript{16} Not only were local tyrants a problem for the CCP, but the roots of American influence had also reached deep into the countryside in Sichuan in 1949, including grain planting technology and irrigation projects.\textsuperscript{17}

In Deng Xiaoping’s first work report to Beijing, he exhorted his comrades that although the first month of Chongqing’s liberation had been a success, “the real war” was outside the urban centres. “The real war for the Southwest Bureau,” he said, “is in rural areas, in anti-bullies actions and in cleaning up bandits” who opposed the levying of grain and the Land Reform.\textsuperscript{18} Deng believed that the class struggle was of similar importance to economic recovery, or at least that one could not proceed without the other. But his pragmatic responses in Sichuan were constrained by the need to extract vast amounts of grain for military expeditions to Tibet and maintain fiscal revenue.\textsuperscript{19}

\textsuperscript{15} About the dispute of deployment to Tibet in the PLA, see Melvyn Goldstein, \textit{A History of Modern Tibet: The clam before the storm, 1951-1955}, Vol. 2. (University of California Press). Chapter One of this book primarily relies upon Ji Youquan, \textit{Baixue: Xizang jiefang jishi} (White Snow: The Records of Liberating Tibet) (Zhongguo wuzi chubanshe, 1993).

\textsuperscript{16} Ibid.

\textsuperscript{17} See Chapter 3.

\textsuperscript{18} For influence on this policy in Sichuan from the Guangdong and Guangxi Province governments, see Zhonggong Zhongyang wenxian yanjiushi ed., \textit{Mao Zedong nianpu} (Mao Zedong’s Chronicle), 9 January 1951, (Beijing: Zhongyang wenxian chubanshe, 2013), pp. 286-287.

In February 1950, Deng adjusted his stance on the cleaning out of bandits and bullies. Deng’s moderation might have emerged as a direct response not to local conditions, but to advice from a higher authority. When the CCP chairman Mao Zedong was in Moscow, Mao had explained to Stalin that the rural experience of the CCP from 1933 to 1947 needed to be revisited in the light of the current difficulties of approaching rich and middle peasants in the Newly Liberated Areas. Stalin had advised not to struggle against them, as that could interfere with agricultural production; Mao promptly passed on the insights to Liu Shaoqi in Beijing. Deng, therefore, reversed his course and argued that the government should temporarily jettison the slogan of “anti-bullies” in favour of “Cleaning out Bandits, Producing Grain, and Completing Levying of Grain Tax” (jiaofei shengchan wancheng zhengliang 剿匪生产, 完成征粮), and “Cleaning out Bandits and Against Bullies, and Reduction Rent and Refunding Deposit (qingfei fanba jianzu tuiya 清匪反霸, 减租退押)”. He believed that if the CCP suppressed too many “bullies” in Sichuan, those same individuals could not be charged the grain tax and class struggle would disrupt economic needs.

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20 See Mao and Zhou Enlai’s telegraph to Liu Shaoqi on 17 February 1950, in Zhonggong Zhongyang wenxian yanjiusihui ed., Mao Zedong nianpu, pp. 93-95; for Mao’s contrary and more aggressive advice to Deng a few weeks earlier (via the notoriously violent Tao Zhu in Guangdong) on January 7, 1951, see Ibid., pp. 278-279.

21 Deng Xiaoping, ‘Zai Zhonggong Zhongyang Xi’nanju Weiyuanhui diyici huiyishi huiyi shang baogao tigang’, (Outline of the Report on the First Conference of Southwest Bureau Committee), 6 February 1950, in Deng Xiaoping Xi’nan gongzuowenji, ed. by Zhongyang wenxian yanjiushi and Zhonggong chongqingshi weiyuanhui, pp. 89-94. For a similar assessment from a Western correspondent who appears to have spent time in Guangdong province, see ‘Land Reform in China’, The Economist, (23 June 1951 and 30 June 1951), pp. 1514, 1570-1573.
By the winter of 1950, China’s participation in the Korean War had become an immense undertaking, encompassing propaganda, logistics, and financial pressures. To support the war, in 1951, Chen Yun proposed that the central government increase the annual agricultural tax by ten per cent. The massive demand for grain and the delay in controlling the taxation apparatus meant that the Land Reform was not implemented immediately by the unstable regime in Southwest China. Following the central government’s order to delay the Land Reforms, the Southwest Bureau aimed to collect the maximum grain tax from the wealthy class in Chongqing before dividing their land and property among the peasants. From June 1951 to the end of 1952, the stalled Land Reform along with other mess campaigns, like Three-anti and Five-anti, took one and a half years to achieve giant “victory fruits (shengli guoshi 胜利果实)” from mobilising the masses to the “struggle against landlords (dou dizhu 斗地主)”.

The CCP took over Chongqing area in late November 1949. Even though the Party was growing accustomed to rapid takeover of both urban centres and rural areas across China, in Chongqing they arrived too late to organise the levying of the annual agricultural tax for 1949. One month was simply not enough. Therefore, in February 1950, the Southwest Bureau took a bold step and decided to recover the annual tax for 1949. William Skinner, an anthropologist who was then living near Chengdu, recorded the response of the locals to this move. Skinner wrote that, among the farmers, “everyone who had to pay anything felt aggrieved because, after all, the crop had been taxed once already”.22 According to Jeremy Brown, in Yunnan

Province much the same line was taken. There, the central government had been pressuring local cadres to collect taxes on the 1949 harvest immediately after arriving in Yunnan in December 1949. As Brown wrote, “The levy on a harvest that had already been taxed by the Nationalist in the fall of 1949 became a source of anger throughout the southwest.” In Chongqing, the peasants were therefore charged their 1949 annual tax twice, but both levies were made by the CCP.

According to local archives, the Communist Government thrice charged agricultural tax in 1950 to the wealthy class in Chongqing’s rural areas, including the 1949 annual agricultural tax and the additional levying tax in the spring, and the 1950 annual taxation in the fall.

Collecting tax itself multiple times per year was of course only part of the pressure on peasants. Not just the regularity but the rate of taxation was also a heavy burden and a source of complaints. For general peasants, the annual agricultural tax rate rose from 6.5 per cent levied by the Nationalist Government to 25 per cent required by the Communist Government in one year. After interviewing local peasants in Chengdu, Skinner believed that “the tax collected there in February and March 1950 was about 25 per cent larger than that which the Nationalists had already collected on the same


23 Jeremy Brown, pp. 111-112.

24 To the peasants who had paid the tax to the Nationalist Government, the new regime allowed them to cover part of the CCP’s 1949 annual tax according to their Nationalist tax payment receipts (jiu liang chuan 旧粮串). See Li Yuan, Ming Lang, Wang Tengbo and Tang Zhongxin ed., Yan Hongyan tongzhi jianghuaji (The Collected Speech by Comrade Yan Hongyan) (Sichuan dangjian yinshuachang, 1996), p. 21. ‘Wuxixian zheyiduan zhengliang gongzuo qingkuang ji geren yijian,’ (The Report of Levying in Wuxi County Recently and Some Personal Suggestions), 4 February 1950, WDA, J001-001-25.
crop in the previous autumn”. However, in the Chongqing area, the East Sichuan Administrative Government (Chuandong renmin xingzheng gongshu 川东人民行政公署) collected a larger tax rate, from 40 to 60 per cent, which depended on local peasant families’ ability in terms of production and rental income. The CCP’s first levy involved displacing the 1949 annual agricultural tax in February 1950, resulting in rates of 40 to 60 per cent higher than they had been under the Nationalist Government. Continuing with the Nationalist Government’s policy during the War of Resistance, the CCP’s agricultural tax was paid in kind after taking over Southwest China. Meanwhile, taxpayers were required to hand over 10 yuan (Renminbi) and one jin of firewood for every sheng (0.01 dan) as a taxation on rice. While the taxes were higher under the CCP, in Deng Xiaoping’s words, the Nationalist Government’s system of fuyuan (賦元) was still necessary as a temporary baseline for early CCP taxation in the province. On 8 January 1950, the East Sichuan Administrative Government published its first policy, notifying the public of

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the methods for levying taxation in 1949. As I have discussed in Chapter One, 
*fuyuan* was the unit for charging agricultural tax according to land acreage and 
production. The total amount of *fuyuan* was called *fu’e* (赋额), indicating the levying 
amount.

Two weeks after Deng made the decision to use the Nationalist *fuyuan* basis, on 23 
January 1950, the Jiangjin County Committee organised a meeting to levy the 1949 
agricultural tax. The Jiangjin County Committee stated that the CCP’s initial annual 
levy to account for the county’s taxes in 1949 had raised approximately 60 per cent 
of the total of what the Nationalist Government administration in the county had 
originally taxed.30 In the meeting, the cadre from Jizi Town (几子乡), located on the 
south bank of the Yangtze River in Jiangjin County, reported that “Jizi Town’s *fu’e* 
was 128.79 yuan; the annual tax should be 56,034 *jin* of unhusked rice [with the 
increased 60 per cent]. With the higher-level government’s tax quotas 65,000 *jin*, the 
actual levying amount is 143,354 *jin.*” 31 According to the 60 per cent additional levy 
rate, I calculate that in Jizi town, one *fuyuan* levied about 272 *jin* of rice in 1948 but 
this increased to 439 *jin* of rice in 1950. The cadre further reported how the local 
government had created the levying policy. The government of Eight Bao of Jizi 
Town investigated the tax burden of five typical households who were landlords and 
rich peasants. (Table 4.1)

30 ‘Wan Kefei baogao’, (Wang Kefei’s Report); ‘Xianweihui huiyi jilu ji gequ huiyi jilu’, 
(The records of county committee meetings and the district meetings), JDA, 
0001-0001-0009.

31 Ibid. The original context: “原有赋额 128 元 7 角 9 分, 应摊普征粮 56034 斤, 经区 
征粮加征 65000 斤, 经调查实征 143354 斤.”
Table 4.1 The Rent, Tax and Increased Tax of Five Landlords and Rich Peasants at Eighth Bao in Jizi Town (几子乡第八保), Jiangjin County

<table>
<thead>
<tr>
<th>Item</th>
<th>Rent (according to the contracts) (100 jin)</th>
<th>Practical Rent (100 jin)</th>
<th>fu’e xindan</th>
<th>fuyuan xindan</th>
<th>Per fuyuan xindan</th>
<th>With the 60 per cent larger tax rate in 1949</th>
<th>Tax Rate in the Republican era</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Landlords</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sun Shijian</td>
<td>40</td>
<td>11</td>
<td>1.81</td>
<td>2.3</td>
<td>1.3</td>
<td>2.90</td>
<td>0.26</td>
</tr>
<tr>
<td>Sun Gongbu</td>
<td>40</td>
<td>34</td>
<td>4.96</td>
<td>5.7</td>
<td>1.2</td>
<td>7.94</td>
<td>0.22</td>
</tr>
<tr>
<td>Sun Bojia</td>
<td>20</td>
<td>12</td>
<td>1.2</td>
<td>1.6</td>
<td>1.4</td>
<td>1.92</td>
<td>0.16</td>
</tr>
<tr>
<td><strong>Rich peasants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Li Xichun</td>
<td>19</td>
<td>26</td>
<td>2.8</td>
<td>2.8</td>
<td>1</td>
<td>4.48</td>
<td>0.17</td>
</tr>
<tr>
<td>Luo Julin</td>
<td>40</td>
<td>26</td>
<td>1.3</td>
<td>1.8</td>
<td>1.4</td>
<td>2.08</td>
<td>0.08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>159</td>
<td>109</td>
<td>11.8</td>
<td>14.2</td>
<td>1.2</td>
<td>18.88</td>
<td>0.17</td>
</tr>
</tbody>
</table>

Data from: JDA, 0001-0001-0009. “Xindan (新石)” means “new dan”, which was the new unit of weight used after 1949. One xindan was 100 jin. Each families’ fuyuan paid different tax amount because of the different land classification according to production. “Practical rent” means the rent amount was paid from tenants to landlords. Usually, it was agreed by the landlords and tenants after negotiation. There were original calculation mistakes in the archives, which have been fixed by the author.32

Table 4.1 shows that, in Jizi Town, the Nationalist Government’s average tax rate on the wealthy class was 11 per cent of their agricultural production, and the

32 There were many calculations and handwriting mistakes in the local officers’ reports, which were also complained of by cadres themselves at the County Committee’s Meetings. Such errors might have been caused by communist class struggles and enrolling of poorly educated peasants in the early 1950s. See ‘Wang Yupei tongzhi baogao’, (The Report by Comrade Wang Yupei), ‘Xianweihui huiyi jilu ji gequ huiyi jilu’, (The Records of County Committee’s Meetings and the Districts Meetings), JDA, 0001-0001-0009.
Communist Government’s tax rate was 17 per cent. Notably, Jizi Town’s tax rate in the Republican era was even higher than that in contemporaneous East China; for example, Zhejiang Province’s average tax rate was 6.9 per cent. Based on information of the typical household’s tax burden, the Jizi Town Government decided that “to the general landlords, the allocation of the tax rate is 22 per cent… the rich peasant’s tax rate is 18 per cent.”

The figures seen in Table 4.1 represented the database for the Government of Eighth Bao of Jizi Town upon which it would further increase the annual levying taxation later. To the local government, Jizi Town’s investigation into five typical households aimed to identify information about the wealthy classes’ property and production in order to collect more grain from them. According to the cadre, when landlords were crying about their difficulties in handing over their taxes, “we could use the investigation to educate the landlords that the Nationalist Government’s tax rate had been unreasonable”, and that their real income and tax payment ability was disproportionate.

4.2 The Additional Levying on “Large Households”

According to a February 1950 speech by Yan Hongyan, the Secretary of East Sichuan Administrative Government, the annual agricultural tax in 1949 faced a long


35 Ibid.
period of resistance by landlords and the government’s levying work in rural Chongqing therefore faced challenges.\(^{36}\) Some landlords, local elites and village leaders had cooperated with the bandits living in the mountains, and the Nationalist remnant troops organised insurrections against the new regime more broadly.

According to the CCP’s data, in East Sichuan Administrative District, there were as many as 150,000 bandits in March 1950.\(^{37}\) The bandits’ slogans reveal the prevalent role that taxation played in sparking resistance. For instance, the slogans included “oppose levying and protecting lives, open granary to relief poverty, protect the country and saving the people” or “one sheng of rice, one grab of firewood, Generalissimo Chiang is coming back”.\(^{38}\) At one time, some 50 per cent of Jiangjin County was controlled by bandits. In Youyang County, located in the Southeast mountain area of Chongqing, where most of the population are minority people, 70 of total 85 towns had violent insurrections that were organised by the local landlords. In May 1950, bandits in Yongchuan County, one of the wealthiest counties in Southwest Chongqing, even established a regime and government, appointed the Nationalist county senator as a new county magistrate and organised an inauguration ceremony.\(^{39}\)

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\(^{38}\) The original context is “抗粮保命, 开仓济贫, 保国救民” and “一升米, 一把柴, 蒋委员长要回来”. See ibid.

\(^{39}\) Ibid.
Local governments around Chongqing suffered due to the bandits’ guerrilla battles in early 1950. In the space of under a week, from 13 to 21 February 1950, while Mao Zedong was visiting Moscow, more than 20 cadres were killed, and bandits stole 300,000 jin of rice in Jiangjin County.\textsuperscript{40} In the spring of 1950, more than 269 cadres and peasants were killed. In order to suppress the bandits, Deng Xiaoping, Liu Bocheng and He Long, the Commander of the Southwest China Military Region, signed an order to the PLA, telling them to fight the bandits via “military attacking, political disintegrating and mass mobilisation”.\textsuperscript{41} The East Sichuan Administrative Government and the PLA established military regions in March 1950 and launched hundreds of encirclement battles in the Chongqing area. After a year of trying to suppress them in Jiangjin County, the army had seized two machine guns, three carbines, 17 submachine guns and 5,175 rifles.\textsuperscript{42} The scale of the fighting between the PLA and the armed bandits in rural Chongqing was far beyond local sporadic riots and was an extension of the civil war in early 1950.

The CCP was never averse to tackling violence with violence at the local level, but they also openly admitted that the conflicts that had been provoked were related to the Party’s levying policy. Deng Xiaoping and Secretary Yan attributed landlords’ resistance and bandit riots to the fact that the Party had not implemented a new taxation system to share the tax burden among peasants but instead followed the

\textsuperscript{40} Zhongguo renmin jiefangjun xinan fuwu tuan jiangjin tuanshi yanjiuhui (The Committee of the History of Jiangjin Group of PLA Southwest Service Group) ed., Chicheng suiyue (The Years with a Sincere Heart) (inner materials), p. 44.


\textsuperscript{42} Zhongguo renmin jiefangjun xinan fuwu tuan jiangjin tuanshi yanjiuhui ed., p. 52.
Nationalist *fuyuan* system. Deng demonstrated that the Nationalist agricultural taxation had covered a narrow range of taxpayers in rural areas:

We only levied on landlords and tenants who were not covered in the *fuyuan* system, so the levying range is too narrow. The degree of land concentration in Sichuan is higher than Jiangsu, Zhejiang or Hunan or Hubei provinces. According to the *fuyuan* system, the landlord class should take 70 per cent tax burden of the total taxation in rural areas… Our tax was too heavy for them to carry on and provoked violent resistance easily.\(^{43}\)

To balance the tax range and mobilise poor peasants, Southwest Bureau decided to implement the “Additional Levy on Large Households”, the policy which supposed to charge an additional tax on the wealthy class, including rich tenants and rich peasants according to their rental income.\(^{44}\) Furthermore, the East Sichuan Administrative Government published a regulation to expand the annual agricultural tax range to 90 per cent in the Chongqing area in order to share the tax burden on landlords with more taxpayers.\(^{45}\)

Clearly, the leaders of Southwest Bureau realised the intense conflict between the large requirement of controlling grain resource and the violent resistant from rural


areas. Agricultural tax amount, tax rate and violence were strongly bundled since the beginning of the CCP taking over Southwest China. The government sought to relieve the conflicts by adjusting its policy according to local circumstances. However, according to my research, the failure of the CCP’s levying work in the early stages was not because of the levying of the annual agricultural tax, which had increased by 60 percent as Deng and Yan believed, but rather the remedial policy of “Additional Levy on Large Households”. The central government did not uniformly apply the policy’s levying methods and local governments’ implementation was random and chaotic. Most of all, it did not reduce the tax burden on landlords in rural areas but increased it, and the tax burden expanded outwards from the wealthy class toward the general peasants. Throughout the process, whatever the change of methods or policy titles, the Party remained fixated on grain acquisition in Sichuan.

4.2.1 Who were the Communist Government’s “Large Households”?

Wanxian District and Jiangjin District archives exposed the unprepared nature of the taxation policy’s implementation, and the chaotic results, which date back to the beginning of the CCP’s rule. In January 1950, the East Sichuan Administrative Government published a policy of borrowing grain from the large households in rural Chongqing. However, twenty days after Wuxi County Government had assigned the levying task of quota taxation to its lower level governments, the county government recalled the order and switched the policy of borrowing grain to “The Additional Levying on Large Households Policy”, thereby implementing a compulsory tax.46

According to Article 17 of the “Interim Regulation of Levying 1949 Annual Agricultural Taxation”, put forward by the East Sichuan District Administrative Government, “the Additional Levy on Large Households Policy is assessed by the Administrative Government and apportioned by district and township units”. Article 17 states: “To all landlords, rich peasants or rich tenants and ancestral temples who or which rely on renting or hiring labour, the additional levying policy is assessed according to their rent or production income”. Two findings can be clarified from the above documents. First, landlords, rich peasants, and rich tenants and temples were all included in the “large households”, and second, like the Nationalist Government’s “Large Household’s Grain Donation”, the CCP’s additional levying amount was determined and apportioned by the higher-level government, with the result that the levying method and its standard varied widely between villages.

Local cadres had different expectations about the degree of difficulty which implementing the additional levy would entail. In the County Committee’s meeting, Jiangjin County’s leader Zhang Jiushan said, “Levying the annual agricultural tax is not a problem for us, but the additional levying is. The new cadres are not confident about accomplishing the task and our elder cadres do not know how to implement it practically. The landlords and rich peasants are crying to them about their difficulties [in relinquishing grain].” 47 The reason for the difficulty was that the central government had not stipulated a unified and precise levying method for the “Additional Levy on Large Households Policy”. Instead, the central government had given incredible flexibility and freedom to the cadres from the village governments,

who organised the additional levying work depending on each village’s circumstances in order to collect the maximum agricultural tax. According to the records, the implementation of the additional levying policy was chaotic and there were many complaints from peasants. Some local governments implemented the additional levying based on an income progressive taxation system; others did a progressive taxation according to class status; and some governments combined the fuyuan system with the additional levying policy.

From the perspective of the Communist regime, the agricultural taxation had targeted the wealthy class only gently. But how did they assess and define “large households”? Although the implementation of the “Additional Levy on Large Households Policy” was chaotic and farmers resisted violently, most of the local governments in the areas around Chongqing in early 1950 were aiming to differentiate the rural class’ status primarily in order to implement the additional levying policy. In Jiangjin District Archives, a hundred pages of Jiangjin County Committee’s Levying Work Meeting Records from January to March 1950 offer a detailed account of the policy-making and implementation. After receiving the levying task from the East Sichuan Administrative Government, local cadres in Eighth Bao of Jizi Town proposed three plans to implement the additional levy. After calculating the taxes that were collectable through the three plans and referring to the levying task and the limitation on the maximum amount by the central government, the Eighth Bao of Jizi Town Government addressed the policy by differentiating the class status.

The cadres classified landlords and rich peasants into four categories according to their annual agricultural and rental income: 1. The big landlords were those whose annual rental income was more than 100 dan of unhusked rice; 2. The middle
landlords were those whose annual rental income was between 50 dan to 100 dan; 3. The small landlords were those who had 30 dan to 50 dan income; and 4. The rich peasants were those who had land and hired other labourers to do the agricultural work.

The Party’s standard reference for classification individuals, the “Decision Regarding the Classification of Rural Classes” was published in the summer of 1950 before the Land Reform. Compared to it, the class classification for the additional levy in early 1950 was more detailed. In Wuxi County, a county in Northeast Chongqing, the local government even divided the additional levying class into three classes and nine categories. The class status of the additional levy depended on the income of farmers’ households. However, the later standard version was based on the farmers’ ownership of property and their intensity of exploiting or being exploited politically or economically. In other words, the farmers who were living in rural Chongqing in 1950 actually had two types of class status, an economic class and a political class. For the farmers, their two types of class status would be unified after several rounds of investigation and settled after the Land Reform. For local governments, the classification in early 1950 provided bottom-up experience for cadres’ organisation and mass mobilisation, which made sure that the Land Reform could be implemented and completed with other campaigns, like Three-anti and Five-anti from the fall of 1951 to 1952 in Chongqing. For the central government, the additional

48 ‘Zhengwuyuan guanyu huafen ongcun jieji chengfen de jueding’, (Government Administration Council’s Decision Regarding the Classification of Rural Classes), 20 August 1950, Jianguo yilai zhongyang wenxian xuanbian (Selected Important Documents since the Founding of the PRC), Vol. 1, ed. by Zhongyang wenxian yanjiushi (Beijing: Zhongyang wenxian chubanshe, 1992), pp. 382- 407.
levying policy initiated the transformation of agricultural taxation from an income progressive system to a class progressive system.

According to Secretary Yan, “the purpose of additional levying is to mobilise peasants and balance the tax burden.” \(^{49}\) However, for some county governments, like Fuling County, the implementation of the additional levying policy was based on the *fuyuan* system, which, on the contrary, resulted in increasing the burden on landlords and rich peasants.\(^ {50}\) The unlimited additional levying of tax drove the local governments’ target from the big landlords and rich peasants to the general peasants. For instance, Wen Guoqing had only 15 *dan* (675 *jin*) of income annually and his *fu’e* was 1.9 *yuan*. The additional levy, however, increased his tax bill by another 1240 *jin* of unhusked rice, above the 1949 annual taxation. According to either the Nationalist Government’s *fuyuan* system or the CCP’s Land Reform’s class differentiation standard later, Wen Guoqing would be classified as a middle peasant and would not be treated as a “large household”. In the local cadre’s report, the village government, according to the per *fuyuan* levying of 380 *jin* of unhusked rice, decided that Wen’s original additional levy amount was 700 *jin*. The government further added another 540 *jin* according to Wen’s cultivated land quality, which was graded as being at the top level.\(^ {51}\) With the additional 60 per cent annual agricultural tax, Wen’s agricultural taxation rose to an unbelievable rate of 97 per cent of his annual rental income. It is certainly possible that Wen had other income to pay for


\(^{50}\) Ibid.

\(^{51}\) ‘Wang Yupei tongzhi baogao’, (Wang Yupei’s Report), JDA 0001-0001-0009.
his agricultural tax, but we can see that under the higher-level government’s apportioning, the additional levying not only focused on “large households” but extended to the general peasants’ families as well.

The range covered by the additional levy had a more profound and broader impact on rural society, which shaped the “Additional Levy on Large Households” as a rehearsal for the formal Land Reform later in 1951. The levying extension happened during the Nationalist Government’s “Large Households’ Donation Movement” in 1945 as well. However, compared with the Nationalist levy, the impact of the CCP’s “Additional Levying on Large Households” on rural society was dramatic. Both in terms of the range of the authority’s planned levying, and the actual number of peasant families targeted in practice, the number of “large households” and their “donated grain” under the Nationalist Government was much less than under the CCP in 1950. The two regimes had very different ways of classifying the “large households” and the wealthy class in rural areas. According to my analysis in Chapter Three, to the Nationalist Government, the wealthy class in the rural areas were the landlords and rich peasants whose annual rental income was more than 100 shidan (10,800 jin), and the Nationalist Government required them to “donate” ten per cent of their income to the smallest “large households” (1,080 jin). From the example of Wen Guoqing and other cases, we can see that the CCP’s targets were the “large households” whose annual rental income was more than 20 shidan, and their additional levying amount was more than 20 per cent of their income generally.
4.2.2 Non-unified Levying Policy in Villages and the Chaotic Implementation

The flexibility of the additional levy brought huge tax revenue to the government. In the case of the Eighth Bao of Jizi Town, which I analysed above, its 1949 annual taxation was 40,000 jin of unhusked rice and the additional levy amount was up to 100,000 jin, twice the annual levy. According to the Eighth Bao of Jizi Town and other local levying cases, I found that, first, the additional levying standard was decided by each local government. This provoked the locals’ resistance because of the non-unified tax ratio across different counties. According to the Secretary of East Sichuan Administrative District, in Changshou County, the average tax was 70 jin of unhusked rice, but in Tongliang County, the county next to Changshou, the average tax was 170 jin.52

Second, the additional levy in Eight Bao of Jizi Town covered 317 households, including five big and middle landlords, five small landlords, three temples, one tenant peasant and three rich peasants. Although the government separated the landlord class into the big, middle and small landlord categories, the practical additional levy rates for the five typical landlords were the same—43 per cent of their contracted rental income. The temples’ additional levying rate was 42 per cent, and the rich peasants’ additional levying rate was 32 per cent.53


53 Ibid.
In the Second Bao of Gaoya Town, the local government initiated the additional levying policy by classifying three examples of “large households” and then generalising the typical cases to other households. As a result, the government calculated the average annual levy and the additional levy as 60.6 per cent of large households’ agricultural income in general. However, the 60.6 per cent tax rate was not the large households’ final taxation. In the Second Bao of Shuanghe District, the village’s “1949 annual agricultural taxation was 84,044 jin, the primary additional levying amount was 80,200 jin, with the ‘expanded number’ of 7,700 jin”; therefore, the actual taxation of the additional levy was more than the annual agricultural tax. A similar situation also happened in other towns but with a different title. In Wen Guoqing’s case, after deciding on their levying standard, the local governments also used to produce or “adjust” each household’s additional levy, specifically according to each peasant family’s land production and property area.

At the Jiangjin County Committee Meeting, the leaders of Jiangjin County Government repeatedly emphasised the importance of investigating the landlords’ or rich peasants’ “real numbers” in terms of production and cultivated areas, which were the key to implementing the levying policies well, in order to form the basis for the Land Reform one year later.

Unlike the Nationalist Government, the CCP’s way of investigating and controlling the information about the peasants’ production and property was by organising

54 The tax rates of those three cases have errors on calculation. The mistake might be caused by several possibilities: One, the local cadres’ miscalculation. Two, the exchange ratio of “dan and jin” was different according to each field production. Three, the recorded tax rates were final results of the tax burden, which means there were other levying fees adding on (or cutting down) by the cadres but didn’t record in the document. See, ‘The Summary of the Levying Work at Second Bao of Gaoya Township’, 28 May 1950, JDA 0001-0001-00014.
Assessing Groups in several rounds. Mobilising landlords and peasants to self-report and be assessed in public revealed their “hidden production or land property”; this process was vividly called “Assessing the Annual Production (ping changnian chanlian 评常年产量, abbreviated as 评常产)” and “Squeezing out Black Fields (ji heitian 挤黑田)”. The “black fields” were the fields hidden by peasants that had not been subject to collection under the Nationalist Government’s taxation system. Usually, the “black fields” were less fertilised fields on mountains and hills. Unlike Chengdu where the land was more flat, revealing these hidden areas was a crucial issue for the Chongqing local governments. The local government aimed to initiate a reasonable and reliable database of peasant families during the 1949 annual levy, in order to control the maximum grain taxation in the later annual taxation, as well as to prepare for the later class differentiation and land distribution in the Land Reform. After charging the 1949 annual agricultural tax twice, the government delivered the 1950 annual tax by focusing on squeezing out each families’ “black fields”, which I will analyse later.55

However, the endlessly adjusted numbers not only revealed the weakness of the CCP’s bureaucratic governance while taking over rural Chongqing, but also reduced its political credentials as a new regime. The multiple levying policies strongly provoked the local society’s resistance. In Hechuan County, the government implemented a levy on grain five times in three months, including the annual levy, the additional levy, the supplement levy, the expanded levy and the special levy.

Local landlords and peasants went to the county government and questioned the local cadres, saying "what was the result of the levying?".

4.2.3 The Taxation Burden on “Large Households” and the 1949 Final Tax Rate

Based on the above analysis, we can see the individual differences and imbalanced tax burdens on the wealthy class. Even though the landlords may have had the same amount of land property and rental income, their agricultural tax might be different in different villages. In the Second Bao of Gaoya Town, the 1949 annual tax and the additional levy took 60.6 per cent of landlords’ households’ income. In the Second Bao of Jizi Town, the total tax rate of the landlord class was 64 per cent and the rich peasants’ tax rate was 60 per cent. In Table 4.2 and Table 4.3, it can be seen that the tax rate of big landlords in 18th Bao of Degan Town was 66 per cent, and the tax rate of big landlords in 12th Bao was 61 per cent. Taking into account various around Chongqing, in the first half of 1950, the average taxation of the wealthy class in rural areas was about 63 per cent.

Table 4.2 The Class’s Tax Burden in 18th Bao of Degan Town, Second District of Jiangjin, 30 June 1950

<table>
<thead>
<tr>
<th>Class</th>
<th>Household</th>
<th>Population</th>
<th>Cultivated Area (Jin)</th>
<th>Actual Income in total (Jin)</th>
<th>Fu’er</th>
<th>Annual Tax</th>
<th>Additional Levy</th>
<th>Tax Rate%</th>
<th>Class/Total Tax Ratio%</th>
</tr>
</thead>
</table>


<table>
<thead>
<tr>
<th>Class</th>
<th>Household</th>
<th>Population</th>
<th>Cultivated Area (Jin)</th>
<th>Actual Income in total (Jin)</th>
<th>Annual Tax</th>
<th>Additional Levy</th>
<th>Tax Rate</th>
<th>Class/Total Tax Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Landlord</td>
<td>1</td>
<td>9</td>
<td>21620</td>
<td>17390</td>
<td>4.36</td>
<td>5821</td>
<td>5570</td>
<td>66</td>
</tr>
<tr>
<td>Small Landlord</td>
<td>5</td>
<td>27</td>
<td>30785</td>
<td>24910</td>
<td>15.54</td>
<td>7184</td>
<td>6350</td>
<td>54</td>
</tr>
<tr>
<td>Rich Peasant</td>
<td>5</td>
<td>57</td>
<td>65001</td>
<td>43851</td>
<td>11.908</td>
<td>5152</td>
<td>12706</td>
<td>41</td>
</tr>
<tr>
<td>Middle Peasant</td>
<td>6</td>
<td>32</td>
<td>14899</td>
<td>14899</td>
<td>5.08</td>
<td>1106</td>
<td>278</td>
<td>9</td>
</tr>
<tr>
<td>Poor Peasant</td>
<td>13</td>
<td>62</td>
<td>4168</td>
<td>4168</td>
<td>2</td>
<td>446</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td>Rich Tenant</td>
<td>3</td>
<td>29</td>
<td>30918</td>
<td>11609</td>
<td></td>
<td>3115</td>
<td>27</td>
<td>5.25</td>
</tr>
<tr>
<td>Middle Tenant</td>
<td>17</td>
<td>123</td>
<td>129015</td>
<td>51159</td>
<td></td>
<td>5040</td>
<td>10</td>
<td>8.45</td>
</tr>
<tr>
<td>Poor Tenant</td>
<td>37</td>
<td>160</td>
<td>31631</td>
<td>9856</td>
<td></td>
<td>470</td>
<td>5</td>
<td>0.79</td>
</tr>
<tr>
<td>Extreme Poverty</td>
<td>16</td>
<td>56</td>
<td>564</td>
<td>282</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>59</td>
<td>21620</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temple</td>
<td></td>
<td></td>
<td>37.7</td>
<td>12.68</td>
<td>6052</td>
<td></td>
<td>10.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
<td>614</td>
<td>0</td>
<td>59.65</td>
<td>25761</td>
<td>33549</td>
<td>33.29</td>
<td>99.94</td>
</tr>
</tbody>
</table>

Data from: JDA 0001-0001-00014.

**Table 4.3 The Class’s Tax Burden in 12th Bao of Degan Town in the Second District, 30 June 1950**
The central government tried to take a careful approach, regulating each class’s maximum taxation in order to limit local governments’ additional tax and avoid provoking resistance in rural areas. “The agricultural tax of landlords’ household should not exceed more than half of his income, and the tax rate was between 40 to 50 per cent, and the rich peasants’ tax rate should be between 25 to 35 per cent, middle presents’ tax rate should between 15 to 20 per cent and poor peasants tax should between 5 to 10 per cent.”\(^{59}\) Meanwhile, the CCP stated that “the central government’s tax quota was 17 per cent of the agricultural revenue, the additional local tax took 15 per cent and the total tax rate was around 32 per cent. In some special cases of big landlords, their highest tax rate should not be over 80 per cent of their agricultural income.”\(^{60}\) However, the reality was county-level governments used to overcharge tax. At the Jiangjin County Committee Meeting, one local cadre said, “[We should notice that] every landlord family had different circumstances. For instance, there is a landlord, after charging him half his income, he still has 250 dan of grain income. Therefore, we set his tax rate as 68 per cent.” In the Second Bao of Gaoya Town, the average tax rate levied on the small landlords was more than 80.5

\[\begin{array}{l|c|c|c|c|c|c|c|c|c|c|c|}
\text{Temple} & 6 & 6 & 11405 & 4884 & 1276 & 3018 & 87.92 & 8.01 \\
\hline
\text{Total} & 137 & 697 & 30085 & 116858 & 18848 & 34753 & 45.95 & 99.99 \\
\end{array}\]

Data from: JDA, 0001-0001-00014.

\(^{59}\) Ibid. As part of the Newly Liberated Area, in the East China Great Area, the central government published same police. See ‘Huadongqu nongyeshui zhengshou tongze’, (The Regulation of Levying Agricultural Tax in East China), Xin Zhongguo nongyeshui shiliao congbian (New China Agricultural Tax History), Vol. 5, (Beijing: Zhongguo caizheng jingji chubanshe, 1986), 29.

per cent, even more than the big landlords’ quotas. Those cases demonstrate that although the central government had a stable and unified tax rate in 1949 annual taxation, which was 40 to 60 per cent more than the Nationalist’s fuyuan, the additional levying taxation could be unlimited in practice.

According to Wuxi County’s information, landlords and rich peasants accounted for 66.2 per cent of the total tax burden on the village, which means that the wealthy class paid two-thirds of the levy amount. Based on the above analysis, we can see the individual differences and imbalanced tax burdens on the wealthy class. Even though the landlords may have had the same amount of land property and rental income, their agricultural tax might be different in different villages. In the Second Bao of Gaoya Town, the 1949 annual tax and the additional levy took 60.6 per cent of landlords’ households’ income. In the Second Bao of Jizi Town, the total tax rate of the landlord class was 64 per cent and the rich peasants’ tax rate was 60 per cent. In Table 9 and Table 10, it can be seen that the tax rate of big landlords in 18th Bao of Degan Town was 66 per cent, and the tax rate of big landlords in 12th Bao was 61 per cent. Taking into account various around Chongqing, in the first half of 1950, the average taxation of the wealthy class in rural areas was about 63 per cent.

From the data in Table 4.2 and Table 4.3, we can see that local governments allocated tax quotas of more than 70 per cent to the wealthy class. In 18th Bao of Degan Town, the landlords and rich peasants accounted for about 72 per cent of the village’s total levy amount. In 12th Bao of Degan Town, the percentage accounted

\[ \frac{\text{percentage}}{\text{quotas}} \]

\[ \text{Ibid.} \]

\[ \text{11 June 1950, JDA, 0001-0001-00014.} \]
for by landlords and rich peasants was about 70 per cent. In in Table 4.2 and Table 4.3, it can be seen that the average tax rate of the villages were as high as 33.29 per cent and 45.95 per cent.

Outside of the suburban areas of Chongqing city, in early 1950, Chongqing rural governments collected 167 million jin of grain as the 1949 annual agricultural tax. Those cases demonstrate that the local additional tax burden was far beyond the central government’s regulation and the progressive class tax in the land consolidation areas raised the average tax rate in the rural society remarkably. Such situation occurred not only in Chongqing and Sichuan but also in other counties in Newly Liberated Areas. As I mentioned at the beginning, this disordered situation and overcharging provoked resistance and bandit activities. The heavy tax burden and the landlords’ resistance hindered the CCP’s levying work in early 1950. To balance the tax burden on large households, the East Sichuan Administrative Government published an order about asking local governments to cover 90 per cent of the rural population. This means that the middle and poor tenants had to pay the agricultural tax as well. That is why Wen Guoqing could be identified as a “large household”. In other words, the additional levy extended to not only the wealthy class but all peasants in rural society.

63 ‘Jiangjinxin Di’erqu deganxiang di shi’er bao jieji qingkuang diaochabiao’, (The Table of 12th Bao of Degan Town in the Second District), 4 June 1950, JDA, 0001-0001-00014.


In published official materials, the agricultural production and tax rate in Sichuan from 1949 to 1952 were rarely mentioned. The official data was continuous since the year of 1953, the beginning year of the First Five-Year Plan. This also can explain why Chris Bramall ignored the period from 1949 to 1952 in his significant research on the living standards in Sichuan since 1931. Bramall did publish a research about agricultural growth before and after Land Reform in Sichuan, however, his research is based on official data in the county annuals or county gazetteers.

Compared with the published data, the archived data reveals that the actual tax burden on peasants was much higher. The typical example was the data from *the History of Chinese Peasants' Tax Burden*, edited by the Ministry of Finance of PRC, which claimed that the national average rate of 1949 annual agricultural tax was 17 per cent. The data was broadly used in the national statistical materials, local annuals and scholars research on demonstrating the tax rate differences between the Nationalist and the Communist Governments. However, this 17 per cent did not include the local governments’ accumulative additional tax and the additional tax on wealthy class according to the editor’s own narrative in previous chapters. Including


those additional taxes, the national average tax rate was around 20 per cent.\textsuperscript{70}

Comparing with the agricultural tax rate data local archives, the number should be more than 30 per cent in rural Chongqing in the early 1950. Local statistics need to be kept in mind when looking at national figures on rural tax burdens.

\textbf{4.2.4 Bankrupting “Large Households” and the Beginning of the Violent Levying}

The agricultural taxation mentioned above did not cover the total burden on peasants and landlords. The most substantial cost of tax in kind was related to transportation. Walking over the mountains, wading through the river, and protecting grain from bandits, the more taxes landlords paid, the higher the transportation cost that ensued. In the levying report, local governments realised that the payment for and transportation of grain was a big issue. “There were no labourers [to transport grain] … [in some landlords families], even the 60-year-old male, the 12-year-old girl, wives (\textit{taitai 太太}) and the ladies (\textit{xiaojie 小姐}) all participated in grain transportation.”\textsuperscript{71} If the landlords could have hired labourers, they would not have needed their female family members to carry grain.

In the context of the authorities’ heavy tax pressure and the endless levying action, large households usually reacted by delaying or refusing to hand in grain as normal. Due to the levying quotas given to them from the higher-level government, the local cadres used violence in their levying. For the “large households” who did not have grain, they had to endure endless threats. The representatives of the Peasants

\textsuperscript{70} Ibid, pp. 34-35.

Association and the “self-innovationists (zixin fenzi 自新份子)”, who surrendered from the bandit forces, played the role of grain promoters in the counties. In the Second District of Jiangjin, “[the government] organised agricultural representatives, self-innovationist to sit at every big household’s home until the landlords handed out the grain tax”. In Changchong Town, “the self-innovationists grabbed rice from landlords’ home to buy cigarettes,” which was a kind of soft violence.

The report continued, “There is a certain stubborn person who does not hand over any grain. We warned him that if he does not pay the grain tax, he will be sent to the prison for temporary detention. He is afraid and hands over the grain.” This was, of course, a violent levy. Because most “large households” could not get food, the detention phenomenon appeared on a large scale. In “The Second District Summary Report”, the cadre admitted that “too many people were detained. 60 people were detained in total. For example, Zou Rongcheng, from Fushou Town, has been detained three times for more than 20 days. His detention period is too long.” 72 In “the Summary of Levying Grain in the Second District”, there is a statistical table showing the detention, punishment and beating of the large households.

Table 4.4 Detention, Punishment and Beating Issue in the Second District of Jiangjin County

<table>
<thead>
<tr>
<th>Class</th>
<th>Detention Days</th>
<th>Fine Grain Amount</th>
<th>Who Beat Them?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>District Cadres</td>
</tr>
<tr>
<td>One to Five</td>
<td>Six to Ten</td>
<td>More than Total</td>
<td>The Number</td>
</tr>
</tbody>
</table>

72 ‘Di’erqu gongzu zongjie’, (The Summary Report by the Second District); ‘Jiaofei, zhengliang, nongdaihui deng’, (Suppressing bandits, levying grain and Peasants Representatives Meeting), JDA, 0001-0001-00014.
In Table 4.4, although the specific data have not been filled in for the three columns of “who beat them”, I believe that beatings by the “district cadre”, “baojia leaders” and “members of Peasants Association” did occur during levying. In Wuxi County, violent events happened as well. In the report, the government summarised that the local cadres had beaten 28 people, tied up 52 people, cursed 30 people, frozen and starved 15 people, and paraded one person in public. The violent behaviour were noticed by the central government quickly. Deng Xiaoping was surprised that local cadres in Sichuan had even invented terrible and violent methods of torture. “About torturing landlords, some cadres did achieve the combination of theory and practice. North China has no ponds [in rural areas] but here they have”, said Deng, “People invented different kinds of waterboarding.”

Secretary Yan criticised his fellows, stating that the torture was same as the feudalistic landlords’ behaviour in the CCP’s propaganda novels. He said that violent levying was occurring in rural areas, but the levying policy had encountered a

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73 ‘Di’erqu gongzuo zongjie’, (The Summary Report by the Second District), JDA, 0001-0001-00014.

dilemma: “Maybe in some counties, collecting grain by torturing them is quicker than
mass mobilisation, but when we have finished the levying task, we have lost the
people’s trust on the political side.”  

At the central government’s Second Meeting of the First Political Consultation in
1950, Bo Yibo reported on adjusting the agricultural tax levy. He admitted that the
mistakes and deviations in the implementation of the 1949 annual tax levy were
because the central government, especially the Central Financial and Economic
Committee, which led by himself, did not publish a uniform policy on time. That was
one of the reasons why the CCP further centralised the local financial revenue and
published the new taxation system in September 1950.

Organising Assessment Groups

In 1949, the local governments of suburban Chongqing, adding 40 per cent of the
Nationalist fuyuan system to 7,000 shidan of additional levying, collected 14.15
million jin taxation and the average tax rate was 31.25 per cent. Compared with
the Nationalist Government’s tax rate, the CCP’s taxation burden was much heavier.

Since March 1950, local governments had turned their focus onto mass mobilisation,
launching the investigation of large households’ annual production and property
areas. Like the Nationalists’ government order in 1942, the CCP ordered the leaders

75 Ibid.

76 Zhonghua renmin gongheguo caizhengbu (PRC Ministry of Finance) ed.,
Zhongguo nongmin fudan shi (The History of Chinese Peasants Tax Burden),
Vol. 4, (Beijing: Zhongguo caizheng jingji chubanshe, 1990), p. 44.

77 Chongqingshi caizheng ziliao, pp. 23-24.
of each bao to submit the name of local large households. But to get a reliable list of the large households, the CCP believed that organising Village Assessment Groups (pingyihui/xiaozu 评议会/小组) was the key.

According to the Wuxi County and Jiangjin County documents, the members of the Assessment Groups included every class in rural areas: party members, landlords, tenants, peasants and poor intellectuals. Unlike the Peasants Association (nonghui 农会), which was the CCP’s village organisation that aimed to establish the peasants’ regime and struggle against the landlord class during the Land Reform, the Assessment Groups focused on listing the names of the large households by assessing every household’s production and property and differentiating classes in order to gather reliable information on agricultural productivity. The aim of the Assessment Group was not only to mobilise tenants and peasants but also to make use of landlords and village elites’ conflicts in the inner class. In Jiangjin County, cadres were encouraged to observe the landlords’ inner class struggles by holding a landlords’ meeting (dizhuhui 地主会). As I have mentioned, local governments lowered the standard of small landlords when ranking landlords’ income level. By recruiting more small landlords and provoking them to attack the big landlords, the Village Assessment Group could reveal the big landlords’ hidden production and

78 Ibid.

The government benefited from the rallying support of small landlords against big landlords, because most of the baojia leaders were small landlords.

**Making use of Baojia Leaders**

As I have mentioned in Chapter One, the baojia was a traditional system of local mutual responsibility, for instance, household registers, land measured, and militia training. Hans van de Ven’s research showed that baojia created the basis for the Nationalist Government’s compulsory military service, including the intelligence on local conditions and assisted with scouting and sentry duties. After taking over Chongqing, the baojia leaders were the key to control local intelligence and information for the CCP. When taking over the rural areas of Southwest China, the central government emphasised local governments’ need to rally support and control and make use of the baojia leaders (lalong, kongzhi, liyong baojiazhang 拉拢, 控制, 利用保甲长).

During the civil war, the CCP had claimed that cleaning up former Nationalist officers and abolishing the baojia was necessary for the CCP to win the fighting with the Nationalist bureaucrat-capitalism. However, in early 1950, when Deng Xiaoping and Liu Bocheng arrived in Chongqing, they were faced with the problem of a lack of cadres to carry out these tasks. Deng said, “with respect to Southwest China we haven’t designated cadres or do not have enough cadres, we should make use of

80 Ibid.

former officers and some liberal *baojia* leaders there in order to maintain the regulation of society."\(^{82}\)

In June 1949, the Second Field Army of the PLA organised “The PLA Southwest China Service Group (*Xi’nan fuwu tuan* 西南服务团)” in Nanjing. The PLA recruited more than 10,000 high school students and undergraduates from Shanghai, Nanjing and Jiangsu, and 6,000 cadres and soldiers who attended the “Liberating Shandong Battle” in 1948. The group followed the Army, hiked for two months and arrived in Sichuan in December 1949.\(^{83}\) Thus, in areas around Chongqing, the major county-level leaders and secretaries of institutions, including the Secretary of the County Committees, were from the Southwest China Service Group and came from East China.\(^{84}\) In 1938, when the Nationalist Government relocated its government bureaucracies to Chongqing, it caused conflicts between the local Chongqing people and the “lower Yangtze River People (*xia jiang ren* 下江人)” hailing from Shanghai and Nanjing. While it was not bringing with it the entirety of the national government or university system, the CCP in Sichuan was nevertheless faced with the same issue of localism as its cadres were organising and institution-building in 1950. During the “Cleaning out Bandit Movement”, some gangs even said to the

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\(^{82}\) *Deng Xiaoping Xi’an gongzuo wenji*, ed. by Zhongyang wenxian yanjiushi and Zhonggong chongqingshi weiyuanhui, p. 45.

\(^{83}\) *Xi’nan fuwutuan tuanshiyaji uhi ziliao bianjizu* ed., *Zhongguo renmin jiefangjun xinan fuwutuan tuanshi yanjiu ziliao xuanbian* (The Selected Research Materials of the History of the PLA Southwest Service Group) (inner materials).

\(^{84}\) *Zhongguo renmin jiefangjun xinan fuwu tuan jiangjin tuanshi yanjiuhui* (The Committee of the History of Jiangjin Group of PLA Southwest Service Group) ed., *Chicheng suiyue* (The Years with a Sincere Heart) (inner materials).
government, “[we] only fight against northerners (or outsiders), not southerners”. By “northerners” they meant cadres from Shandong. From the slogan, we can see the tension between local society and the new CCP government.

Under Deng’s order, cadres in the counties emphasised that making use of the former Nationalist officers and relying on the leaders of baojia was crucial and could even guarantee a victory in achieving agricultural tax quotas. Making use of baojia leaders was a national policy. According to the Shanghai archives, the baojia leaders were the largest group working at the CCP’s grain bureaus and offices in local governments. In Shanghai, the Nationalist baojia leaders were questioned and re-elected by the peasants and tenants in the same villages before the levying started. There is no record of the baojia leader’s re-election in Jiangjin and Wuxi County as far as I can see. In Table 4.5, besides the members of the Peasants Association, the village and baojia leaders and former Nationalist officers occupied the highest ratio while levying the agricultural tax in early 1950.


86 ‘Xianwei sanye gongzuo zongjie’, (March Work Report by Jiangjin County Committee), JDA, 0001-0001-00023.

Table 4.5 The Organisation of Levying Agricultural Tax Work in Wuxi County

<table>
<thead>
<tr>
<th>Number</th>
<th>Village and Baoji Leaders</th>
<th>Nationalist Former Officers</th>
<th>Juniors and Senior Cadres</th>
<th>Students (Youth Training Class)</th>
<th>Cadres in The Army</th>
<th>Soldiers</th>
<th>Rural Class Representatives</th>
<th>Peasants Association</th>
<th>Hiring</th>
<th>Activists</th>
<th>Liberals</th>
<th>New Cadres</th>
</tr>
</thead>
<tbody>
<tr>
<td>426</td>
<td>28</td>
<td>37</td>
<td>107</td>
<td>28</td>
<td>164</td>
<td>380</td>
<td>15000</td>
<td>85</td>
<td>74</td>
<td>8</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2857</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


To get along with the baojia leaders, the Wuxi County cadres were even trained in their conversation skills. “In the daily time, when we talk with baojia leaders, we need to use the moderate attitude and polite language, drawing them to our ideological side from the outlook, but we need to hold our identity as CCP cadres in mind, treating them as [Nationalist] village leaders.” Meanwhile, the cadres also mentioned the baojia leaders’ guilt. The Nationalist regime officer stated, “[we] enlightened them that completing the levying task was a chance to redeem themselves from their sin”. The local cadres’ reports proved that baojia leaders had strong leadership in villages in 1950. Once the baojia leader paid his tax, the others would follow him after to hand in their grain tax.

The Wuxi County Government Committee summarised 15 methods and successful cases as a model to train the cadres in how to rally support from landlords and rich peasants. The cases covered many issues from patriotic education to cartoon poster

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propaganda, from making use of personal social networks to conciliating relationships with family members.

**Mobilising Tenants**

One of the interesting findings concerns women’s role in paying agricultural taxation. As Isabel Brown and Gail Hershatter revealed, women played a particularly prominent role in the small-scale rural market in Chongqing in the 1940s, and they also had an essential role in managing agricultural production and land property in the villages. Women’s role in levying agricultural tax and in land redistribution in the rural areas in the 1950s as well.89 Wuxi County Government summarised one method, which was “applying medicine according to symptoms (对症下药)”; it required cadres to understand landlords’ “invisible reasons” for refusing to hand in their grain. For instance, in the 15th Bao of Baigan Town, one landlord was obstinate and resisted paying the tax; he was “not afraid of the punishment in the levying regulation”. After the investigation, the cadre understood that “at his home, the master of the family was his daughter-in-law, not himself; therefore, he cannot make any decisions on paying taxation”. In another case, one cadre rallied the support of a landlady, who was responsible for the household’s rent, by persuading her and her family to agree with no feet binding.90 Feet binding was the custom of applying tight

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binding to the feet of young girls to modify their shape and size; it was painful and usually caused infection and broken bones.

“Secretly mobilising tenants to loan grain to their landlords in order to help the landlords to pay their tax is another method”, according to the summary report. Before the CCP took over Chongqing, local landlords used to sell out their rice after paying the tax in the fall. In the spring of 1950, with the heavy taxation, some landlords did not have enough rice to pay the CCP’s agricultural tax and went bankrupt. Exposed to the CCP’s propaganda, the Chinese peasants were always under pressure due to landlords’ exploitation in rural areas. However, to finish the levying task, the Party cadres pursued “the active tenants to loan rice to their landlords and helped them to pay the taxation”. The cadre promised to protect the tenants’ loan interest in the next year.

The same issue also happened in Jiangjin County. “Universally, landlords borrow grain from tenants to pay the tax”, one cadre in Shuanglong Town recorded in his report in 1950. Some leaders of baojia were actively to lend grain to landlords as well. In one case, the government praised four peasants because they had loaned rice and cash to their landlord and helped him to pay the tax, when he could not pay the grain tax after the additional levy, even including the money he got from selling his wooden furniture.

The summary report further explained to local cadres that “the purpose of loaning was to help the tenants to understand the CCP is working for all Chinese… [We

\[91\] Ibid.

\[92\] ‘Er’qu zongjie baogao’, (The Summary Report of the Second District), JDA, 000-0001-00014.
should tell the tenant.] right now, the PLA is fighting in Taiwan and the government’s finance is in a hard situation which needs your help to achieve your permanent good life. Loaning grain to the landlord is helping the government and the army.” The logic in this particular document is striking for its framing of local economic rebalancing as an act of national liberation. Why not contribute to the PLA’s movement into Tibet, which was, after all, far closer to Sichuan than Taiwan? But more practically, from this case, we can understand that under the pressure of levying, landlords were close to bankruptcy even one year before the Land Reform.

4.3 1950 Annual Agricultural Taxation

In the summer of 1950, to avoid the chaos that had transpired during the 1949 annual levy, the central government cut down on the general agricultural taxation and published a unified standard for the 1950 agrarian taxation. As part of this process the CCP decided that the annual levy would be separated into two rounds, in the summer and the fall. In “The Decision on Summer Levying in the Newly Liberated Areas in 1950”, the central government stipulated a class progressive tax system for collecting grain tax. As “the Summer Expedition of the Newly Liberated Areas in 1950” stated, “The maximum number of levying on poor peasants shall not be over 10 per cent of their summer income; the maximum of the middle peasants shall not be over 15 per cent of their summer income; the maximum of rich peasants shall not be over 25 per cent of their summer income; the maximum of landlords shall not be over half of their summer income.”

93 ‘Zhongyang renmin zhengfu zhengwuyuan guanyu 1950 nian xin jiefangqu xiazheng gongliang de jueding’, (The Decision of the Administrative Office of the
Notably, on 5 September 1950, the central government published the “Interim Regulations of the Agricultural Tax in the Newly Liberated Areas”, regulating that the agricultural tax should be charged according to the fields’ average production yearly. This meant that after assessing the land quality and setting each peasant family’s agricultural production in a normal year, if the peasant worked hard in cultivating his/her fields and harvested more grain than his/her average production, the state would not levy more grain tax and the peasants could keep the increased amount of crops for their own use. If the peasant was not working sufficiently hard on cultivating the fields and their production declined as a result, the tax rate would not be reduced either, and the peasant still have to pay the tax amount according to his/her average outputs set. In “the Resolution of Annual Agroforestry Production for 1951”, the central government repeated this policy on setting the output and its relationship with levying grain tax. To implement the levying policies, the CCP organised local cadres and mobilised rural society in several rounds of investigating fields and production in the areas had finished the Land Reform since the summer of 1950.

Central People’s Government on the Summer Expedition of the Newly Liberated Areas in 1950), JDA, 0009-0007-00001.


96 The policy about investing fields and setting agricultural outputs had different names until July 1951, the Ministry of Finance published the “Implementation Structure of Agricultural Tax’s ‘Investigating Fields and Setting Production’ (农业税查田定产实施纲要)".
The interim regulations and the field investigation shaped the governments’ class differentiation policy during the Land Reform. During differentiating the class status, peasant families’ production and income level affected their class differentiation practically. Meanwhile, the class differentiation was a separate policy with a policy of setting production during the Land Reform. The Land Reform aimed to provoke class struggles and organise peasants into the revolution politically, however, the movement of “Investigating Fields and Setting Production” focused on obtaining peasants families’ information on agricultural production in order to establish a reliable database for the agricultural taxation system. I will further demonstrate the relationship between the Land Reform and the “Investigating Fields and Setting Production Movement” in the next chapter.

4.4 Squeezing out Black Fields and Setting Productions

Compared with the Nationalist Government’s wartime levy in kind policy, the Communist Government organised local cadres and mobilised the rural society through rural investigations both gradually and rapidly in order to control and regularise agricultural production from 1950 to 1952. In Chongqing, the first round of investigating the fields, in 1950, was called “Squeezing out Black Fields” (ji hei tian 挤黑田). Through mobilising small landlords and tenants from the Assessment Groups to “squeeze out” landlords’ “black fields” (i.e., productive fields that were unreported to tax collectors), the authorities collected information pertaining to the agricultural production ability of rich households and their primary land property. Several months later, in the fall of 1950, the government organised the Village Investigation Associations Meetings (xiang bao diaopinghui 乡保调评会). The stated purpose of these meetings was to “further reveal the collective hidden properties by
the impure members of Assessment Groups, like baojia leaders and rich peasants” before collecting grain.97 During the process of the Land Reform in 1952, the Southwest Bureau implemented the policy of “Investigating Fields and Setting Production”.98 Clearly, paying attention to “squeezing out” cultivated areas was an important method that helped the authorities to expand the agricultural taxation after 1950. One cadre said, “With the squeezed out black fields, our task of taxation work was easy as we could apportion it to every village and household.”

Table 4.6 shows that in the Second District of Jiangjin County, which charged 775,850 jin agricultural tax over and beyond its original plan, most of that revenue came from the ‘black fields’.

**Table 4.6 The Numbers of baojia, Household and Taxation in the Second District of Jiangjin County, 1950**

<table>
<thead>
<tr>
<th>Town</th>
<th>Number of Households</th>
<th>Cultivated Area</th>
<th>Number of Households with Tax Burden</th>
<th>Number of Households No Tax Burden</th>
<th>Assigning Task (10000 jin)</th>
<th>Over-levied Tax</th>
<th>Areas of Black Field by Squeezing Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degan</td>
<td>4072</td>
<td>10290</td>
<td>4754.8</td>
<td>2777</td>
<td>1556</td>
<td>115</td>
<td>97400</td>
</tr>
<tr>
<td>Shuanghe</td>
<td>2991</td>
<td>21160</td>
<td>563.5</td>
<td>1997</td>
<td>1110</td>
<td>155</td>
<td>191933</td>
</tr>
<tr>
<td>Shuanglong</td>
<td>3226</td>
<td>12108</td>
<td>4345</td>
<td>1832</td>
<td>1467</td>
<td>94</td>
<td>157009</td>
</tr>
<tr>
<td>Jiulong</td>
<td>1672</td>
<td>10794</td>
<td>1164.5</td>
<td>1170</td>
<td>502</td>
<td>81</td>
<td>94539</td>
</tr>
<tr>
<td>Fushou</td>
<td>1230</td>
<td>10364</td>
<td>235</td>
<td>908</td>
<td>322</td>
<td>82</td>
<td>121191</td>
</tr>
<tr>
<td>Linfeng</td>
<td>1134</td>
<td>6026.8</td>
<td>1495.8</td>
<td>658</td>
<td>476</td>
<td>34</td>
<td>113778</td>
</tr>
</tbody>
</table>

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In Jiangjin and Wanxian District’s archives, I found that at least 30 per cent of the CCP-designated cultivated fields had not been included in the Nationalist Government’s agricultural investigations in the Chongqing area. In Wuxi County, one cadre said that “public black fields” (gongkai de heitian 公开的黑田) held by landlords accounted for 30 per cent of the total cultivated areas. In Jiangjin County, local cadres also reported that the average hidden cultivated fields amounted to roughly 30 per cent of their production. In 1950, one year before the launch of the Land Reform, Jiangjin County Government “squeezed out” 897,015.48 dan (96,877,671.84 jin) from “black fields”, which accounted for 34 per cent of the total cultivated areas in 1949.

In the suburban Chongqing area, the “black fields” amounted to more than 15.72 million jin in 1950.

Why did the Nationalist Government not find those fields? As previous historians’ research results have shown, it was not only because of the poor implementation by local governments and the weak central government policy, but, more precisely, because the fields for peasant or tenant consumption had not been recorded in the...
taxation investigation records in the past. In Chongqing or the mountainous area in Sichuan, there were two kinds of cultivated fields, the paddy fields for growing rice and the dry fields for other grains. (Table 4.6) Rice was used for paying rent and tax. Under the *fuyuan* system, landlords paid tax to the authority and tenants, and peasants’ fields whose grains were meant for their own consumption were rarely recorded.

The government’s “squeezing out black fields” movement not only targeted the wealthy class but also required peasants to report their fields honestly. One cadre said,

“Only the [Party] activists report their property honestly; the others all have ‘black fields’ but to different degrees. Especially, rich peasants and *baojia* leaders, the impure directors of the Peasants Association, the large households hide more fields. In one village, the squeezed out ‘black fields’ amounted to half of its reported cultivated areas. Rich peasants required their peasants to less report the cultivated areas as well.”

An array of groups was engaged in agricultural production away from the eyes and budgetary needs of the government. Irrespective of their class labelling, peasants in Chongqing found ways to evade the increased taxation. This can be seen in the response to the government’s levying of the 1950 annual agricultural tax on households and family members; as a reaction and reflecting the need to reduce the amount of cultivated land per capita, peasants lied about their number of family members in order to reduce the tax burden. A report on the overall grain tax

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collection in Jiangjin county complained that “people count the domestic animals, dogs, foetuses, babies and unmarried teenagers as family members”. This problem was so prevalent that one village’s population had reportedly been inflated by more than a quarter through false reporting.\(^{104}\)

Class differentiation was done according to peasants’ property in the village. When the central government launched the plan to levy the 1950 annual agricultural taxation in June, the tax standard was clearly aligned with a class progressive taxation system. This is why after the heavy levying in the first half year of 1950, the annual tax rate in the suburban areas of Chongqing could get 20.94 per cent in the fall.\(^{105}\) Such a structure controlled and gathered grain tax in a broad range. According to Yan Hongyan, in 1950, the East Sichuan Administrative Government collected unhusked rice to the tune of 2.745 billion jin, which was 35 per cent more than the central government’s target number.\(^{106}\)

**4.5 Conclusion**

Although the heavy agricultural tax burden provoked resistance among landlords and bandits, military suppression and mass mobilisation not only stabilised the new regime successfully, but also enabled the CCP to control massive grain resources and obtain reliable information about agricultural production and land holdings in

\(^{104}\) Ibid.


localities. It offered the CCP a database of rural areas for its future move towards the socialist agricultural collectivisation.

The investigation movement succeeded in expanding the CCP’s tax base, in spite of various types of passive resistance and evasion among peasants, and under difficult material circumstances. However, although the amount of tax collected from the effective recovery of “black fields” was immense, it was still simply one battle in the larger and longer struggle to control the field, grain, and budgets of both Sichuan and the nation as a whole.
Chapter: Deposit, Silver Dollars and Tax: Land Reform and the “Investigation Fields and Setting Production Movement”

In July 1950, the East Sichuan Administrative Government organised the “experimental land reform” in pilot counties in rural Chongqing. The broader range of the Land Reform in Chongqing began in the fall of 1951. Continuing my analysis on the relationship between the agricultural taxation and Land Reform in the early 1950s, in this chapter I will focus on two movements, the “Rent Reduction and Refunding Deposit Movement” and the “Investigation Fields and Setting Production Movement” from 1950 to 1953 in rural Chongqing.

I argue that, first, the CCP’s “Rent Reduction and Refunding Deposit Movement” benefited from the JCRR’s “Rent Reduction Project”. Compared with the Land Reform in North China, Southwest Bureau paid more attention to refunding deposit partly because the Nationalist Government had implemented the rent reduction in rural Chongqing in 1949. Meanwhile, compared with the previous research on the Land Reform, I will emphasise the economic purpose of the policy. By using the classified documents circulated in the central party and local archives, I will reinterpret Deng Xiaoping’s comments on refunding deposit policy and local county governments’ cadres’ interaction during the movement. I will point out the benefited classes during refunding deposits was the rich peasants. After landlords’ deposits to tenants and peasants had been refunded, the rich peasants were still the richest class, and the poor tenants were still poor.
Finally, I will explain why did the CCP insist on processing this movement, which was against the party’s baseline of isolating and suppressing rich peasants during the Land Reform.

Second, by examining the “Investigation Fields and Setting Production Movement” happened during the Land Reform, I will further point out that historians used to mix up the policy on class differentiation and the policy on setting production, and they also mixed up the Land Reform, which provoked class struggles politically, and the movement of “Investigation Fields and Setting Production”, which focused on obtaining every peasant’s household information on agricultural production. For the CCP, the movement was the key to replace the traditional baojia system, establishing stable agricultural taxation and a pre-hukou system in rural areas. Meanwhile, I suspect that the increased agricultural production before the First Five-Years Plan was not a result of technology innovation or productivity recovery from the wartime, but because of the “Investigation Fields and Setting Production” overvalued peasants’ cultivated lands and annual production.

Finally, by combining local archives with the central government documents on the debate of calling off the “Investigation Fields and Setting Production” between Mao Zedong and Deng Zihui, the leader of national agricultural and rural work in 1950s, I will demonstrate the Party’s strategic shift of grain policy from controlling grain by levying to monopolising the market in 1953.

Along with “squeezing out the black fields”, the Southwest Bureau had been preparing another campaign, known as “Rent Reduction and Refunded Deposit Movement” after the spring of 1950. According to the government’s narrative, the movement was a major part of the Land Reform in Southwest
China. Deng highlighted that the “Rent Reduction and Refunded Deposit” was as necessary as the “Huaihai Campaign” among the massive state-building movements. Deng said, “The purpose of the campaigns, including cleaning out bandits, anti-bullies, reducing rents, levying grain and refunding deposit, was to change the situation of feudal influence and consolidate the advantage of peasants and the revolution’s result... the campaign would be tough, complex and fierce.”¹ Deng also warned his fellows, “We cannot avoid mentioning the refund deposit issue in the rent reduction movement. This issue will be the hardest punch to the landlord class, and they will scream”.² Although ostensibly it was an arm of the broader national campaign, in fact, the “Rent Reduction and Refunded Deposit Movement” in Sichuan contained a number of unusual aspects.

5.1 The Rent Reduction and Refunding Deposit Movement

On 10 March 1950, the Southwest Bureau published “The Temporary Rules of Rent Reduction in the Great Southwest China Area (Xi’nan qu jianzu zanxing tiaoli 西南区减租暂行条例)”. It regulated that all rent from the areas of cultivated land rented out by landlords, big rich peasants, organisations, schools, ancestral temples, temples, and churches, should be reduced by 25

¹‘Xiaoping tongzhi zai zhonggong zhongyang xi’nanju weiyuanhui disanci hui yi shang de baogao’, (Deng Xiaoping’s Report at the Third Conference of the CCP’s Commission of Southwest Bureau), 22 July 1950, in Deng Xiaoping Xi’nan gongzuo wenji (The Collected Work of Deng Xiaoping in Southwest China), ed. by Zhongyang wenxian yanjiushi and Zhonggong chongqingshi weiyuanhui (Chongqing chubanjiutuan, Chongqing chubanshe, 2006), pp. 6-11.

² Ibid.
per cent, and the rent should not be over 35 per cent of production after the reduction. This was followed by much propaganda extolling the virtues of the new government with regard to this policy. On 1 September 1950, the Southwest Bureau went further, publishing “The Implementation Measures for Refunding Deposits in the Greater Southwest China Area (Xi’nan qu tuiya shishi banfa 西南区退押实施办法)”. This document regulated the abolition of the deposit system, requiring landlords and rich peasants to return their deposit to tenants without the deduction of interest. In the Chongqing area, the movement was launched in November 1950. In the year after taking power, the CCP in Chongqing could therefore point to a tangible policy where the burdens on peasants had been lightened and the control and domination of class enemies had resulted in benefits both for farmers and for the state.

Southwest China’s “Rent Reduction and Refunded Deposit Movement” was different in certain policy implementation aspects. During its many years in North China, the CCP had implemented rent reduction and interest reduction in the Old Liberated Areas (lao jiefang qu 老解放区), including in Shandong in 1950. In East China, the movement focused on the rent reduction aspect. However, in Chongqing and Sichuan, the Party focused on the work of refunding deposits. In the Southwest Bureau’s classified documents, the leaders amply discussed and debated the deposit refund policy, whose complexity is a kind of gift to the historian, as it demonstrated a variety of opinions and approaches to the issue within the Party. From the available local PRC archives, the Chongqing area records appear to tell us the most through their focus on refunding deposits. The fact that the rent reduction
had been implemented by the Nationalist Government before 1949 lends a
certain element to the debate, whose background I now want to explore.

As I have analysed in Chapter Three, when Wolf Ladejinsky visited Sichuan
in September 1949, he noticed that in Sichuan’s complex land tenure
system, the deposit issue was tied to rent. Although he was not sure as to
the extent of their relationship, he predicted that the implementation of the
American-funded Sino-American Joint Commission on Rural
Reconstruction’s rent reduction programme could bring “the possibility of
another benefit” to deal with the deposit issue. As he stated in the Field Trip
in Szechwan: Tenant Conditions and Rent Reduction Program: “The deposit
money issue, which comes into the open under the impact of the rent
reduction program, has placed the deposit practice itself in an unfavourable
light. It should be easier now to revise it out of existence if an attempt in that
direction were made. And that would not be a day too soon.” Ladejinsky
was correct; the programme was continued as the “Rent Reduction and
Refunded Deposit Movement” and it came out within one year. But the
American supplied and Nationalist Government implementation of the
JCRR’s rent reduction programme paradoxically benefited and accelerated
their enemy’s land reform in its progression to the next stage of socialist
development.

3 Louis J. Walinsky, The Selected Papers of Wolf Ladejinsky: Agrarian
Reform as Unfinished Business (Published for the World Bank, Oxford
5.1.1 “Making Bandits” and “Suppressing Bandits”

As I have analysed in Chapter Four, after levying heavy agricultural tax in early 1950, landlords had been bankrupted before the Land Reform. When the CCP was mobilising the Rent Reduce and Deposit Refund Movement in rural areas, the Party faced to a tough circumstance that landlords cannot hand in any more grain for refunding deposits to his tenants. Furthermore, as I have pointed out in Chapter Three, landlords had been experiencing the War of Resistance and currency inflation in the late 1940s. It was not reasonable for landlord to refund the deposit money as its value before the inflation.

On 31 July 1950, Deng discussed the necessity of refunding deposits. Unlike the adjusted policy of the cleaning out of bandits and deleted “anti-bullies” from the slogan of propaganda five months ago, Deng attacked bullies landlords (e’ba dizhu 恶霸地主) in rural areas without any hesitation. Deng used hundreds of words to illustrate and justify refunding deposits. He stated, “No one has a reason to oppose it”. He first argued that landlords should refund deposits to peasants, stating that this was natural and reasonable and it was wrong to describe landlords as friendly/lovely (ke’ai de 可爱的). Then, he narrated that the landlord could refund the deposit to the peasants, and it was wrong to believe that the landlords were poor. “Today, peasants are joining the revolution (fanshen 翻身, literally, turn

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4 ‘Jiangjin nondaihui zongjie’, (The Summary of Jiangjin Presents’ Representatives Conference), 30 November 1950, JDA, 0001-0001-00013; Quanqu gongzuo huibao shiyiyue shiqi hao dao sanshi hao, (All Districts’ Work Reports from 17 November to 30 November 1950), JDA, 0001-0001-00019.
over one’s body) and organised together. The government is a peasants’
government, and peasants have the right to take back their deposit. The
peasants never expected that landlords could pity them because landlords
have never sympathised with them in the past thousand years. It is not right
to approve peasants’ requirements. We only require them to reduce the rent
and refund deposits, and soon we will take back our land, which is called
‘land come back home’.”

Deng’s attitude was callous and firm. “On the one side, we should organise
the peasants well, lead the peasants and avoid violence; on the other side, if
landlords could understand peasants’ difficulties, they will not resist.” “The
cadres can avoid beating people, but we cannot guarantee that the peasants
will not beat the landlords. Chinese peasants are kind, they will not fight with
others until their anger has reached the last point. The rising up of the
peasants will be like the tide, it is impossible to resist it. In this situation,
some landlords could die. If we can solve the problem without people’s
death it would be the best. But sometimes, the situation cannot develop as
our plan exactly. For example, some landlords who care for their property
more than their lives, then finish their lives by themselves, is it because of
the wrong policies? What kind of duty should we pay? In landlords’ reports, if

5 ‘Deng Xiaoping fuzhuxi zai xinan junzheng weiyuanhui diyici quanti
weiyuan huiyi diwuci dahui shang de fayan’, (Vice-chair Deng Xiaoping’s
Presentation at the Southwest Bureau’s First Congress’s fifth Meeting of
the Military and Political Commission), in Xi’nanqu tudi gaige yundong
ziliao huibian (The Collected Work on Land Reform in the Great
Southwest China Area), ed. by Zhonggong zhongyang xi’nanju nongcun
gongzuobu (Rural Work Department of the Central Committee of the
one person died during the movement that could be an excuse for arguing and shouting. We should discriminate according to the reality.”

Surprisingly, Deng Xiaoping even encouraged local cadres and expressed his confidence in suppressing landlords’ revolts. “Someone asked that, what if landlords become bandits because we force them to refund the deposit? We should ensure that the landlords don’t become bandits, but we are not afraid of them, whether they play a guerrilla battle with us or not.” Deng further warned his colleagues, “our soldiers, cadres and people *should expect* the guerrilla battle and we should never relax our vigilance. Once we have found the bandits, we will suppress them quickly. This is the right method to deal with reactionaries, who go against the masses and counterrevolutionaries.”

### 5.1.2 Escalating Violence

Deng Xiaoping’s harsh words to the landlord class were based on the CCP’s comprehensive mass mobilisation in the rural areas during the Rent Reduction and Refunding Deposit Movement. The Peasants Association was organised by local cadres in every village strongly and rapidly. In the movement of Rent Reduction and Refunding Deposit, more than 4.35 million peasants were recruited as the peasants’ representatives and they joined the local Peasants Associations, accounting for one-third of the rural population. Meanwhile, the members of the Militia Organisation (*minbing* 民兵) expanded to 380,000, accounting for 2.4 per cent of the whole population.

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7 Ibid, p. 49.
in the Chongqing area. More than 500,000 peasants were recruited as the CCP’s activists (jiji fenzi 积极分子) in the rural areas of Chongqing, and 500 activists were promoted as local cadres. According to the East Sichuan Administrative Government, 10 million peasants were involved in the “Cleaning out Bandits and Opposing Bullies Movement” and the “Rent Reduction and Refunding Deposit Movement” from 1950 to 1951. The party’s rural institution-building was developed through the campaigns.

The significant differences between the Nationalist and Communist Land Reform were the mass mobilisation during the “Speaking Bitterness (suku 诉苦)”. Jiangjin County’s archive gives us more details about the complex and challenging deposit refund process. During the suku, every peasant representative was trained to organise the programme of “Who feeds whom (shei yanghuo shei 谁养活谁)”. This inspired and taught the peasants “to know how peasants could be poor and landlords could be rich in order to demonstrate to the peasants class recognition”. In one programme, the peasants summarised and listed the sins of Zhu Mingde, who was known as the bullies landlord: 1. Possessed weapons, including a grenade and a telescope; 2. Cooperated with bandits to be a thief; 3. Shot and hurt people with guns; 4. Was against the grain levy and organised a resistant organisation; 5. Destroyed the Peasants’ Commission; 6. Forced the

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peasants to hand in rent; 7. Raped seven women; 8. Cut down 60 trees in the public forest; and, 9. Smoked opium. Apart from having “forced peasants to hand in rent”, none of these sins were directly related to deposit refunding. The programme, according to Julia Struss’s argument regarding the Land Reform in Su’nan, was a play at the theatre of the Land Reform. The Party used theatre and theatrical metaphors to describe this necessary “high tide” in the Land Reform.10

The most terrible case occurred in Shimen Village. The Landlady Du exchanged the refund to her tenant for her body, asking the tenant to withdraw the refund deposit request and instead have a sexual relationship with her.11 In another case, Landlady Wang had to refund 81 dan of rice. After handing out 78 dan, she said she did not have the ability to pay any more. The Peasants’ Commission charged Wang killed one of her maids years ago and imposed a fine of 30 dan of rice. In the local report, the peasant representatives stated that the case proved Deng Xiaoping’s words; landlords could well afford the refunds. However, Wang ended her own life.12

A large-scale violent struggle began throughout the whole county.

Everything that had happened during the Additional Levying on Large

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11 ‘Gequ gongzuo zongjie cong shiyi yue shiqi ri dao sanshi ri’, (The Districts’ Work Report from 17 November to 30 November 1950), JDA, 0001-0001-00019.

Households was repeated and the violence spread to a broader region. In Jiangjin County, one cadre summarised 13 methods of torturing and punishing landlords. For example, in one village, people forced a landlord to clean up the waterweeds during the morning and at night, when the temperature was low. Other landlords were persecuted by having cold water thrown on them; by hanging; by rehearsing their execution by firing squad; by being stripped of their clothes and made to encircle pillars; by ordering other landlords to slap them; and by being made to kneel to their tenants.\(^{13}\)

In the report of Fourth Bao’s peasant representatives, 24 landlords were made to take off their clothes during the public meeting; 18 landlords were punished by being made to kneel down; 13 landlords had cold water poured over them and one was killed, while five landlords were hung. All of the torture methods that had taken place in the villages during the additional levying in the spring of 1950 were repeated and escalated on a broader scale. But this time, the higher-level government did not stop the local cadres’ violent behaviour.

In December 1950, at Jiangjin County Committee meeting, the leaders agreed that “we should be determined on refunding issues and cannot give any exemption unless the landlord can hand in more than 80 per cent of his/her refund amount... For enlightened landlords, we can pull them down. If they should be beaten, then we need to beat them hard. We can divide them by beating them. The People’s Court should approve [the punishment] on

time.”\textsuperscript{14} In one summary report of the Land Reform, stated that the deaths because of forcing refund deposit was 198 people, including 19 middle peasants and poor peasants.\textsuperscript{15}

Like the violent levying that had happened in early 1950, the result of torturing the landlords could lead to the levying facing a dilemma. It was tougher to collect grain from landlords; “landlords were directly defeated, nor was the deposit refunded”.\textsuperscript{16} What did the authority and peasants get from the violent refunding?

\textbf{5.1.3 The Benefited Class: Rich Tenant}

Jiangjin County’s data shows that the class that most benefitted during the deposit refunding movement was rich tenants.

\textbf{Table 5.1 The Statistics of Benefit Classes in Refund Deposit (Uni. \textit{jin} (Unhusked Rice))}

<table>
<thead>
<tr>
<th>Class</th>
<th>House hold</th>
<th>Populati on</th>
<th>Benefit from Refunding</th>
<th>Avg. De posit's Income per Househo ld</th>
<th>Avg. Depo sit’s Income per Person</th>
<th>Adjusted Deposits</th>
<th>Avg. Benefit per Household</th>
<th>Avg. Benefit per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor T.</td>
<td>42003</td>
<td>210102</td>
<td>37464851</td>
<td>892</td>
<td>178</td>
<td>80139</td>
<td>2121624</td>
<td>941</td>
</tr>
</tbody>
</table>

\textsuperscript{14} ‘Records of District Secretaries’ Meeting: Rent Reduction, Refund Deposit and Anti-bullies’, (Fenqu Shuji Huiyi Jilu: Jianzu, Tuiya, Fanba), December 1950, JDA, 0001-0001-0008. The original context: “对开明人士可拉下，打的必须坚决打，狠狠的打，只有打坏的，才能分化他，人民法庭要即时批核.”

\textsuperscript{15} ‘Jiangjin xianwei qunzhong yundong de zongjie baogao’, (The Summary Report of Mass Mobilisation in Jiangjin County), 22 April 1951, JDA, 0001-0001-00023.

\textsuperscript{16} Ibid. The original context: “既斗不服地主，也退不出押金”.

Table 5.1 shows that the tenant class was the group that benefited most significantly; middle tenants benefited the most, poor tenants less, and rich tenants got even less than poor tenants. According to the average number of per household and per person deposits that were refunded, rich peasants benefited most, and poor tenants and middle peasants got the least. According to the table, the county government adjusted and redistributed the refunded deposits to balance the classes’ income. Rich tenants’ 7.17 million deposit income was exported to the hired, poor and middle peasants. After donating or being forced to hand in the refunded deposits to the authority, rich tenants’ benefits shrank by more than 30 per cent. The average benefit of middle tenants was cut slightly, and poor tenants’ income was increased. The result of the adjustment was that the rich peasants remained the class with the biggest benefit.

<table>
<thead>
<tr>
<th>Class</th>
<th>20136</th>
<th>131537</th>
<th>48862266</th>
<th>2427</th>
<th>371</th>
<th>1284749</th>
<th>156834</th>
<th>2371</th>
<th>363</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle T.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rich T.</td>
<td>3376</td>
<td>23682</td>
<td>22999946</td>
<td>6813</td>
<td>971</td>
<td>7176459</td>
<td>115279</td>
<td>4721</td>
<td>673</td>
</tr>
<tr>
<td>Hired P.</td>
<td>4788</td>
<td>17349</td>
<td>1764768</td>
<td>369</td>
<td>102</td>
<td>436873</td>
<td>2123354</td>
<td>721</td>
<td>199</td>
</tr>
<tr>
<td>Poor P.</td>
<td>12818</td>
<td>56553</td>
<td>2571147</td>
<td>201</td>
<td>45</td>
<td>1180</td>
<td>400745</td>
<td>513</td>
<td>116</td>
</tr>
<tr>
<td>Middle P.</td>
<td>2730</td>
<td>15434</td>
<td>2188194</td>
<td>802</td>
<td>142</td>
<td>21360</td>
<td>337571</td>
<td>917</td>
<td>162</td>
</tr>
<tr>
<td>Rich P.</td>
<td>59</td>
<td>181</td>
<td>56591</td>
<td>959</td>
<td>313</td>
<td>24926</td>
<td>26469</td>
<td>985</td>
<td>321</td>
</tr>
<tr>
<td>Handcrafts</td>
<td>366</td>
<td>1525</td>
<td>72250</td>
<td>197</td>
<td>47</td>
<td>197</td>
<td>47</td>
<td>197</td>
<td>47</td>
</tr>
<tr>
<td>Others</td>
<td>1690</td>
<td>6710</td>
<td>1332467</td>
<td>788</td>
<td>199</td>
<td>305179</td>
<td>108055</td>
<td>672</td>
<td>169</td>
</tr>
<tr>
<td>Total</td>
<td>87966</td>
<td>463073</td>
<td>117312480</td>
<td>1334</td>
<td>253</td>
<td>9330865</td>
<td>899664</td>
<td>1330</td>
<td>253</td>
</tr>
</tbody>
</table>
In June 1950, the *Land Reform Law* had been published. It demonstrated that the Land Reform’s principle and baseline was “isolating rich peasants, uniting with middle peasants and relying on poor peasants”. In December 1950, the Jiangjin County Government could confiscate the property of landlords and rich tenants and process it directly through land redistribution. After landlords’ deposits to tenants and peasants had been refunded, the rich peasants were still the richest class, and the poor tenants were still poor. Why did the CCP insist on processing this movement which was against the party’s baseline?

5.1.4 What did the “Deposit Money” Mean to the CCP?

As a new regime taking over mainland China from the Nationalist Government, it was a crucial issue to publish a new currency and win the public’s confidence in the new currency in 1949. Xue Muqiao was an economic expert in the CCP and the designer of the Renminbi currency policy. He worked at Shandong Base during the War of Resistance and was responsible for the economic work in Shandong. With trade limitation and the economic embargo by the Japanese armies, the CCP accepted Xue’s suggestion to publish the new currency Resistance Dollars (*kang bi* 抗币) in order to stop using the reflected Nationalist Government’s currency, the *fabi*. Xue’s experiment with issuing the new currency based on the revenue from grain tax in Shandong was successful and was expanded to other regions after the CCP took over mainland. The official national currency, the Renminbi, was then published in 1949.

Xue Muqiao was very proud of his brilliant design of the Reminbi’s reserves and exchange rates.
“An American journalist came to Shandong Liberated Area and interviewed me. He saw the Resistance Dollar had not gold or silver reserve and no support from the U.S. dollars or British pounds, he asked me what the reserve of the Resistance Dollar was. I answered it was goods. Our liberated government controlled the right of printing the paper currency in order to avoid inflation. When we published 10,000 yuan, we needed to prepare at least 5,000 yuan to purchase and store grain, cotton, cloth and peanuts. If the price went up, we sold out those goods to return currency; if the price went down, we printed currency and purchase goods… People welcomed our currency policy, and they do not need any gold, never say U.S. dollars or British pounds.”

The Renminbi’s value was bound to the authority’s ability to control grain and other resources after the War of Resistance. Xue Muqiao's policy was the origin of the CCP’s domestic economic strategy in 1950, when Chen Yun competed with private merchants in the “rice and cotton war” in Shanghai to control the inflation situation. In 1951, when the American embargo was lifted.

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18 Chapter 14, ‘Wending wujia, tongyi caijing’, (Stabilising price and Unifying Finance), in Chen Yun Zhuang (Chen Yun’s Biography), ed. by Jin Chongji and Chen Qun (Beijing: Zhongyang wenxian chubanshe, 2005), pp. 639- 682.
taking shape, the CCP had prepared for it because its currency policy was borne out of the economic blockade circumstances.

In regard to the Renminbi’s circulation, the biggest threat was that the public had other hard currencies and did not trust the new paper currency. Notably, in 1950, after experiencing the Nationalist Government’s steeply devalued Golden Yuan and the dramatic inflation two years previously, the local people did not trust the paper currency anymore and were broadly using silver dollars in Southwest China.¹⁹ For the Southwest Bureau, cleaning out silvers dollars was the main job to be done in 1950. But how could they recall the silver dollars and win people’s trust in the paper currency? Deng Xiaoping’s answer was through the deposit refunding movement.

In January 1950, the Financial and Economic Committee of Southwest Military and Political Committee published a notice banning silver dollars so that they could issue the Renminbi to the public. To increase the Renminbi’s circulation and consolidate the government’s price market management and financial system, the silver dollar ban was published. The prohibition quickly evoked arguments and resistance in the rural areas. Critics even believed that the heavy agricultural tax and the ban on silver dollars were the reasons why the bandit riots happened in the spring of 1950.

¹⁹ Xi’nan Junzheng Weiyuanhui Caizheng Jingji Weiyuanhui guanyu jinyong yinyuan de zhishi (The Instruction of Forbidding Silver Dollars by the Financial and Economic Committee of Southwest Military and Political Committee), 7 January 1950, in Guizhou danganju (Guizhou Archive) ed., Jiefang Guiyang (Guiyang’s Liberation), Vol. 2 (Zhongguo dang’an chubanshe, 2009), pp. 315-316.
On 30 July 1950, Deng Xiaoping used hundreds of words to argue that refunding deposits in Southwest China was logical and legitimate. Deng opened his debate with the argument: “landlords can afford to refund the money… landlords can take out their gold, silver and silver dollars as the deposit”.\footnote{‘Deng Xiaoping fu zhuxi zai xinan junzheng weiyuanhui diyici quan ti weiyuanhuiyi diwuci dahui shang de fayan’ (Vice-chair Deng Xiaoping’s Presentation at the Southwest Bureau’s First Congress’s Fifth Meeting of the Military and Political Commission), pp. 28-55.} Deng first stated that a large quantity of gold, silver and especially silver dollars was hidden in Southwest China. “About the gold holding amount [in Southwest China], we don’t know exactly. The amount of silver dollars is about one billion according to a survey report [by the Nationalist Government],” Deng said.

Deng explained in the speech, “Thus, we decided to take into account landlords’ difficulties, publishing the order that the grain tax payment by silver dollars was allowed. However, after three months, we had only collected 600,000 silver dollars. In Guizhou Province, we just received three silver dollars. Everyone was paying tax by grain not silver dollars, which proves that silver dollars or grain was only an excuse to deny it. This means that most amounts of silver dollars haven’t been handed out yet.” Deng further asked who owned silver dollars. He answered the question himself, “Merchants don’t have a lot. If peasants have silver dollars, it will be only one or two. It is landlords that are holding all of them.” With a logical argument, Deng pointed out the right way for landlords to survive in the refund deposit movement, “If landlords could take some of the silver dollars out to pay the
deposit, the problem will be solved. Therefore, landlords can afford to refund the deposits.”

Last by not least, Deng used detailed data to supplement his argument that the grain tax rate was not heavy. According to Deng’s data, the total cultivated land in the Southwest Area was 204,836,000 mu. Sichuan landlords owned 70 per cent of the Sichuan cultivated land area, which could produce 80 per cent of the total production. Deng said, “Assuming landlords only occupied half of the total land, which was about one billion mu, and suppose they only collect 50 percent of the production as the rent, their white rice income could be 83 billion and 5000 jin according to the Nationalist government survey of average annual production (223 jin brown rice per mu). If the average tax rate of landlords was 40 per cent of the income, then landlords should hand in 3.3 billion 4000 jin. If the tax rate was 30 percent, landlords should hand in 2.5 billion. However, we have only collected 2.4 billion jin …The tax rate was not heavy.”

Although Deng also emphasised that the government should avoid chaos while refunding deposits, he believed that the reason for riots and rebellions breaking out when charging the grain tax in Southwest China was not because of the CCP’s radical approach but landlords’ resistance. Deng’s sentences explain well how the violent events happened in December 1950 in Jiangjin County, as I have mentioned.

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21 Ibid.

22 Ibid, p. 46-47.
5.1.5 The “Fruits of Victory”

In the local archives, government reports also interpret and explain Deng’s order. One commissioner of Bishan District Committee wrote: “the deposit should be refunded by cash, grain and cloth. The property will be redistributed in the Land Reform later, it should not replace the deposit.”

On 1 March 1951, Jiangjin County Committee published an order to standardise the kinds of deposits in detail, “Deposits should be refunded by gold, silver, grain, Renminbi, cloth, cotton yarn. Do not ask for landlords’ clothes until they have refunded to a certain level. Do not confiscate landlords’ wood furniture casually.”

Following the order to refund in hard currencies, Jiangjin County Government had a great achievement of tracking out deposits in one month. Jiangjin County reported that “our target was accurate; therefore, the refunded deposits were gold, silver, Renminbi and a small part of brown rice. In Jingang Village (金钢乡, located in 12th District), [we] tracked out seven liang of gold, 1300 liang of silver, 500 silver dollars, 100 dan of brown rice, and the Renminbi was more than 10 million yuan. In Youxi Town (油溪镇, located in 3rd District), we got 77 liang of gold. In Shuangfeng Village (双凤乡, located at 10th District), which is located next to Guizhou’s mountain area, we collected 7.7 liang of gold and 71 dan of brown rice. In 12th District, five

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23 ‘Han zhuanyuan zhuanda Xie zhengwei de baogao,’ (Commissioner Mr. Han Transferred Political Commissar Mr. Xie’s Report), 1 March 1951, JAD, 0001-0001-00024.

24 Xianwei duiyu dangqian gongzuo de zhishi (County Committee’s Instruction on the Current Work), 1 March 1951, JAD, 0001-0001-00023.
baos tracked 20 million yuan of Renminbi.”26 In another report, the committee wrote that the result of the Refunding Deposit was 117,246,956 jin, the Anti-bullies was 6,488,794 jin and the Clean Out Bandit achieved 3,578,264 jin… In terms of the quality of deposits, gold, silver, Renminbi, cotton yarn and cloth accounted for 35 per cent, grain accounted for 25 per cent, and others accounted for 39 per cent. At the beginning of the movement, we required too much wood furniture. Landlords took advantage of this flaw (地主钻了空子).”26

In the report “The Regulation of Redistributing the Result of Anti-Bullies, Rent Reduction and Refunding Deposit (Guanyu fanba jianzu tuiya zhong fenpei guoshi de guiding 关于反霸减租退押中分配果实的规定), Jiangjin County Government wrote, “The gold and silver which were tracked during the mass movements should be purchased by the government in instalments carefully. Do not provoke financial or market chaos when we collect that gold and silver.”27 “We should ask peasants to save half of the result in state-owned organisations and banks, avoiding an immediate payment, which could create inflation and price rises.”28 Therefore, the

25 Jiangjin Xianwei sanyuefen gongzuo baogao (March Work Report of Jiangjin County Committee), March 1951, JDA, 0001-0001-00023.

26 Jiangjin Xianwei qunzhou yundong de zongjie baogao (Mass Movement Report of Jiangjin County Committee), JDA, 0001-0001-00023.

27 Guanyu Fanba Jianzu tuiya zhong fenpei guoshi de guiding (The Regulation of Redistributing the Result of Anti-Bullies, Rent Reduction and Refunding Deposit), JDA, 0001-0001-00019.

28 Shi’er qu gexiang huibao zonghe (Summary Report of Villages in the 12th District), JDA, 0001-0001-00019.
exchanged gold, silver and silver dollars were saved in Jiangjin’s County Bank (Table 5.2).

**Table 5.2 Gold and Silver Redemption in Youxi Town People’s Bank in 1950 and January to March 1951**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gold (liang)</th>
<th>Silver Dollar (yuan)</th>
<th>Silver Ingot (bar)</th>
<th>Silver (liang)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>68</td>
<td>297.711</td>
<td>2864</td>
<td>155</td>
<td>65</td>
</tr>
<tr>
<td>1951</td>
<td>297.711</td>
<td>21806</td>
<td>155</td>
<td>65</td>
<td>500</td>
</tr>
<tr>
<td>Convert to Renminbi (10,000 yuan)</td>
<td>6650</td>
<td>28297.4</td>
<td>1732</td>
<td>14385.3</td>
<td>58.5</td>
</tr>
</tbody>
</table>

Data from: 'Xianwei sanyue gongzuo zongjie', (March Work Report by Jiangjin County Committee), JDA, 0001-0001-00023. Original footnote: “In 1950, collected deposits were not much and figures were not accurate, which were only for reference. The exchanged gold and silver in the urban area of Youxi Town took 55 per cent of a total collected number.”

The above analysis shows that the CCP collected hard currency in the rural areas by refunding deposits successfully. Not only were the refunded silver dollars or gold collected by the authorities, but the grain was also saved in banks. In Baisha Town, the refunded deposits amounted to 1,989,769 jin of brown rice, half of which were re-invested in grain production and 13 per cent were saved in the People’s Bank. Table shows the total value of the deposits in Jiangjin County.

**Table 5.3 Different Kinds and Quantity of Refunded Deposits and Value as Unhusked Rice**

<table>
<thead>
<tr>
<th>Kind</th>
<th>Unit</th>
<th>How Many/Much</th>
<th>Convert Rate</th>
<th>Convert into Unhusked Rice</th>
<th>Percentage</th>
</tr>
</thead>
</table>

The original number of “total” was 44.5184 million yuan, which have corrected by the author.

Jiangjin Xianwei qunzhou yundong de zongjie baogao (Mass Movement Report of Jiangjin County Committee), JDA, 0001-0001-00023.
<table>
<thead>
<tr>
<th>Commodities</th>
<th>jin</th>
<th>29547147</th>
<th>29547147</th>
<th>25.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>liang</td>
<td>1874.2</td>
<td>1800</td>
<td>3373560</td>
</tr>
<tr>
<td>Silver Dollars</td>
<td>yuan</td>
<td>145945</td>
<td>20</td>
<td>2918900</td>
</tr>
<tr>
<td>Renminbi</td>
<td>yuan</td>
<td>11180000000</td>
<td>1/500</td>
<td>22360000</td>
</tr>
<tr>
<td>Pigs and Sheep</td>
<td>jin</td>
<td>2102785</td>
<td>2102785</td>
<td>1.8</td>
</tr>
<tr>
<td>Silk and Cotton</td>
<td>jin</td>
<td>985680</td>
<td>985680</td>
<td>0.9</td>
</tr>
<tr>
<td>Iron</td>
<td>jin</td>
<td>653805</td>
<td>653805</td>
<td>0.6</td>
</tr>
<tr>
<td>Subtotal</td>
<td>jin</td>
<td>6159473</td>
<td>6159473</td>
<td>5.4</td>
</tr>
<tr>
<td>Clothes</td>
<td>jin</td>
<td>29144470</td>
<td>29144470</td>
<td>25.4</td>
</tr>
<tr>
<td>Furniture</td>
<td>jin</td>
<td>9721105</td>
<td>9722095</td>
<td>8.5</td>
</tr>
<tr>
<td>Others</td>
<td>jin</td>
<td>7948184</td>
<td>7937598</td>
<td>6.9</td>
</tr>
<tr>
<td>Total</td>
<td>jin</td>
<td>68101350</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Data from: ‘Jiangjinxian tuiya de butong pinzhou shuliang jiqi zhegu’, (Different Kinds and Quantity of Refunded Deposits and its Value as Brown Rice in Jiangjin County), 20 April 1951, JDA, 0001-0001-00029.

After the movement, in Bishan County, each farmer could get 635 jin of unhusked rice; in Jiangbei County, the suburban area of Chongqing city, each farmer could get 330 jin of unhusked rice.  According to Secretary Yan, the “fruit of victory” in Chongqing’s rural areas was worth more than 3 billion jin of unhusked rice. In fact, all of the “victory fruits” were included in the central government’s re-evaluation of the next year’s revenue.

The above analysis revealed that although the benefit classes during “Rent Reducing and Refunding Deposit Movement” was the rich peasants and tenants, the CCP forced them to turn over their storage of gold, silver and silver dollars, through refunding deposit in order to stabilise the newly

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published Renminbi. From the JCRR’s Rent Reduction Project and the Communist “Rent Reduction and Refunding Deposit Movement”, I found that all regimes, not only regarded rural land reform as a movement to reconstruct the rural cultivated land property structure but also a tool to carry out the currency reforms and consolidate rural financial markets in rural areas. The Communist Government and Nationalist Government regarded land reform as a reform or a revolution of rural social structures and as a necessary step of strengthening and building their regimes. Both parties had a clear understanding that the keys to land reform in Southwest China were “rent” and “deposit”. Paradoxically, the American-aided and Nationalist-implicated the JCRR’s “Rent Reduction Project” was beneficial to the next regime, and enabled the CCP during its Land Reform in 1950. By surveying land quantity, clearing property rights and collecting the refunded deposit from the tenants, the Communist Government carried out its agricultural taxation and established a stable financial circumstance in the rural area for its next step of the Land Reform.

5.2 Investigation Fields and Setting Production Movement

5.2.1 Increased Production and Agricultural Tax in 1951

In the summer of 1950, when the CCP was making the plan for the year’s grain levying work in the fall, Southwest Bureau and East Sichuan Administrative Government stated that most rural areas had finished the Rent Reduction and Refunding Deposit Movement, and the peasants had obtained a huge amount of “victory fruit”, which could be used to upgrade
their cultivating tools and to purchase fertiliser, and, as a result, improve their agricultural productivity the following year.

The production numbers for 1951 did increase steeply. Jiangjin County’s production was 613,024,044 jin, an increase of 51 per cent on the annual production in 1950 (405,811,013 jin).\(^3\)\(^2\) However, the increased production was not due to an improvement in productivity but, rather, was because of the task quotas from the higher-level government. In the summer of 1951, “the central government and the Southwest Bureau published the order to improve the agricultural production in this year”. Secretary Yan told local leaders from Chongqing’s rural counties, “our task is to increase by 50 to 100 per cent of the 1950’s agricultural production.”\(^3\)\(^3\) Clearly, Jiangjin County’s 51 per cent increment perfectly finished the task from the East Sichuan Administration Government.

As I have mentioned in the last chapter, historians and economic scholars who have worked on the Sichuan agricultural development used to use the data published in the gazetteers, and illustrated the improvement in agricultural production in rural areas after 1949. According to the CCP’s propaganda, the improvement in agricultural production was because of increasing or liberating peasant’s productivity after the Land Reform. However, I suspect the increased production data was produced by local governments as a result of higher-level government’s assigning task. First,

\(^3\)\(^2\) ‘Jiangjinxian 1950 nian zhi 1952 niandu Nongyeshui Zhengshou Qingkuangbiao’, (Jiangjin County’s Agricultural Tax from 1950 to 1952), 29 August 1953, JDA, 0001-0001-00129.

\(^3\)\(^3\) Ibid, p. 64.
before the levying of the agricultural tax in the fall of 1951, the biggest round of assessing production and property was undertaken. In July 1951, the Ministry of Finance published the “Implementation Summary of Agricultural Tax’s Investigation Fields and Setting Production”, which ordered local governments to organise an investigation of rural areas’ cultivated land, with the aim of assessing the average annual output of each household and fixing the output in three to four years.\(^{34}\) The purpose of assessing production and property was to control the agricultural products through the taxation system. Second, the assessment of production by assigning quotas did happen. In Changshou County, one cadre estimated the local production on paper and his unfair assessment provoked 28 middle peasants to surround the county government and request the government’s explanation.\(^{35}\)

According to Yang Kuisong’s research, in the central government, the leaders had different opinions on agricultural taxation and grain collection in the rural areas in 1950. Mao Zedong had a different attitude from Chen Yun and Zhou Enlai with respect to peasants’ agricultural taxation burden. In the summer of 1950, when the Ministry of Finance proposed a budget that would increase the national agricultural tax to 259 billion jin, in an effort to add more than 80 billion jin to the national production, Mao resolutely criticised the policy and said it was a serious mistake, stressing his belief that the

\(^{34}\) *Zhongguo nongmin fudanshi*, p. 86.

\(^{35}\) '1951 nian qizheng, Chuandongqu’, (The Fall Levying in the East Sichuan Administrative District), 26 October 1951, JDA, 0001-0001-00035.
peasants in the rural areas needed to take a rest in order to get relief from
the Civil War. Otherwise, the CCP would repeat the Soviet Union’s failure of
the Prodrazyvostka policy, the food apportionment of the Bolsheviks in the
First World War, which had levied a heavy grain tax in rural areas, which
resulted in increasing accumulated quotas from higher level governments
pressing down on peasants at the bottom.36 Mao forwarded his comments
on the matter to Zhou Enlai and questioned him directly, "Have you seen
these two reports? There is no limitation to local governments' accumulative
additional tax, and the reports said, ‘the Bureaus of Great Areas’ levying
proposals could report to the Ministry of Finance to have a copy.’ Isn’t there
a danger in the local government’s accumulative quotas? Did you telegraph
the locals and emphasise the regulation of no accumulative quotas? Please
execute [the order]."37

36 Mao Zedong, ‘Zai Zhongcaiwei guanyu xin jiefangqu xiazheng gongliang
jueding shang de piyu’, (Comments on the Central Financial
Committee’s decision on the summer levy in the New Liberated Areas),
28 May 1952, Jianguo yilai Mao Zedong wengao (Mao Zedong’s
Manuscripts Since the Founding of the PRC), Vol. 1, p. 376.

37 ‘Mao Zedong tongzhi guanyu ge Zhongyang’ju fuze tongzhi ying qinzi
zhua caijing gongzuo de zhishi’, (Comrade Mao Zedong’s Instructions
on the Responsible Comrades of the Central Bureaus to Supervise
Financial and Economic Work Personally), 20 May 1950; ‘Zai
Zhongcaiwei guanyu xin jiefangqu xiazheng gongliang jueding shangde
piyu’ (Criticism on the Decision of the Central Finance Committee on
the Summer Levy of the New Liberated Area), 28 May 1950, in
Jianguo yilai Mao Zedong wengao, Vol. 1, pp. 363-376. Mao’s original comments:
“此两件你是否看过? 其中未规定不许各级层层摊派负担, 并且说‘各大区提
意见报中财部备案即可’, 是否又有层层加重的危险? 是否有去一电叫各地
不要层层加重之必要, 请酌办。” Chen Yun, ‘Tiaozheng gongsi guanxi he
zhengdun shuishou’, (Adjusting the State-Private Relations and Rectify
Taxes), 6 June 1950, in Zhongyang wenxian yanjiushi ed., Jianguo yilai
zhongyang wenxian xuanbian (Selected Important Documents since
the Founding of the PRC), Vol. 1, ed. by Zhongyang wenxian yanjiushi
However, following the start of China’s intervention in the Korean War in October, Mao had to agree with Chen Yun. In October 1950, about 250,000 soldiers from the Chinese People’s Volunteer Army marched to the Korean Peninsula. Chen Yun suggested that the central government increase the revenue by increasing the agricultural tax rate by ten per cent. Chen Yun said, compared to workers and capitalists, the “peasants’ population is the largest, after the Land Reform and rent reduction, they have received benefits”.\(^\text{38}\) Mao Zedong had different opinions on agricultural taxation from Chen Yun and Zhou Enlai; he could not deny the economic and financial circumstances that the party was facing in late 1950.

As if to fulfil Mao’s prediction, in the following year, local governments’ additional taxes accumulated on the bottom society and rose the annual taxation in 1951 to the highest point since 1949. In 1951, the central government implemented the household income progressive taxation system, which increased the tax rate and cut the lowest tax level from 150 \(\text{jin}\) to 120 \(\text{jin}\). In 1951, according to the central government’s levying plan, the Newly Liberated Area’s average tax rate was 13 per cent; however, after assigning quotas to the county government, the actual levying rate was more

than 20 per cent in the Chongqing area. The heavy tax rate not only caused controversy among the peasants, but the local cadres also questioned the government’s taxation policy in Fengjie County. The East Sichuan Administrative Government replied and criticised local cadres had misunderstood the central government’s taxation policy, the standard of which was the progressive taxation, not the national average tax rate.

In 1951, the national average agricultural tax rate reached its highest level before the Great Leap Forward. In Changshou County, the average tax rate was 25 per cent. In Jiangjin County, the 1951 average agricultural tax rate reached 25.9 per cent. Unbelievably, after levying 149 million jin grain in the fall of 1951, the government returned 5.12 million jin of rice to the peasants because of the limitations of granary and transportation.

5.2.2 Land Reform, Land License and Personal Income

Agricultural Taxation

According to the experiences of Wan County and Fuling County, the authority progressed the Land Reform in five steps: first, by propagandising

39 ‘1951 nian qiuzheng, Chuandongqu’, (The Fall Levying in the East Sichuan Administrative District), 26 October 1951, JDA, 0001-0001-00035.

40 Ibid.

41 Ibid.

42 ‘Jiangjin xian 1950 nian zhi 1952 niandu Nongyeshui Zhengshou Qingkuangbiao’, (Jiangjin County’s Agricultural Tax from 1950 to 1952), 29 August 1953, JDA, 0001-0001-00129.

43 I will analysis the CCP’s grain storage and transportation in the next chapter.
the *Land Reform Law* and organising peasants’ institutions; second, by differentiating class status and confiscating landlords' property; third, by investigating rent amounts and assessing production; fourth, by distributing cultivated areas fairly; and finally, by burning the former contracts and granting new ones (land licences), celebrating *fanshen* and mobilising peasants to attend to production actively. In 1948, the JCRR rent reduction programme in Chongqing, the changing contracts was an important step to make sure that the landlord would abide by the contract to reduce the rent in the following years in Communist Land Reform, change contract was full of the sense of ceremony. Like Hilton’s description of the Land Reform in North China, the fire, stage, crowd and cheers were all elements that pushed the atmosphere of the peasants’ *fanshen* to the climax.

In this ceremony, violence was an indispensable element. “The tendency of peaceful Land Reform”, which happened in Hechuan County, a county in the South Chongqing area, was severely criticised by the central government in 1951. According to the supervisor from the central government, to avoid violent events during the Land Reform, the *Land Reform Law* stipulated that cadres would face investigations if they tortured landlords. Under the protection of the law, “some landlords wear poor clothes to pretend that he cannot pay for compensation and are not afraid of peasants and the government’s charging of their guiltiness... it raised enemies’ ambitions and destroyed our prestige. Of course, the Land Reform in Hechuan County

could not express people’s voluntary momentum.” After reading the report, Deng Xiaoping and other leaders of the Southwest Bureau determined that what was happening in Hechuang County was “the tendency of the peaceful Land Reform”, which should be avoided by local governments.45

Meanwhile, with Mao Zedong’s support for setting outputs and agricultural tax rates, in the central government’s reviewing of Land Reform (tugai fucha 土改复查) in 1952, the party regulated that the work of issuing peasants’ new land licences after land distribution should combine the results from “Investigation Fields and setting Production”.46 During the Land Reform in 1952, the Southwest Bureau listed Ba County as a pilot area for implementing the policy on “Investigation Fields and Setting Production”. In Ba County, the government organised more than 3,000 full-time cadres and 5,000 survey teams, mobilising of 30,000 peasants from 1 June to 25 August 1952. As a result of this intensive and wide-scale work, in Ba County the inclusion of newly found “squeezed-out fields” increased the total cultivated areas by 23.81 per cent, and raised the original estimated country

45 ‘Zhonggong Hechuan Xianwei guayu tudi gaige gongzuo de jiancha baogao’, (The Investigation Report of Implementation Land Reform by the Hechuan County Committee), 4 August 1951; ‘Zhonggong Zhongyang Xi’nanjufu Hechuan tudi gaige gongzuo de zhishi’, (Instruction of the Land Reform in Hechuan County by the CCP’s Southwest Bureau), 17 July 1951, in Zhonggong zhongyang Xi’nanjufu nongcun gongzuobu, Vol. 1, pp. 156-165.

46 ‘Xi’nan junzheng weiyuanhui banfa tudizheng de zhishi’, (Instruction of Issuing Land License from the Southwest Military and Administrative Commission), 19 February 1952, in Xi’nanqu tudi gaige yundong ziliao huijian (The Collected Work on Land Reform in the Great Southwest China Area), ed. by Zhonggong zhongyang Xi’nanjufu nongcun gongzuobu (Rural Work Department of the Central Committee of the CCP of Southwest Bureau), Vol. 2, (classified documents, 1954), pp. 219-220.
production by nearly seven per cent compared to the result of the Land Reform.\textsuperscript{47} The result of the Investigation Fields and Setting Production Movement was overvalued peasants’ productivities and the overcharging of taxes in 1952.

Following the Investigation Fields and Setting Production Movement after the Land Reform, as the party planned, a stable agricultural taxation system was established, and the national average tax rate was settled. Mao Zedong believed that the heavy tax burden was a symbol of feudalism and exploitation, and that the purpose of setting an average production and tax rate was to relieve the tax burden on peasants. The grain supply needed for economic development could be purchased on the market.\textsuperscript{48} This is the background to understanding Mao Zedong’s attitude to agricultural tax. In line with Mao’s expectation, in the Sichuan and Chongqing area, the tax rate was around 17 per cent from 1952 until the end of the First Five-Year Plan period. But before Mao entrenched his dictatorship in the Party, from 1949 to 1952, CCP leaders had several debates about the understanding and design of the socialist society. In 1953, under the pressure from the members of the standing committee, Mao Zedong admitted that the Investigation Fields and

\begin{flushright}

\end{flushright}
Setting Production Policy was one of his big mistakes at the Politburo meeting.

**5.2.3 Abolishment of the Investigation Fields and Setting Production Policy**

For the CCP’s state building in the early 1950s, regional differences should be noticed.\(^{49}\) Although the national regime was established on 1 October 1949, for the provinces in the old liberated areas like East Manchuria and Shanxi, the CCP had a long period of administration dating from the Second Sino-Japanese War; for the Newly Liberated Area like Sichuan and Yunnan, the CCP still was fighting remaining Nationalist troops in early 1950. The central government had divided the whole China into the Old Liberated Area and the Newly Liberated Area during the Land Reform in 1951, which showed the central government’s consideration of the regional differences.\(^{50}\) However, the continual national campaigns veiled the existence of different levels of socialist development between the new and old liberated areas after the Land Reform.

The leaders in the central government, especially Mao Zedong and Liu Shaoqi, also had different understanding about the general line for the transition period and the transformation speed to the socialism. In the first round of debate in summer of 1951, Liu Shaoqi “was persuaded” by Mao

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Zedong, agreeing with accelerating the Socialist Transformation and started to develop the Agricultural Mutual Aid and Cooperation (nongye shengchan huzhu hezuo 农业生产互助合作) at the end of 1951. The policy aimed to eliminate private property and unite peasant families, joining the mutual aid teams and simulating individuals’ productivity. With the active propaganda, the work of cooperation went into the state of “rash advance (maojin 冒进)” in the end of 1952. To increase the cooperation number, local cadres forced and threatened peasants to join into cooperatives in old liberated areas. As James Scott and Gao Wangling’s research showed, peasants used the “weapons of the weak” and “counter actions”, like selling draught animals, cutting down trees and killing hogs, and other passive behaviours to resist the authorities’ policy in the Newly Liberated Areas in 1952. Therefore, in the February, the Party officially published the policy of “The Decision of the Agricultural Mutual Aid and Cooperation”, emphasising that local governments should avoid the “rash advance” and lift-leaning adventurism.

51 Bo Yibo, Ruogan zhongda juece yu shijian de huigu (A Revie of Certain Major Policies and Events), Vol. 1 (Beijing: Zhonggong zhongyang dangxiao chubanshe, 1991), pp. 184-211. I will further illustrate this debate in Chapter Six.


53 ‘Zhonggong zhongyang guanyu jiang 1951 nian shi’er yue suofa “Guanyu nongye shengchan huzhu hezuo de jueyi (cao’an) zuowei zhengshi jueyi de tongzhi”’, (The Notice of Passing the ‘The Decision of the Agricultural Mutual Aid and Cooperation (Draft Case), December 1951’ as the Official Resolution), 15 February 1953, Jianguo yilai zhongyao wenxian xuanbian, Vol. 4, ed. by Zhongyang wenxian yanjiushi, pp. 55.
Overestimating and setting productions happened during the “Investigation Fields and Setting Production” were criticised by the central government as well.

In the summer of 1953, another debate was provoked at the National Financial and Economic Work Conference and extended the conference date as long as two months. Reliable research shows that with Mao Zedong’s back-up, Gao Gang attacked Bo Yibo, who was at Liu Shaoqi’s right hand and responsible for the financial work, on his New Tax Policy in the early 1953. Gao Gang said that Bo Yibo was “taking the capitalist road”, which was a strong accusation to make about a member of the Communist Party. Although the Politburo did not agree with Gao Gang’s charge, Bo Yibo, Zhou Enlai and Liu Shaoqi gave their self-criticism about the mistakes that had happened in the past three years at the conference.

As a compromise and under pressure, Mao Zedong gave his self-criticism at the conference as well, admitting his mistake in the Investigation Fields and Setting Production policy, by stating that, "to support the policy of Investigation of Fields and Setting Production" was one of his mistakes in the past three years. Mao said, “After visiting Wuhan and Nanjing [in February 1953], I heard local feedbacks…Deng Zihui noticed I was not obstinate about it, he frankly told me that the ‘Investigation of Fields and Setting Production repudiated the achievement of Land Reform, it doesn’t

work at all.’ I answered, ‘you decide it’.”

Deng Zihui was the Secretary of Southcentral Bureau and promoted to charge the Central Rural Work Department in 1953.

In the Summer of 1953, Zou Enlai’s summary speech at the National Finance and Economic Work Conference clarified Deng Zihui’s comments. Zhou said,

“The Investigation Fields and Setting Production Policy totally repudiated the areas number of peasant’s accepted cultivated land from the Land Reform and the base data of cultivated lands was included in the taxation system in years. Reinvestigating and overestimated the production, overcounted the ‘black fields’ and the process of tax deduction and exemption is too complicated as a result of unreasonable levying. With the overvalued national production, peasants tax burden was unbalance.”

In April, Deng Zihui gave a speech about the rural work in the central government, indicating the end of the Investigation of Fields and Setting


\[57\] Zhou Enlai, ‘Zai 1953 nian xiaji quanguo caizheng jingji gongzuo huiyi shang suo zuode jielen’, (The Summary Speech at the National Finance and Economic Work Conference in the Summer of 1953), in Zhonggong dangshi jiaoxue cankao ziliao (Materials of Teaching the CCP History), Vol. 20, ed. by Zhongguo renmin jiefangjun zhengzhi xueyuan dangshi yanjiushi (Department of the CCP History, School of Politics, Chinese People’s Liberation Army) ([no publisher], 1986), p. 132.
Production Policy. Later, in the “Government Administration Council’s Instruction of the Annual Agricultural Taxation in 1953”, the central government officially announced that it would stop the Investigation Fields and Setting Production Movement; in the regions that had finished the investigations and assessments, the peasants could ask the local governments to adjust the data if they were not satisfied with the results.

As I have mentioned in Chapter Four, previous study on the Land Reform used to mix the land redistribution policy with the investigation of the fields and production. The debate between Mao Zedong and Deng Zihui showed that the Land Reform and the following “Investigation of Fields and Setting Production Movement” were two separated policies. The Land Reform aimed to distribute property and established the egalitarian self-cultivated land from landlords and rich peasants to the poor; however, the purpose of the field investigation was to control rural production and levying grain from peasants, including the poor class.

According to the central government’s published documents, the national average agricultural tax rate was around 20 per cent annually. But in


Chongqing, in practical terms, the agricultural tax reached as high as 25.9 per cent in 1951. The increased agricultural tax had been a sensitive issue for the ancien regime and was giving potential dissidents strong grounds for arguing that the Communist Party was not fulfilling its political promises. Faced with these problems and anxious about scaring the already skittish landlord class, the new regime paid more attention to purchase grain from the market gradually, especially after charging excessive agriculture tax in 1951. Jiangjin County purchased 7.54 million kilograms of rice from the market in 1952, exceeding the original purchasing plan by 36.6 per cent.\(^60\) Although the “Investigation of Fields and Setting Production Movement” was called off by the central government in the summer of 1953, at the National Finance and Economic Work Conference, the CCP announced a new guideline of grain resource control strategy in the following years, the policy of “less levy and more purchase (shaozheng duogou 少征多购)”\(^61\).

The central government promised the public that in the following three years the tax rate would be at the same ratio as in 1952. To control grain resources from rural areas, the Party changed its strategy to increase the portion of the purchased at grain markets gradually and fixed the ratio of


agricultural tax. The policy met Mao’s attitude on cutting peasants’ tax burden and was quickly passed by the Politburo. Meanwhile, Chen Yun proposed to implement the state monopoly the grain market to solve the grain shortage issue. Finally, the Unified Purchase and Sale of Grain Policy was published in November 1953, representing the CCP’s grain policy entering into a new era.

5.3 Conclusion

The nature of the Land Reform meant that 1951 was a particularly important year in Southwest China. The Southwest Bureau local officials had organised the “Rent Reduction and Refunding Deposit Movement” and “Investigation Fields and Setting Production Movement” before collecting the 1951 agricultural taxation. Through these two methods, the government increased its own hard currency revenue, like gold and silver dollars, which were used by landlords to pay their tax debt. After raising tax rates and distributing land to peasants, the CCP expanded the number of taxpayers. By several rounds of rural investigation, especially the “Investigation of Fields and Setting Production Movement”, the central government further established the agricultural taxation system and finished land measuring and production assessing based on the peasant's family unite in nationwide. However, as the main fiscal revenue of the communist government, the agricultural tax charged to peasants was limited. The debate between Mao Zedong and Deng Zihui abolished the overestimated field investigation policy, but shaping the CCP’s grain strategy went toward the state monopolised market policy.
6 Chapter: Cooperation, Competition and Campaigns: State Monopolised Grain Market, Price and Private Merchants

In the last chapter, I have analysed the CCP’s grain resource control method by levying grain tax and establishing the agricultural taxation system. Unlike the Nationalist Government, the CCP implemented levying in kind since the beginning of the regime. The massive grain revenue and database of rural cultivated areas and production provided the backup for the CCP to deal with the grain resource shortage or price fluctuation.

In 1953, grain merchants in cities around the country posed a challenge to the Chinese Communist Party. On 2 October, at the enlarged meeting of the Political Bureau of the Central Committee, Chen Yun reported the national grain supply was experiencing potentially extreme shortages and the grain market was in chaos in some cities. In analysing reasons behind the grain shortage and the disordered market, Chen Yun pointed out the poor harvest in Northeast China, state-owned enterprises over-sell grain and the panic purchasing by a large number of grain peddlers (liangshi fanzi 粮食贩子).

Showing frustration with thousands of peddlers joining the market when grain prices fluctuated, Chen said: “peddlers are so hateful and hard to deal with because they are mobile and need only a shoulder pole.” Chen later developed a reputation for enhancing market elements in the planned economy, but his strong language in 1953 betrayed significant frustration
with the capitalistic instincts of the grain sellers.¹ One week later, at the Emergency National Conference on Grain Work, Chen’s preoccupation with the mobile peddlers went further.² Here, Chen pictured himself as a “Bangbang Man” or rice peddler, who carried two baskets or “bombs” on either side of a pole.³ The “yellow bomb”, he explained, was price fluctuation; the “black bomb” was resistance from peasants. “If we cannot get grain, the price will fluctuate the whole market; if we adopt a policy of acquisition, peasants will resist.”⁴ He warned to very clear about the antagonism that hostile merchants embodied for the CCP. As the party pivoted to what it would call a transition to socialism, grain was a major concern amid needs to consolidate control over merchants and indeed over agricultural and industrial production more broadly.⁵ At the local level, the desire to unleash transformational mass movements was challenged by the countervailing and

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² According to Bo Yibo, the government removed the word ‘Emergency’ from the conference title when it was made public. See Bo Yibo, Ruogan zhongda juece yu shijian de huiyi (A Revie of Certain Major Policies and Events), Vol. 1, (Beijing: Zhonggong dangshi chubanshe, 2008), p. 187.


⁴ Chen Yun, Chen Yun wenxuan, Vol. 2, pp. 203-217.

relentless demands of the takeover and transformation process, and the
basic establishment of normal county administration.

In 1953, Chen’s answer to the potent combination of grain and market
activity in Sichuan and the counties around Chongqing was government
stabilisation of the market, which would lighten the “bomb” of peasant
pressure. In November 1953, the Unified Purchase and Sale of Grain Policy
(liangshi tonggou tongxiao zhengce 粮食统购统销政策) was published. It
would force peasants in rural areas to sell all surplus grain to the state and
aimed to distribute grain to the urban areas. The policy deeply influenced
every Chinese citizen’s daily life in the following 20 years.

In Mao Zedong’s design of socialist transforming in rural China, the Unified
Purchase and Sale of Grain Policy, with the Agricultural Mutual Aid and
 Cooperation (nongye shengchan huzhu hezuo 农业生产互助合作), were the
basic policies of establishing the collectivisation of agricultural production
during the First Five-Year Plan.6 However, referring to literature published by
central and local governments, scholars have mainly studied the 1950’s
grain market policy by focusing on the forming of agricultural cooperatives
and the collectivisation during the First Five-Year Plan. Vivienne Shue was
among the first scholars writing in English to trace outline of rural trade and
the extent of the central government’s market control before 1953. She
interprets the struggle as existing as a binary between the government and

6 Mao Zedong, ‘Liangshi tonggou tongxiao wenti’, (The Issue of Unified
Purchase and Sale of Grain), 2 October 1953. In Mao Zedong wenji
(Selected Work of Mao Zedong), ed. by Zhonggong zhongyang wenxian
yanjiushi Vol. 6, (Beijing: Renmin chubanshe, 1999), pp. 295-297.
the peasants since the Land Reform. Organizationally, Shue focused on Supply and Marketing Cooperatives (SMC, *gongxiao hezuoshe* 供销合作社) and Agricultural Products Cooperatives (*nongye shengchan huzhuzu* 农业生产互助组) to explain government control over rural trade and to look for the roots of the agricultural collectives of which Mao would become so fond. Writing in a period when China’s reform and opening up process was just getting underway, Shue lacked access to local archives, but made good use of newspapers and published materials. Hou Xiaojia developed Shue’s work, basing on local archives and newly published central government documents explored local cadres’ implementation of the agricultural cooperativisation in Shanxi before the “High Tide”.7

In researching the Unified Purchase and Sale Policy, scholars focused on its implementation in order to understand the origins of the Great Leap Forward and Great Famine. In 1980s, Thomas Bernstein firstly interpreted the relationship of the grain procurement policy and the famine. Limited by the materials and archives, he argued the Unified Purchase and Sale Policy in the years before the Great Leap Forward as moderate, enabling increased peasant consumption.8 Recently, Chinese scholars have drawn from county archives to study the implementation of the grain market policy at the bottom level during the First Five-Year Plan.9 But as the limited of archive records,

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9 Tian Xiquan, *Yanjin yu yunxing: liangshi tonggou tongxiao zhidu yanjiu, 1953-1985* (Evolution and processing: the research on the Unified
scholars still focus on the implement of the Unified Purchase and Sale of Grain Policy without explaining its origins or delving into the Newly Liberated Areas like Southwest China.

In this chapter, I will investigate the contested transformation of the grain market and the CCP’s grain policy in local Sichuan before the First Five-Year Plan. By examining the CCP’s grain market policies towards grain merchants in the rural society from 1949 to 1953, in order to interpret the changing of state-private relations in rural area and the forming of state monopoly on grain market. This chapter will focus on establishing the state-owned enterprises and organisations on grain trade and the shaping of the CCP’s grain price policies before implementing the Unified Purchase and Sale Policy in late 1953.

I argue that, first, in the early 1950s, under the American trade embargo, the CCP’s industry strategy and deeply relied on the Soviet Unite aid, which was the model of the wartime the policy utilised adaptive and gradualist

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strategies to compete with the merchants, achieve influence, and finally control the market with state-owned enterprises and state-owned retail stores.

Second, according to the central government’s document and local grain bureau’s reports, the CCP had a good understanding of price management and gradually formed a clear strategy of controlling grain price step by step. There are three elements which could affect grain price differentials: region, wholesale and retail, and season. From 1949 to implement the Unified Purchase and Sale Policy, the CCP was working on eliminating those three price differentials strategically. First, the authorities used regional differences prices to cooperate with private merchants in order to manage the grain trade. Then, the government set up official wholesale and retail prices. Backing up by massive grain resource from levying, the state-owned enterprises competed with private merchants and took market shares gradually. After private middleman relying on trade with the state-owned enterprises, the state-owned enterprises eliminated the differentials between regions and wholesale-retail in order to reduce private merchants’ benefits. Finally, by implementing the Unified Purchase and Sale on Grain Policy in the late 1953, the Communist Government eliminated grain’s seasonal differences prices by monopolising the grain market totally.

Third, to unify the work on grain affairs, the CCP launched the purge campaigns on grain institutions during the Three-anti Campaign and following with establishing the Ministry of Grain as same as the Nationalist Government did during the wartime. In Chongqing, the Three-anti Campaign targeted the officers at grain bureaus and agricultural tax institutions.
Merging grain bureaus with the state-owned grain trade enterprises, the CCP established the unified grain management institution, Ministry of Grain, preparing for leading the Unified Purchase and Sale Policy in the following years.

6.1 American Embargo and Chinese International Trade in the early 1950s

As I have analysed in the Chapter Two, the United States was Chinese largest trade partner since the 1930s. During and after the Second World War, American government and companies were the most important supporter to help China fight against Japan and recover from the war in 1940s. But the West intensified its economic embargo against the Soviet bloc, and the CCP’s “lean-to-one-side” policy with Soviet Union shifted the Chinese international trade relation dramatically.

The Sino-Soviet trade in the early 1950s had similar mode with the Sino-American trade in the 1940s. As earlier as August 1946, the CCP’s Northeast Bureau had approached the Soviet authorities at Dalian to sell grain (wheat, corn, soybeans) for cloth, medicines, and other necessities the CCP badly needed to stabilise the local consumer market. The communist government established the Northeast Trade Enterprise (Dongbei maoyi zong gongsi 东北贸易总公司), which was reformed as the State-owned Trade Enterprise later in 1949, to deal with the Sino-Soviet trade specifically. But the deal only scattered small-scale trade between the CCP controlled Manchuria and Russia. After long and difficult negotiations in the spring of 1949, the Chinese were able to strike a more comprehensive trade deal with
the Soviets. The Chinese governments agreed that to import industrial production and weapons from Soviet Union by exporting soybean, rice and other agricultural productions from Northeast China. It included five million ton of soybean, 1.2 million ton of corn, 30,000 tun of unhusked rice and 10,000 ton of milled rice, etc.¹⁰

From 16 December 1949 to 17 February 1950, Mao Zedong had visited to Moscow, where was in great need of rare metals like tin, zinc, tungsten, antimony, and molybdenum. As a rare condition of their aid to China, the Soviets requested that China ship all its rare metals to the Soviet Union.¹¹ To get 0.3 billion dollars loan from Soviet Unit with the interests as low as one per cent, the CCP’s immediate undertaking was to open trade with the Soviet Union.¹²

Similar with the American aid on Chinese Wartime Industry in 1944, the Soviet aid program provided 156 major industrial projects concentrated in mining, power generation and heavy industry for the Communist Government’s state-building on instruction. The aid also included technology transfer and the training programs for Chinese scientists and engineers in


Moscow. Those aid programs provided the base of industrialisation development and socialist transformation in the First Five-Year Plan period.

The Korean War broke out in June 1950. Mao Zedong agreed to dispatch troops in October that year. Following the lead of the United States’ total trade embargo, the United Nations sanctioned a complex embargo with China in May 1951 as well. The sanctions on China and Soviet Union accelerated the shaping of the Sino-Soviet bilateral trade relation and economic cooperation in 1952. Although the limit trade remained with Europe and Japan, the Chinese Government was facing the similar trade embargo that had happened during the Second World War.

The Communist Government’s rejection to the international sanctions was similar with the Nationalist Government during the Second World War: seeking allies’ aid and loan by exchanging natural resource and economic crop productions, establishing the state-owned trade enterprises, controlling the demoniac market in order to keep a stable supplying- primary processing- exporting chain and pay the loan on time.

6.2 State-owned Grain Trade Enterprise and Grain Price Policy

In the traditional grain trade in Chongqing, there were three main gangs or groups of merchants involved: the purchasers from the Chongqing urban market, the grain sellers hailing from grain-producing counties, and the itinerant merchants, a vital category which include wholesale merchants and grain peddlers. In Chongqing, the main type of grain traded in the market by all these groups was processed rice, as distinct from the unhusked rice that
prevailed in the markets of East China. Well prior to the CCP arrival in Sichuan, the selling merchants had invested jointly in mills and organised as groups.  

One example of this was Baisha Town in Jiangjin County, a grain trade centre that connected the county’s market in the upper Yangtze River with the downstream Chongqing urban market. In the harvest months, the purchasing merchants from Chongqing City would come to Baisha grain market to funnel local milled grain into their bags and then return to Chongqing to sell it.

In similar grain-producing rural counties around Chongqing, markets existed to collect the grain from peasants and itinerant merchants as well. After collecting and processing the grain, the merchants finally transported it to Chongqing and sold it to local purchasers. Urban merchants with excess capital could purchase the grain in advance before the harvest month of August, for which they could receive 30 per cent discounts. The merchants could order grain from peasants directly, and some loaned the money to farmers to help them buy seeds and manure. After harvest, the farmers paid for the principal on the loan and interest was paid in grain. This highly-networked local economic order had held since Chongqing’s opening as an international trade port in the 1890, and it was the commercial environment into which communist state-owned enterprises would enter, and ultimately seek to undermine after 1949.

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The CCP strategy revolved around central government established State-owned Grain Trade Enterprises (liangshi maoyi gongsi 粮食贸易公司) in major cities around China. These state-owned enterprises traded grain in markets with merchants and peasants as a means of gradually controlling more grain resources and manipulating grain prices. By levying agricultural taxes in kind, and by taking over the grain processing mills formerly belonging to the Nationalist Government, the new communist government could simultaneously obtain a large amount of grain and acquire the concomitant ability to affect grain prices in the market. If the grain price was higher than usual, the state-owned grain enterprises would decrease the price of sale to meet the demand of customers; if the price was lower, then the enterprises would start purchasing grain. The authority was thus both a passive and a proactive agent in the local grain markets.

6.2.1 Granary Management

As the governments works on distinguishing the civilian granary operations from revenue-making efforts and military provisioning in the Qing dynasty, the CCP government also works on the granary management in order to balance the grain price and support the army. During the War of Resistance, the Nationalist Government’s granary management focused on levying tax in kind and supplying the army, and abandoned its function of purchasing and marketing grain in order to balance the price. As I have

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14 The State-owned Grain Trade Enterprises were usually abbreviated to ‘Grain Enterprises’ in archives and published documents.

mentioned in the Chapter 3, the Nationalist Government was trying to establish the granary system on purchasing and marketing along the Yangtze River after the war, but the project was stopped due to the Civil War. After 1949, the CCP’s grain policy not only collected more grain resource by levying tax, but controlled the price by marketing and purchasing on markets.

In Jiangjin County, the government distinguished the agricultural tax, which were managed by the Grain Bureau, and purchased grain, which were managed by the State-owned Grain Trade Enterprise, into different accounts but stored them in the same granary system due to the shortage of granary.\(^\text{16}\) Although the Nationalist Government had implemented the Levying Land Tax in Kind Policy during the War of Resistance, the increased tax from peasants and the squeezed wealth from landlords exploded the old granaries at the beginning of the PRC. In 1950, Jiangjin County’s volume of the new-built granaries was 130 million kilograms and the volume of the rebuilt granaries was more than 2000 million kilograms, added with the take-over granaries from the Nationalist Government, the total volume of the granaries was 3,548 million. However, the collected agriculture tax in this year was more than 3957 million.\(^\text{17}\) Due to the shortage of wood to build granaries, the county government organised a movement of recycling the

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\(^\text{17}\) JDA, 0023-0001-00028, 0009-0001-00151.
wooden plaques in the family temples to rebuild the granaries in 1950.\textsuperscript{18} Although the volume of storage was increased temporarily, the collected grain went mouldy quickly under the terrible protection. In 1951, Jiangjin County Government established the Committee of Building Granary, supervising the construction projects of granary. Within one year, the volume of new-built granary was doubled, however, the agriculture tax rate was increased from 15 per cent to 25.9 per cent in the same year. It means more than 2,326 million kilograms of rice cannot be stored in granaries.

Jiangjin County sought to rent private houses and rooms in order to store rice. However, after the Land Reform, peasants request to distribute landlords’ property and take over those storage rooms. To solve the problem, the Southwest Bureau ordered Jiangjin County Government to renew rent contracts with peasants and pay the rent on time.\textsuperscript{19} Only in Jiangjin County, the government rent more than 1,960 rooms to store 2,326 million kilograms of rice in 1951. Each room should keep more than 12,600 kilograms of rice. In one report of the County Grain Bureau, it said that all of the grain in granaries and storing rooms were eaten by mouse and mixed with mouse droppings, and there were 8 holes in one soy bean.\textsuperscript{20} The terrible grain storing was not only happened in Chongqing, a large amount of mouldy grain was noticed by the central government in Guizhou and Guangxi province as well.

\textsuperscript{18} 1950, JDA, 0023-0001-00002.
\textsuperscript{19} 12 June 1952, JDA, 0023-0001-00022.
6.2.2 Management the Regional Price Differences

Cross-border business was also a vital element in both CCP strategy and private merchants’ activities. The transport system was therefore central to state-owned grain trading in Jiangjin County in 1950 and 1951. Addressing labour deficiencies in transport was a key focus of the grain departments when grain procurement work started each year.\(^\text{21}\) I have discussed Xue Muqiao’s design of *Renminbi* in Chapter Five. The CCP abolished the traditional silver and gold currency in 1950, grain and cotton price became the key elements affecting the value of the new currency. Drawing from the experience in Shanghai, licensing of private cross-province trade became useful for the CCP during the competition with the private merchants.

Meanwhile, the authority did not take over the private business on grain in rural area. The state-owned enterprises activated to sign contract with private grain merchants and middleman, in order to process, store and transport large quantity of levying grain in rural areas. Notably, the policy of signing cooperation contracts between the state-owned enterprises with private merchants on processing orders (*sishang jiagong dinghuo* 私商加工订货) was encouraged by the central government.\(^\text{22}\) To encourage the cooperation with private merchants, the state-owned enterprises set up the official regional differential prices (*diqu chajia* 地区差价) as well as the

\(^{21}\) Jiangjinxian liangshi gongsi (Jiangjin County’s State-owned Grain Enterprise), ‘Chuandong xingshu guanyu muqian wujia biangeng de zhishi’, (Instruction for adjusting current price from East Sichuan Administration office), 5 September 1950, JDA, 0082-0001-00431.

\(^{22}\) Ibid.
differential price for the wholesale and retail trade (piling chajia 批零差价).

The importance of the regional differential price can be clearly seen in the following example, Bishan District State-owned Grain Trade Enterprise’s instructions of designated wholesale prices in all markets in the Jiangjin area on 5 September 1950.\(^{23}\)

If, as we look at Table 6.1, we imagine the Chongqing urban market as the hub of a wheel, it can be easily seen that the wholesale price of the counties’ markets decreased in proportion to the market’s distance from Chongqing.

**Table 6.1 Grain Enterprise’s Wholesale price in all markets of Bishan District**

<table>
<thead>
<tr>
<th>Regions</th>
<th>Chongqing</th>
<th>Bishan</th>
<th>Jiangjin</th>
<th>Baisha</th>
<th>Tongliang</th>
<th>Yongchuan</th>
<th>Hechuan</th>
<th>Rongchan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price (yuan/per jin)</td>
<td>765</td>
<td>640</td>
<td>615</td>
<td>604</td>
<td>540</td>
<td>540</td>
<td>645</td>
<td>480</td>
</tr>
<tr>
<td>Compared with Chongqing (%)</td>
<td>100</td>
<td>83</td>
<td>82</td>
<td>78.9</td>
<td>70</td>
<td>70</td>
<td>84</td>
<td>63</td>
</tr>
<tr>
<td>Distance from Chongqing Urban (km)</td>
<td>0</td>
<td>50</td>
<td>70</td>
<td>110</td>
<td>78</td>
<td>78</td>
<td>80</td>
<td>112</td>
</tr>
</tbody>
</table>


A document by Baisha District Grain Trade Enterprise explain further:

“We set up the [grain] price in consideration of the business of private merchants, so that grain can flow from the grain production areas to the concentrated consumer market. The grains produced in Hechuan, Baisha of Jiangjin, and Bishan

\(^{23}\) Bishan District merged with Jiangjin District in 1952.
are mainly supplied to Chongqing; the grain produced in Tongliang and Dazu are mainly supplied to Hechuan; and the grain produced in Rongchang are supplied to Yongchuan, Chongqing, and Bishan. [24]

This shows that the state grain enterprise had a clear design and expected to control the grain flowing direction through the regional price differences. (Map 6.1) The regional price differentials were designed to make private merchants a tool for the government to regulate the market.

Map 6.1 The Sketch Map of Grain Flowing Direction in Jiangjin District

In his famous research on rural marketing in Communist China, William Skinner argued that even after the socialist transformation on private merchants in 1956, the CCP maintained an administrative post or branch

institution, for instance, the state–owned trade companies, in each of the three central-market in rural market construction in Sichuan. Itinerants continued to circuit the standard markets and peasant producers were still able to sell district to consumers. The state-owned trade companies archives, Table 6.1 and Map 6.1 further proved that the CCP used the traditional rural market construction to organise rural trade with private merchants as a result of controlling grain trade flow since 1950.

Before the state-owned rural area retail markets were expanded in 1952, state-owned grain trade enterprises’ major customers were private merchants. Merchants purchased in wholesale from state-owned grain trade enterprises in production regions and transported the grains to cities to sell by retail. They set their retail prices based on the wholesale prices of state-owned grain trade enterprises and would actively transport and sell the grain if they could make profits from the state-owned enterprises’ price differentials (including both the regional and wholesale-retail).

The CCP’s relationship with these merchants was not always antagonistic – indeed, it was sometimes harmonious. In August 1951, the State-owned Grain Trade Enterprise of East Sichuan published a provisional regulation encouraging private merchants to help the state-owned enterprises to purchase and sell grain. Grain enterprises at the local level were directed to “actively establish wholesale business relations with cooperatives, private

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26 Ibid., p. 364.
merchants and rural sellers, in addition to going to towns and villages to enlarge [procurement] and marketing.” As the enterprises explained, “We should unite with the private merchants to cover up the insufficiencies of the state-owned enterprises.” 27 Private merchants needed to be used to make up for state weakness.

In practice, the purpose of cooperation with private merchants was integral to developing state-owned business. As a document of the Eastern Sichuan State-owned Grain Trade Enterprise further explained, “It is not the goal of our business development to let private merchants act as our purchasing and sales agents, [but] it is a transitional method for temporarily conducting business as we have not yet set up any organisations, our cooperatives and retail enterprises have not been established”. 28 The Eastern Sichuan Administrative Government was clear that it was embarking on a conditional cooperation with private merchants. The rules and conditions relating to the representative purchase and sales were strict, even if the private merchants wanted to cooperate with grain enterprises. But the conciliation was temporary. In 1951, the competition between state-owned enterprise and private capital would become more acute, when local governments’ grain storage was in shortage.

27 Jiangjinxian liangshi ju, ‘Chuandong xingshu shangye ting tongzhi’ (Notice from the Commerce Department of East Sichuan Administration office), August 3, 1951, JDA, 0082-0001-00438.

In March 1951, the state-owned grain trade enterprise in Jiangjin sold out its rice. When grain in the production area sold out, grain started to flow back from the market areas to the production areas. When the price in cities was lower than that in rural areas, grain would be transported from the cities back to the rural areas and from the urban market to the counties’ primary market. Generally, the backflow of the grain is a consequence of unstable grain price. We can see the dynamic range of counties’ grain prices in 1951 from Figure 6.1.

Figure 6.1 Middle Rice Wholesale Price in Jiangjin, Dec. 1949– Dec. 1952 (shidan/Yuan)

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29 Jiangjinxian gongshangke (The Industry and Commerce Bureau of Jiangjin County), ‘1950 nian xian zhengfu guanyu gongshang gongzuo de zongjie baogao’ (Summary work report on the work at industry and commerce in 1950), December 1951. JDA, 0009-0007-00385.


Beside the seasonal price fluctuations, another reason behind the fluctuations was that the grain merchants transported rice between different markets. Although the government absorbed the lion’s share of the resource, the merchants still could purchase grain from the market. The merchants went directly to peasants’ homes to purchase grain, a welcomed innovation which decreased the peasants’ transportation cost. At the same time, merchants’ rice processing mills could give discounts to customers who wanted to sell rice. The chasm in community capacity between the private grain retail stores and state-owned grain enterprises can be seen in a simple statistic from the early 1952: Whereas there were 85 private grain retail stores in Jiangjin area (with an enviable cash flow amounting to 240 million yuan), but only one state-owned grain retail store.\textsuperscript{31} Indeed, in the whole of China, such state-owned stores numbered only 475, about enough to satisfy the demand of five or six flourishing counties in Sichuan alone.\textsuperscript{32}

\textsuperscript{31} Jiangjinxian liangshiju, ‘1952 nian Jiangjin renmin zhengfu liangshiju gongzu zongjie’, (Summary Work of the Jiangjin County Grain Bureau in 1952), 26 December 1952, JDA, 0023-0001-00022.

\textsuperscript{32} Dangdai Zhongguo liangshi gongzuo shiliao (Historical Materials of Grain Work in Contemporary China), ed. by Shangyebu dangdai zhongguo
6.2.3 Expanding of State-owned Resale Stores and Reducing Wholesale-retail Price Differences

In 1951, the central government had a debate about the Party’s General Line for the Transition Period (guodushiqi zongluxian 过渡时期总路线) and the schedule of the socialism transformation. The complexities of the grain market in Chongqing area illuminate certain compromises between the CCP and local capitalists up until middle 1951, but what do they tell us about changes in policy by central leadership? How different was Sichuan from other regions along the notional dividend fault line between the Newly Liberated Area and the Old Liberated Area?

For the CCP’s state building in the early 1950s, regional differences should be noticed. Although the national regime was established on 1 October 1949, for the provinces in the Old Liberated Area like East Manchuria and Shaanxi, the CCP had a long period of administration dating since the War of Resistance; for the Newly Liberated Area like Sichuan and Yunnan, the CCP still was fighting remaining Nationalist troops in the early 1950. The central government had divided the whole China into the Old Liberated Area


34 Paul Pickowicz and Jeremy Brown, Dilemmas of Victory: The Early Years of the People’s Republic of China (Harvard University Press, 2007).
and the Newly Liberated Area during the Land Reform in 1951, which showed the central government’s consideration of the regional differences. However, the continual national campaigns veiled the existence of different levels of socialist development between the Newly and Old Liberated Area after the Land Reform. Just as different regions’ cadres had different understanding of the socialism transformation, so too did the top leaders of the CCP.

Compared with Sichuan Province, which was taken over by CCP in November 1949 and finished Land Reform in 1952, in Northeast China, Land Reform had finished in 1948. As early as 1949, Liu Shaoqi, as the vice president of the PRC who was responsible for Land Reform, and Gao Gang, the Secretary of Northeast Bureau (Dongbei ju 东北局) had a debate about the next step of socialist development. Gao Gang believed it was the right time to encourage local governments to develop Agricultural Production Cooperation and limit the accumulation of individual capital, especially to the new members of the Party who were rich peasants. Liu Shaoqi gave an internal speech showed he disagreed with Gao Gang. Liu insisted that it was

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too early to implement agricultural centralisation.\textsuperscript{37} According to Bo Yibo’s memoirs, Gao Gang said he passed Liu’s talk record to Mao Zedong personally and Mao was dissatisfied with Liu obviously but Mao did not show his attitude clearly until the debate arose again in 1951.

In April 1951, Shanxi Province government sent a similar report to the Central Committee in Beijing. Shanxi Province said the Land Reform developed the individual peasants’ private property, which needed to be undermined by a powerful central state. Using evocative language, Shanxi reported that the individual peasants’ private property would be weaken and destroyed by the socialist society fatally. There is no need to stabilise and support it right now.\textsuperscript{38} From April to July 1951, Liu Shaoqi gave several speeches to criticise strongly this report. Liu said, “It is an incorrect, dangerous and utopian thought of agricultural socialism.” He believed the precondition of agricultural collectivisation was state industrialisation, not eradication of private ownership, using Mao as a shield, Liu recalled Mao’s diction that the CCP still needed ten to twenty years to start the state industrialisation plan. Liu summarised that to develop the production of agriculture and preparing the Land Reform was the first job for local governments in 1951. Liu’s comments represented the Land Reform process in the Newly Liberated Area. As I have analysed in Chapter Five, in Southwest China the Land Reform was ongoing. Continually, after the first phase of Land Reform in Southwest China, the national review of Land

\textsuperscript{37} Bo Yibo, pp. 137-148.

\textsuperscript{38} Ibid., pp. 1930-1937.
Reform and “Investigating Fields and Setting Production Movement” was launched in July.

Chen Yun weighed into the debate with characteristic caution, neither overtly supporting Liu nor pushing for an accelerated approach. In a conference focused on the plan of 1951 agricultural tax in June, Chen mentioned that the Old Liberated Area had reached the top level of agricultural production before the War of Resistance, but the Newly Liberated Areas had not yet done so.39 About Shanxi’s report, there were few comments by Chen Yun in the published works, but he gave a report entitled “Developing Agriculture is the First Job” in May, which had the similar opinion with Liu.40

Meanwhile, Chen Yun extended the debate on protecting private property to the CCP’s guideline on dealing with private-state business relationship. In June of 1951, Chen Yun gave a speech on supporting to protect the private business strategically. He said, “Our State-owned Trade Enterprises should be the leader of markets. With the leverage of selling and purchasing goods, the state-owned enterprises could balance the supply and demand on markets. However, we cannot cut off the seasonal and the original price differences yet.” “The State-owned Trade Enterprises only can control several major resource and commodities right now; we need private


40 Chen Yun nianpu, ed. by Zhongyang wenxian yanjiushi, 15 May 1951, pp. 140-143.
merchants to run the left parts. This is why it is necessary to keep the private merchants’ existence and it is difficult to eliminate the exploiters.”

However, Mao Zedong disagreed with Liu Shaoqi. The day after Liu’s speech, Mao had a talk with Liu and Bo Yibo, saying he agreed with Shanxi’s suggestion. “It is possible to develop the agriculture collectivisation from the production cooperation groups now,” Mao said, adding “by uniting individual peasants to establish the cooperation groups, we could destroy the private capital and become a socialist society.” The conversation showed that Mao changed his opinion of socialism transformation schedule: There was no need to wait more than ten years; the local carders should realise it right now. As a result of this debate, Bo Yibo recorded Liu Shaoqi himself “were persuaded” by Chairman Mao.

Back at the local level in Sichuan, this central debate had a significant impact on the CCP’s attitude to private-state relation and grain policy in 1951. In the middle of 1951, the central government initiated to accelerate its expansion of the state-owned retail network by establishing Supply and Marketing Cooperatives in rural areas, starting its struggle against private capitalists. In July 1951, the Jiangjin County government set up the first Supply and Marketing Cooperative. By the end of 1952, Jiangjin had

41 Chen Yun Zhuan, 1951nian6yue, p.160.

42 Bo Yibo, p. 25. Bo Yibo, as Chen’s close colleague the vice-director in the Financial and Economic Committee, showed clearly supporting attitude to Liu.

established 17 such cooperatives, two consumer cooperatives and 73 retail stores which quickly occupied the primary market in the rural areas. The state-owned retail stores were able to quickly take over the business of private merchants, which meant that the government directly traded with consumers.

In 1952, the newly established Ministry of Grain cooperated with Supply and Marketing Cooperatives, covered the shortage of the state-owned retail stores around the county in a short time. In the same report, the central committee decided to build up the national state-owned retail system in the 72 cities and the newly-built mine and industry centres, the population of which was more than 100,000 and the cooperatives charged the retail business in the small cities and rural area.

According to Jiangjin County’s Industrial and Commercial Department (Jiangjinxian gongshang ke 江津县工商科), the differential of retail and wholesale prices of grain in Jiangjin in June 1951 was around seven per cent. If private merchants and peddlers purchased rice in wholesale from the state-owned grain trade enterprise and sold it by retail in the local market, considering the cost of transport, tax and loan interests, the minimum rate of the wholesale-retail price for them to profit was 7.7 per cent. (Table 6.2)

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44 *Jiangjin xianzhi*, ed. by Jiangjin xianzhi bianji weiyuanhui, p. 430.

Table 6.2 Calculation of the lowest rice wholesale and retail prices per jin (0.5 kg) in Baisha Market on 30 June 1951 (yuan)

<table>
<thead>
<tr>
<th>Items</th>
<th>Local Retail</th>
<th>Retail in Chongqing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale price</td>
<td>715</td>
<td>715</td>
</tr>
<tr>
<td>Transport fee</td>
<td>5</td>
<td>26.3</td>
</tr>
<tr>
<td>Sales tax (3%)</td>
<td>21.5</td>
<td>21.5</td>
</tr>
<tr>
<td>Subtotal</td>
<td>741</td>
<td>762.8</td>
</tr>
<tr>
<td>Bank interests</td>
<td>2.58</td>
<td>6.19</td>
</tr>
<tr>
<td>Loss (money)</td>
<td>0</td>
<td>1.43</td>
</tr>
<tr>
<td>Business tax (2%)</td>
<td>15.39</td>
<td>16.12</td>
</tr>
<tr>
<td>Stamp tax (0.3)</td>
<td>2.31</td>
<td>2.42</td>
</tr>
<tr>
<td>Business expense (1%)</td>
<td>7.7</td>
<td>14.5</td>
</tr>
<tr>
<td>Subtotal</td>
<td>25.4</td>
<td>33.04</td>
</tr>
<tr>
<td>Reasonable price</td>
<td>769.72</td>
<td>805.86</td>
</tr>
<tr>
<td>Price differential (%)</td>
<td>7.7</td>
<td>11.27</td>
</tr>
</tbody>
</table>

Data source: ‘1951 nian liu yue sanshi ri Baisha ghichang ge zhongyang liangshi llun jiage jisuan biao’, (Reasonable Retail Price Calculation Charts of the Major grains in Baisha Market on 30 June 1951); ‘Diqu cha’e jisuan biao’, (Regional Price Differential Calculation Charts), 3 July 1951, JDA, 0009-0007-00404.

If they wanted to wholesale the rice in Jiangjin and sell it to the Chongqing urban market, the minimum differential was 11.27 per cent. Merchants were, unsurprisingly, keen to make money and highly aware of policy changes that would shift costs toward unprofitability.

In November 1951, the Southwest Bureau instructed local governments to reduce price differentials to stabilise market prices by setting specific targets. The government aimed to reduce the price differentials in a

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47 The Southwest Bureau’s plan was ‘the first step was to reduce to five per cent by 5 December and the second step is to reduce to three per cent by 25 December’. Jiangjiinxian liangshi gongsi, ‘Chuandong xingshu
planned manner. Resistance from the retailers was expected. On 11 November, all merchants closed the rice stores and struck in Tongliang County, which is a county in Jiangjin District. The reason for the protest was the edict that the differential be reduced from six to seven per cent. Jiangjin County government regarded the strike as blackmail. Shutting down retail stores was taken advantage of by the government; the state-owned grain enterprise opened the retail stores and sold grain to consumers. Jiangjin County government had noticed the damage of reducing the wholesale and retail price differential. In the same report, one cadre said the total tax per hundred jin of rice was 3,947 yuan but the new price differential was only 2,500 yuan, which made inevitable that merchants would evade taxes to cut their trade cost. This illegal behaviour became a pretext for the authority to crack down the merchants according to the law later during the Five-anti Campaign.

Faced with private merchants' trade difficulties, local governments were trying to adjust the relationship between the state-owned and private business by late 1951. The reasons for the failure of state-owned retail stores in Southwest China were hardly uniform, and not all failures had their roots in overt resistance. In one county in Yunnan province, the new market was unsuccessful because officials had located it in a place said by the

shangyeting tongzhi', (Notice from the Commerce Department of East Sichuan Administration office), 4 December 1951, JDA, 0082-0001-00439.

48 Ibid.
locals to be frequented by ghosts. Looking for solutions in Jiangjin County, the local Commerce Bureau had organised a Private Merchants Joint Operation (sishang lianying 私商联营), which was an organisation for individual grain merchants and peddlers to purchase rice collectively in wholesale from the state-owned grain trade enterprises, so the merchants could sell the rice by retail to reduce costs and maintain their business.

However, the local government’s action was judged as inaccurate by the central government and Mao Zedong. The Central Party Committee believed it was “those groups [who were] mainly competing with the state-owned trade enterprises and cooperatives, and resisting state policies of price.”

Mao added the comments: “Those organisations are not illegal … but if they conduct speculation, smuggling, and tax evasion activities, or mess up the price policies designed by the state, we will organise our economic powers

49 Erik Mueggler described how the most important effect of the Unified Purchase and Sale of Grain Policy ‘was to make it impossible for residents to continue to buy their grain from dealers. Cooperatives were encouraged to establish grain markets on the sites where traditional periodic markets had once flourished.’ See Erik Mueggler, The Age of Wild Ghosts: Memory, Violence, and Place in Southwest China (Berkeley: University of California Press, 2001), p. 169.

50 On 19 December 1951, the Central Party Committee summarized a report on five kinds of Private Merchants Joint Operations and submitted it to Mao Zedong for revision. According to the report, the first three models were operated under the leadership of the government and were regarded as qualified and good for supporting the state-owned business. The last two models-- like the one led by the local government in Jiangjin-- were regarded as wrong because they competed with the state-owned enterprise in the market. See Jiangjin xianzhi (Gazetteer of Jiangjin County), ed. by Jiangjin xianzhi bianji weiyuanhui (The Compilation Committee of Jiangjin County Gazetteer) (Chengdu: Sichuang kexue jishu chubanshe, 1995), p. 431.
to conduct a legal struggle against them and win this battle."  

Clearly, Mao considered using price as an economic tool with which to fight the private merchants in December 1951.

### 6.3 Anti-corruption Movement and Grain Institution Reform

#### 6.3.1 Three-anti Campaign on Grain Work

Late 1951, in and around Chongqing was a difficult time. Just finished the campaign to suppress Counterrevolutionaries, the Tibet consolidate and the war in Korea was ongoing, Land Reform the was under starting. It was not, however, insulated for external political campaigns like Three-anti (三反, a movement against corruption, waste and bureaucracy) and Five-anti (五反, a movement against capitalist bribery of government workers, tax evasion, theft of state property, cheating on government contracts, and stealing economic information for private industrial and commercial enterprises).

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51 Mao Zedong, ‘Dui zhonggong zhongyang guanyu nongye daikuan he sishang lianying de yijiangao de xiugai’, (Revised the CCP Central Committee’s comments on agricultural loan and Private Merchants Joint Operation), 19 December 1951. In Jianguo yilai Mao Zedong wengao (Mao Zedong’s Manuscripts Since the Founding of the State), Vol. 2, ed. by Zhongong zhongyang wenxian yanjiushi (Beijing: Zhongyang wenxian chubansh, 1988), pp. 602-603.

Led by Deng Xiaoping, the Southwest China Bureau was particularly active in its direction of the Three-anti and Five-anti Campaign. Both of the campaigns were launched from the large cities and spread to the rural counties quickly in Sichuan province. The Three-anti started in very late 1951, initiated from the top level of the party. In November 1951, Deng Xiaoping said there was no need to apply the Three-anti Campaign in small cities, but emphasized several key departments of grain, taxation, trade, bank and cooperatives, where the campaign should be implemented.

After accepting the order from the central government, the Jiangjin County government launched the “hitting tiger (da hu 打虎)” plan immediately in early 1952. Within a time from of just more than one month, 70 “big tigers” and 417 “smaller tigers” were arrested. According to the Jiangjin County Committee’s meeting records, the total amount of public money siphoned off in the county was 35.5 billion yuan.

In his study of Tongbai County in Henan in the late 1950s, the historian Cao Shuji found that rural areas often had a delayed response to political campaigns, even though they were hooked up smoothly to national systems of media and propaganda. This question of regional variation needs more investigation with respect to rural Sichuan and the various mass movements of the 1950s. Melvyn Goldstein points toward one way forward in dealing with this question in his work on western Sichuan/eastern Kham.


Jiangjin xianwei, ‘Xianwei kuoda huiyi jilu’, (The record of the County Committee’s Expanded Meetings), 19 February 1952. JDA, 0001-0001-00041.
However, those numbers did not meet the requirements of the central government. On 14 January 1952, Deng Xiaoping criticized the development of the Three-anti Campaign in the Public Safety Department of East Sichuan (chuandong gongan ting 川东公安厅). According to Deng, problems in the counties’ governments were “unusually extreme” because the leader of the department was “not clean” and engaged in “bad bureaucratic behaviour”. Deng encouraged the leaders of the campaign to self-criticism.56

Having been castigated, East Sichuan District government in its directives to the Jiangjin County government, the demanded 38 more “big tigers” and 216 “small tigers”, whose presumed corruption would have totalled 24.1 billion yuan in the Three-anti Campaign. In more than three hundred pages of the Records of Jiangjin County Committee’s Enlarged Meetings, we can see the committee’s detailed discussions about their work from 26 February 1951 to 14 March 1952, including the progress of Three-Anti and Five-Anti campaigns.57 In the records, the leaders of the committee were forced to grapple with the new reality that the only way forward was to overstate the allocation of the task. Not achieving the central government’s goals or finding only a smaller number of “tigers” than that stipulated from above was not an option.


57 Jiangjin xianwei, ‘Xianwei kuoda huixi jilu’ (The record of the County Committee’s Expanded Meetings). February 19, 1952. JDA, 0001-0001-00041.
The Magistrate Wang Shao hosted Jiangjin County Committee’s Enlarged Meetings. Wang was born in Shanxi province, joined the Second Field Army during the civil war and followed Deng Xiaoping and Liu Bocheng to Sichuan. Deng had appointed soldiers from his army to serve as the local government leaders of Sichuan to cover a shortage of cadres in Southwest China.

When the local committee decided to make the plan to “hit tigers”, County Magistrate Wang sparked by Deng Xiaoping’s words. Magistrate Wang believed that Jiangjin authority still could dig out more culprits. He said the committee had to decide where the “big tigers” were. “I believe the [movement should] target the Granary [Department] in the Grain Bureau, whose [corruption value] could not total less than one billion.” Wang continued listed the County Bank as the main target of “tigers”, “which can’t yield less than one billion as well”. Wang also pointed that “the Department Store, the Taxation Bureau and the department responsible for the railway sleeper also were the biggest nest of embezzlers.” After discussion, the committee decided to target 14 “big tigers”: “four ‘big tigers’ in County Bank, two ‘big tigers’ in Taxation Bureau, three ‘big tigers’ in Grain Bureau, two ‘big tigers’ in State-owned Grain Trade Company, one ‘big tigers’ in Department Store and two ‘big tigers’ in Jiangjin County Government.”


59 Jiangjin xianwei, ‘Xianwei kuoda huiyi jilu’, (The Record of the County Committee’s Expanded Meetings), 19 February 1952, JDA, 0001-0001-00041.
In the end, the bureaucratic discussion decision appeared to have been both arbitrary and casual. For those targeted, violence would follow, including extorted confessions, beatings and the application of capital punishment.\textsuperscript{60} Three-anti Campaign had a negative effect on daily official work at the local level. In the Grain Bureau, the officials discussed how the ideological aspect of the Three-anti Campaign had been carried out by “mentally confused” cadres and disturbed the work of grain collection, accounting and transportation until June.\textsuperscript{61}

6.3.2 Five-anti Campaign and Confiscating Private Mills

In the late 1951, Jiangjin County just finished Land Reform and the administration were still at centre of the Three-anti storm. When the central government published \textit{The Indication of Carrying on the Fight of Five-anti among Big-middle Cities}, on 26 January 1952, local governments of small cities and towns, like Jiangjin District, were still focusing on the Three-anti Campaign and believed the Five-anti Campaign would only be implemented in the big cities. After practicing the central governments’ indication in large cities in January 1952, Deng instructed small cities should launch Five-anti Campaign as well in February.

Deng suggested that developing state-owned retail stores and cooperatives could replace the illegal merchants, saying “even with it will affect the market temporarily, it should recover soon.” Deng’s words proved the authority’s

\textsuperscript{60} Ibid.

\textsuperscript{61} Jiangjinxian liangshiju, ‘1952 nian Jiangjin renmin zhengfu liangshiju gongzu zongjie’, (Summary Work of the Jiangjin County Grain Bureau in 1952), 26 December 1952, JDA, 0023-0001-00022.
strategy of developing state-owned retail stores to compete with the private merchants. Deng’s active action was commended by Mao Zedong and Southwest Bureau was the model for other area’s authorities during the campaigns.

Before recovering Deng’s order, the Jiangjin County magistrate Wang Zhao did not think it had been necessary to unleash the campaign in Jiangjin, because county was lacking in cadres and experience. “Five-anti is more difficult than Three-anti”, he said “and it will decrease production, especially tax income.” His comments were not the speculate of an unmotivated bureaucrat but were based on experimental application of the Five-anti Campaign principles: his government had tried to launch Five-anti in two towns, but the results were disappointing.62

The Southwest Bureau prompt noticed that the local government in Jiangjin had not paid adequate attention to the Five-anti Campaign and began prodding Wang and others for action. In March 1952, the Jiangjin Committee quickly organised Five-anti activities in coordination with the Three-anti Campaign. One month later, the authority achieved impressive results. In Baisha Town, the key East Sichuan grain market in Jiangjin County discussed earlier, 85 grain retail stores existed prior to the Five-anti (with cash flow amounting to 240 million yuan). After the movement, 43-- or more than half-- of all grain merchants had closed down or diverted their business. By the end of 1952, there were only 37 stores remaining, with cash flows just

62 Jiangjin xianwei, ‘Xianwei kuoda huiyi jilu’, (The Record of the County Committee’s Expanded Meetings), 19 February 1952, JDA, 0001-0001-00041.
16.7 per cent of what they had been one year previously. There were 128 rice traders and peddlers in February 1952 and 42 in December because most traders had gone bankrupt and become workers. Before the movement, there were 18 private rice processing mills; 7 mills closed or changed to other businesses after the movement, and only 4 mills remained at the end of 1952.63

6.3.3 Establishing the Ministry of Grain

As same as the Nationalist Government’s institution system before the war, the CCP’s grain institution on levying agricultural tax was separated with the grain trade institutions. Grain Bureaus were led by the Ministry of Finance and the State-owned Grain Trade Enterprises were led by the Ministry of Trade. Based on the similar background of institution reforming during the War of Resistance, the Ministry of Grain was established after the inner-party purge movement as the Nationalist Government did in 1941.

On 7 August 1952, the central government decided to establish the Ministry of Grain, unifying grain work on levying agricultural tax and grain trade. The new ministry was led by the Finance and Economic Committee of Government Administration Council, Chen Yun and Bo Yibo were its leaders. Meanwhile, to develop the state-owned business and deal with the international trade with the Soviet Union during the First Five-Year Plan, the CCP separated the trade intuitions on Chinese domestic market and international market, replacing the original Ministry of Trade by two newly

established institutions: the Ministry of Commerce and the Ministry of International Trade. After the institutional reform in 1952, the Chinese domestic market was administrated by the Ministry of Commerce, the Ministry of Grain and the Supply and Marketing Cooperatives in rural areas. According to the published documents, the Ministry of Grain was responsible for the national grain work not only on purchasing and selling, but also on processing, storing and transporting. The Ministry of Grain further strengthened the cooperation with the Supply and Marketing Cooperatives on the competition with private merchants and expanding the state-owned grain trade network. In the Summary work of the Jiangjin County Grain Bureau in 1952, local carders reported about a local private business dilemma after “Three-anti and Five-anti Campaigns” and the impressive development of the state business after establishing the Ministry of Grain: The processing orders of private businesses have stagnated completely. Following the grain institution reform, the state-owned grain mills and cooperatives’ mills are sufficient, so the private merchants have no contacts and orders at all. Local private merchants have repeatedly requested to sign contracts with the state-owned enterprises on grain processing or marketing agency. According to this situation, our company immediately wrote a report asking the higher-level government but received no reply.

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Meanwhile, we signed a comprehensive partnership contract with Supply and Marketing Cooperatives on purchasing and marketing agency. It expanded the range of marketing and purchasing by the state-owned enterprises, met the public requirements, and solved the difficulties of carders shortage in the bureau, and supported the Cooperatives as well.65

After the Three-anti and Five-anti Campaigns, state-owned enterprises occupied the grain processing market quickly. By confiscating the private mills and signing contracts with the rural Cooperatives, the state-owned enterprises confirmed its leadership on the local market. Furthermore, in this report, we can see that Chongqing local government did not understand the central government’s strategy of eliminating private business by expanding state-owned enterprises and cooperatives. For local government, the depressed market meant a shortage of tax revenue.

The prime motivation of Five-anti was not necessary to disorder the grain market and destroy the grain merchants in rural areas. When the inner party anti-corruption movements expanded to the capitalists, the group of grain merchants became the target of the movement inevitably.66 In Jiangjin, once the state-owned enterprises took over the mills, the private grain merchants lost the market in seconds. Meanwhile, the private grain

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merchants carried the “original sin” of competing with state-owned enterprises as authorities drew up the blueprint of the socialist economy.

No sooner than the first week of the Five-anti Campaign in Chongqing, Deng Xiaoping had reported to the central government that the trade in cities of Southwest China was in trouble. In Chongqing city centre, commercial tax revenue dropped 50 per cent, the number of unemployed reached 23,000 in one month and about 20,000 citizens of Chongqing were in famine conditions because of the shortage of food supply.67 Furthermore, in the east coast cities like Shanghai, the blockage of goods from the upper Yangtze River provinces caused chaos as well. On 5 May 1952, Tan Zhenlin (谭震林), acting secretary of the East China Bureau, summarised the consequence of Three-anti and Five-anti Campaigns: “workers lost jobs; goods were backlogged; prices decreased and no one dared to take responsibility for it.”68

In November 1952, facing undiminished tension with private merchants, the central government admitted that the “speed of expanding state-owned retail stores and the supply-sale cooperation is too fast.” Moreover, in the government’s analysis the fact that “the differences between wholesale and


retail prices had been decreased incorrectly” had caused real tensions between state-owned and private businesses. The authority raised the differences in rice prices back up to nine to eleven per cent in the main city markets of southern China. But according to Jiangjin County archives, the local government emphasized that it would keep the rice whole-retail differential price at zero in the county market.

6.3.4 The Price Fluctuation in the early 1953 and Seasonal Price Differences

In January 1953, to increase tax revenue and to recover from the market impact after Five-anti Campaign, the New Taxation (xin shuizhi 新税制) was published by Bo Yibo and Liu Shaoqi. As I have mentioned in the last Chapter, the New Taxation became the target of Bo and Liu another political struggle organised by Mao Zedong and Gao Gang in 1953. Gao Gang criticised Bo Yibo was “taking the capitalist road” because the New Taxation stipulated for charging the same business tax rate on state-owned enterprises and private enterprises. Gao believed the policy encouraged the private and capitalist’s business against state-owned business. Although

69 Shangyebu dangdai zhongguo liangshi gongzuo bianjibu ed., Dangdai zhongguo liangshi gongzuo shiliang, p. 140.
72 Bo Yibo, pp. 231-248. Lin Yunhui, Chongkao Gao Gang, Rao Shushi “fandang” shijian (A Re-investigation of the “Anti-party” Incident of Gao
the policy was call off after the conference, the policy did impact on price fluctuation in the first half year of 1953.

Without the benefit of the discounted business tax, state-owned grain enterprises and cooperatives had to raise the grain price for covering the cost. The State-owned Grain Trade Enterprise in Jiangjin County raised its rice selling price from 720 yuan/jin in November 1952 to 825 yuan/jin in April 1953.73 As a result, the enterprises offered up to 800 yuan/jin purchasing price for peasants in August 1953.74 Peasants were very sensitive about the price rising during the harvest time. The sharply rising prices induced grain merchants, peddlers and even peasant to trade between urban markets and rural production areas in Chongqing.

Meanwhile, the Five-anti Campaign had not only clamped down on the main private companies and capitalists, but it also transformed the unemployed and mobile peddlers into an uncontrollable class in 1953. When the Jiangjin Government investigated grain markets in September 1953, peasants – primarily middle and poor peasants – outnumbered merchants.75

Last but not least, as the major grain production area, Northeast China’s poor harvest disturbed the national grain market in the summer of 1953.

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73 Ibid.

74 Ibid.

After cutting off the regional and wholesale-retail price differences, the authority still cannot control the seasonal price difference because of the universal law of sowing and reaping (Figure 6.1). During natural disasters or the years with poor production, the dominant seasonal price fluctuation could be more visualised and impacted peasants grain plan in the next year.

All of the above elements made the grain price fluctuation and market disturbance in 1953. Chen Yun and the Party's answer of solving this crisis was the implementation of a stricter state monopoly policy on grain market, which was the Unified Purchase and Sale on Grain Policy. In 1957, Li Xian'nian, the Vice Premier on national financial and economic cooperatives since 1954, gave a reviewing report of the Unified Purchase and Sale of Grain Policy during the First Five-Year Plan. Li listed the achievement of the policy proudly. From 1953 to 1957, the purchase and sale of grain sources and food ration had been completely controlled by the state. Private merchants had been cut off the grain supply and accepted the supervision by the state. The policy had enabled the state to control grain resource effectively and eliminated market instability. The policy stabilised the grain price, and the stability of grain price is the core of price policy.76

Especially, he pointed out one result of the Unified Purchase and Sale of Grain Policy eliminate grain's seasonal price differences. After implementing the policy, the state-owned enterprises maintained a small range of purchasing-selling price difference in rural areas, further blocked the private

merchants’ activities and avoided the seasonal price fluctuations. For peasants and merchants, without the seasonal price differences, there would be no way to make benefits by storing grain during the harvest seasons and selling it during the grain shortage seasons. In this way, the CCP could control peasants’ surplus grain within a maximum degree. However, the strict price policy also sowed seeds of the next crisis and tragedy.

6.4 Conclusion

In this chapter, I analysed how did the CCP establish the grain market policy before the implementation of the Unified Purchase and Sale of Grain Policy in November 1953. Under the background of the international trade embargo, the CCP established the state-owned grain trade enterprise and implementing the levying in kind policy since the beginning of state-building. Based on the traditional rural market structure, the authority successfully established cooperation with private merchants on grain processing and transportation. After confirming Mao’s guideline of the socialism transition period, the CCP accelerated the schedule of competing with private business. By eliminating the regional, wholesale-retail price differences, and cooperating with Supply and Marketing Cooperatives, the state-owned enterprises effectively expanded in the rural market.

Furthermore, with the Three-anti and Five-anti Campaigns in 1952, the CCP successfully established the state-owned grain processing mills in rural areas and unified the grain work on levying and marketing together. The CCP repressed inflation successfully by centralising grain resource as a result of transforming local granaries from grain acquisition and distribution
to a component of market price control system. The state monopoly on grain
was established before the First Five-Year Plan. Finally, after
implementation of the Unified Purchase and Sale of Grain Price, eliminating
the seasonal price differences, the CCP established a state monopolised
grain market in 1953.
7 Chapter: Conclusion

In this research, I have presented the process of China’s grain resource management in a key province by considering two aspects: the levying of agricultural tax and the management of grain markets. Both the periodisation and the angle of analysis is different from the more conventional examinations of state-building and agrarian collectivisation in China, which have tended to focus on the First Five-year Plan in 1953 and the Chinese Communist Party’s economic model at the anti-Japanese base areas in the 1930s. I have therefore looked back to the starting year of the War of Resistance against Japan in 1937 in the Nationalist Government’s firmly held the Great Rear, Chongqing, seeking to explain the wartime state-controlled economic policy and its impact on the Communist planned economy from a trans-regime and transnational perspective, doing so with the help of local archives and linking these local aspects to twists in the central policy.

The methods of the CCP’s grain policy and agricultural collectivisation in the early 1950s were not only rooted in its base-area experiences in North China or learned from the Soviet Union, as Mark Selden and Thomas Bernstein argued, but also inherited the Nationalist Government’s wartime economic policies in the 1930s. Feeding soldiers, Japanese blockade and the international aid provided the soil for growing state capitalism and the state-controlled economy on grain resource in Southwest China, a trend which was continued and strengthened by the CCP after 1949. The CCP adopted the Nationalist wartime grain policies, subsequentially implemented the state
monopoly on grain in rural areas and food ration in cities after the Korean War.

This thesis has examined agricultural taxation and grain market management policies in the productive region around Chongqing, arguing that Chinese governments were engaged in what amounted to a joint project of rural transformation. Both the Nationalists and the CCP sought to reform and expand the collection of grain resources and evolve from reliance on levying agricultural taxes to the ultimate goal of the state monopolising grain markets. Along with unstable markets and the devaluation of currency in wartime, the government’s agrarian taxation policy gradually shifted from relying on cash payments to a cereal tax through the reforms of levying by purchasing, grain bonuses or borrowing.

Sichuan and Chongqing were the main agricultural producing areas for the government during the war, and their agricultural production therefore provided the core support for the Nationalist Government’s national financial system. From an early stage of the reform Chiang Kai-shek appointed himself as Chairman of Sichuan Provincial Government to supervise the implementation of the grain policies. Chiang Kai-shek and the central government’s efforts resulted in impressive achievements in rural taxation in Sichuan. The policy and system not only worked standard in wartime, but also formed Sichuan’s mechanism of agricultural tax revenue in the following years. Even as the Nationalist Government took over the east coast cities with their growing customs’ tariffs revenue after 1945, Sichuan’s (including Chongqing) role remained unchanged, supplying grain to the national market and supporting the central government revenue.
Compared with traditional cash payments, the cost of administration on cereal taxes was significant, especially on rice processing, storing and transporting. As the regime launched a policy of levying in kind from their new capital in Southwest China, the shortage of instruction, labour and centralised bureaucratic power required Chiang Kai-shek to cooperate with local powers and private merchant groups during the war. Registration of local trade guilds, organising state capitalist enterprises, and exploiting local trade networks were all practical choices for the Nationalist Government during the war. Chiang Kai-shek understood the need to monopolise grain, but also understood that he could not avoid bribery and corruption in the process. The endless stress of war pushed the government to change the shape of the grain market networks, as well as land ownership.

There is still a great deal of work to be done on the subject of how the Nationalists left Sichuan, both in terms of understanding the depth of American influence in the rural areas and questions of public security connected to social class – particularly with regard to landlords. This thesis has made significant progress in these areas by researching documents in the US National Archives and drawing from the work of anthropologists and foreign rural experts associated with the Sino-American Joint Commission on Rural Reconstruction. While most of the scholarship on this US-China initiative has focused on its afterlife in Taiwan, more questions need to be asked about what Chinese farmers in specific Sichuan counties did with their western expertise, and to what extent the CCP drew from these projects and methods, ranging from irrigation to hog breeding. Similarly, studies should be undertaken to consider what happened to the tung oil industry in the 1950s, and to what extent, if any, the CCP used this commodity from
Sichuan to aid its relationship with the socialist bloc in the same way that the Nationalists had done with American officials and capitalists.

For the Communist Party, who inherited levying the tax in kind policy and took over the Nationalist Government’s granaries, rice mills and transportation instructors, the system was implemented from the beginning of its state-building in 1949. 1949 to 1953, the three years before accelerating the resource collectivisation and total planned economy, offered the new regime a “transition period” to prepare for the forthcoming socialist transformation campaign. Although violent and chaotic implementation did take place in local governments and political struggles in the central government were intense, the CCP’s leaders had tested, debated, adjusted and unified on its path and guidelines for state-building and grain policy as it worked towards the realisation of socialism.

My research into Nationalist and Communist agricultural taxation in Southwest China has also compared the tax targets (and therefore definitions) of landlords and peasants. For both regimes, levying goals were expanded from the landlord class to a broader range of taxpayers. The Nationalist Government’s levying grain policy focused on targeting the wealthy class in rural Sichuan. The Nationalist Government’s design for the fuyuan taxation system only charged landowners, landlords and rich peasants. During the Gold and Grain Donation and other tanpai or unapproved levies, local governments extended the range of the “large households” to include peasants and levied the “donation” tax based on progressive income taxation during the implementation. The various tanpai presented not only exposed the limitations of the fuyuan system, but also the
limitations of its levying capacity, which could not fulfil the vast demand for financial revenue. The CCP’s Southwest Bureau, who inherited the fuyuan system after taking over Sichuan and Chongqing, also implemented a continued levying policy called the “Additional Levying on Large Households” as a further policy to fix the limitations of the fuyuan system. This meant that the CCP didn’t quite uproot or perform a full “fanshen” of Nationalist governance methods in Sichuan rural areas, and in fact it used and upgraded them.

At the same time, the reforms and demands made by the CCP did not go particularly smoothly. By examining the officially published data on actual tax rates at the bottom of society, I have shown that in rural Chongqing the Communist Government’s tax burden on agrarian society was much higher than the Nationalist Government’s had been from the start. Indeed, in 1950 the Southwest Bureau charged agricultural tax to the wealthy class three times in Chongqing’s rural areas, including the 1949 annual agricultural tax, the additional levying tax in the spring, and the 1950 annual taxation in the autumn. This increase of more than 30 per cent in the average tax rate created immediate and active resistance to the CCP in local society. The bandits and landlords’ paramilitary violence and the PLA’s suppression continued the Civil War circumstances in 1950. Here too this thesis can serve as the basis for more in-depth investigation into the changes in society in Sichuan around the time of the power transition from Nationalist to Communist, and for a more wide-ranging sense of the concept of ‘wartime’ and ‘mobilisation’ after 1945. Chongqing has been the subject of much writing and even literary writing about negotiations between Mao and Chiang and the failed compromises to find a ‘third way’ for China. However,
scholarship can certainly look to the archives and data presented in this study for a more in-depth look at how rural Chinese citizens perceived the state and its many ambitions in the 1940s and early 1950s, thereby achieving a more bottom-up look at questions of transformation and nationalism.

This research does not deny the political purpose of rural land reforms and their overall impact on agrarian society. In fact, in considering both the case of the JCRR’s Rent Reduction Project and the Communist land reform, I have analysed the organisers’ political goals of training peasants and developing rural democracy in China. However, for all regimes, including the American Government, who guided the investments in reconstructing rural society programmes in China, they were seeking to carry out rural land reforms from the perspective of national financial reform and supporting the weak currency and poor price market. During the implementation of the land reform in Southwest China, Deng Xiaoping and the Southwest Bureau were further adding to the work of clearing land property rights and refunding deposits by successfully publishing their new currency Renminbi, and consolidating a stable financial circumstance for more radical and drastic revolutions.

Notably, this research does not deny the fact of the violent events and torture that took place during the Communist grain levying and land reform. However, for the Communist Party, the violence and terror were not the aim of mass campaigns. My research shows that the leaders of the Communist Party understood that killing could not achieve the party’s economic purpose of encouraging productivity amongst farmers, expanding the range of
taxpayers and increasing the agricultural taxation revenue. Without the proper preparation, the established peasants’ organisation and well-mobilised masses, the heavy levying task pressure on local governments briefly led to chaotic administration, creating radical resistance and violent events. Jiangjin’s “Additional Levy on Large Households” reveals that the violent levying meant that the authorities faced the dilemma of increasing revenue drawn from the bottom rural Chongqing society. Future work to explain these policies might look further at the work of the Southwest Bureau, which has been exceptionally well documented in recent years due to the institutional impetus of Deng Xiaoping hagiography, as well as Chen Yun’s specific responses to developments and grain taxation methods – and the resistance to those methods and repression involved – in Sichuan. Further comparative studies might be carried out to investigate how Chongqing differed from Chengdu, or within the wider geographical ambit of the Southwest itself.

The wartime grain taxation and food rations not only impacted the Nationalist financial system, but also shaped regional and international trade networks. The Japanese embargo and western aid during the Second World War formed the Nationalist Government’s domestic and international trade circumstances, pushing the authority to establish a state-controlled supplying-processing-exporting chain to replace the traditional rural market relying on independent trade dealers or local merchant groups. The established supplying-processing-exporting chain was kept in the Civil War and continued by the Communist Party during the Korean War. The Korean War and international trade embargo in turn shaped a global circumstance for the Communist Government that was similar to that created by the
Japanese for the Nationalist Government during the Second World War. It pushed the Chinese Communist Party to the Soviet Union side. The barter trade between the Chinese Communist Government and the Soviet Union suggested a centralised state organised international trade network based on state-owned trade enterprises, which was a similar economic path to that involving the Nationalist Government’s tung oil trade during the war.

This study shows that from the end of 1949, the Southwest Bureau gradually increased its control over the grain market by cooperating with private grain merchants. In July 1951, finishing the first round of the land reform in newly liberated areas, the central government launched the next step of the state-building strategy, which accelerated the speed of transformation to national socialism, and pushed its grain market policy into an increasingly hawkish approach. By eliminating the regional, wholesale-retail price differences and cooperating with supply and marketing cooperatives, the number of state-owned enterprises effectively expanded in the rural market. Furthermore, with the Three-anti and Five-anti Campaigns in 1952, the CCP successfully established the state-owned grain processing mills in rural areas and unified the grain work on levying and marketing.

Ultimately during the Five-anti Campaign, the merchants’ processing factories were nationalised and private grain merchants were eliminated. The grain bureaus thus represent a victory for the state-planned economy in rural areas. By 1953, the bankrupt merchants and newly unemployed workers had joined the class of grain peddlers, becoming a threat to party authority. Chen Yun and Deng Xiaoping’s approach to this issue reflected both national tensions and local aspects since Sichuan Province was quickly
shaped into a supplying area for the planned national economy in the following decades.

Jiangjin archives show the CCP’s grain policy and market control strategy from the bottom level. The archives reflect how, in the early 1950s, CCP state-building policy not only featured violent mass campaigns, but also involved adaptive and gradualist strategies to compete with the merchants, achieve influence and finally control the market with state-owned enterprises. In just a year and a half, from mid-1951 to the end of 1952, the CCP expanded its state-owned retail stores, decreased the differential price of wholesale and retail, initiated the Three-anti and Five-anti Campaigns and reorganised the administration of the grain policy. The intensive and strategic policy towards the grain market suggested momentous changes in the following year, the first year of the First Five-year Plan.

Ultimately, during the Great Leap Forward, as with other provinces in China, Sichuan was deeply immersed in the “high tide” of establishing a socialist society, but its descent into the tragedy of famine was more intense than nearly every other province in China. This thesis has helped to explain the roots of the state’s interventions in the control and taxation of grain, and thus, ultimately, its path toward tragedy.
8 Glossary

Bao 保 A rural administrative unit consisting of ten jia 甲. Ten people was one jia. The leader of bao or jia was called “baojia zhang 保甲长”.

Chongqing City 重庆主城区 It is the centre of the Chongqing Municipality, a central urban area at the juncture of the Jialing and Yangtze Rivers. On 6 September 1940, the Nationalist China announced Chongqing City was the wartime capital and moved the central government to Chongqing City. After the War of Resistance, the Nationalist Government returned to Nanjing. On 15 October 1949, the Nationalist central government moved to Chongqing City until leaving the mainland China. After the Communist Party took over Chongqing in November 1949, the Chongqing City was administrated by the central government and the capital of the Great Southwest Area until July 1954. Chongqing City area (2,113.1 sq mi) contains with six urban districts of Chongqing Municipality: Yuzhong District, Jiulongpo District, Jiangbei District, Shapingba District, Nan’an District, Dadukou District, and three suburban districts: Yubei District, Beibei District and Ba’nan District.

Chongqing/Chungking Municipality 重庆 The current municipality (31,816 sq mi) is the largest central government direct-controlled municipality in China, which was established on 14 March 1997, containing 26 districts (including Chongqing City) and 12 counties, and having a population of over 30 million. It is known as the “greater Chongqing area”. The territory is similar as the East Sichuan Administrative
District (chuandong xingzhengqu 川东行政区) and Chongqing City from 1949 to 1953. Chongqing covers a large area of rivers and mountains. The whole area slopes down from north and south towards the Yangtze River valley.

*Chuandong xingzheng qu* 川东行政区 East Sichuan Administrative District.

Before abolishing the Great Administrative Area in 1954, the administrative division of China from the central government to the counties’ government, included five levels: the Central People’s Government, the Great Administrative Area’s Bureaus (for example, Southwest Bureau), the Provincial Governments (for example, Sichuan Province), the Administrative Government (like East Sichuan Administrative Government, which merged West, South and North Sichuan Administration Offices as the Sichuan Province Government from 1952.) or the City Governments (which were set up in mine cities and were led by the Great Administrative Area’s Bureaus directly, like Chongqing), the Division Governments (like Bishan Division Government, which changed name as Jiangjin Division Government after moving the seat from Bishan County to Jiangjin County in 1952) and the County Government (like Jiangjin County Government).

*dahu jiazhen* 大户加征 The CCP’s levying policy on the rural wealthy class in early 1950. It was translated as the “Additional Levy on Large Households” in this research. In the local archives, the government used to the abbreviated name as “additional levy (jia zheng)”.

*dan* 石 *dan* was a traditional unit of measure grain volume. One *dan* equalled 10 *dou* or 100 *sheng*. The volume of one *dan* was different in each
market, because of the different of measure’s volume size. In 1938, the Nationalist Government reformed and unified metrology as “shidan” in Sichuan. But the new metrology was not accepted by locals actually. For instance, in Jiangjin County market, per dan of milled rice was 358.1 kilogram in 1939. After 1949, in the communist government’s the Land Reform archives, people still used the local dan measure to value production. Meanwhile, the weight of dan was different to each kind of grain as it was a volume measure. For instance, in 1939, on the Jiangjin town market, per dan wheat was 368.8 kilograms. In 1941, to implement the policy of levying tax in kind, the authority published new metrology in Jiangjin: per dan of unhusked rice was 52 kilograms, per dan of brown rice was 60 kilogram, per dan of milled rice (or white rice) was 80 kilogram, per dan of wheat was 72.5 kilograms.

daogu 稻谷 The unhusked rice.

First Five-Year Plan (China) 一五计划 An intensive program of industrial growth and socialisation from 1953 to 1957.

Free China 自由中国 The areas of China not under the control of the Imperial Japanese Army or any of its puppet governments in the War of Resistance against Japan. The term came into more frequent use after the Battle of Nanjing, when Chiang Kai-shek evacuated the Nationalist Government to Chongqing.

fu’e 赋额 The amount of fuyuan.
*fuyuan* 赋元 The unit of levying agricultural tax. According to the land acreage and production, one *fuyuan* could be charged from 300 *jin* to 100 *jin* of unhashed rice.

*Hukou* 户口 a system of household registration used in mainland China.

*Jia* 甲 a rural administrative unit of approximately thirty households, usually about ten to a *bao*.

*Jiangjin County* 江津县 predecessor of today’s Jiangjin District.

*Jiangjin District Government* 江津区政府 was called Bishan District Government, which changed name after the government moved from Bishan County to Jiangjin County in 1952.

*jin* 斤 a unit of weight, in Republican Chongqing corresponding to 16 *liang* 两.

Land Reform 土地改革 In this research, “the Land Reform” indicates the Communist Land Reform after publishing the *Land Reform Law of the People’s Republic of China* on 30 June 1950; I will use “land reform” to indicate land reform projects by other regimes and organisations.

*mu* 亩 a unit of land, equal to about 0.067 ha or 0.16 acre; was 0.15 acres or 0.66 hectare.

*Sheng* 升 ten *sheng* is one *dan* and one *sheng* is ten *dou* 斗.

*shidan* 市石 market *dan*. The volume of one *shidan* was different in each market, because of the different of measure’s volume size. In 1938, the Nationalist Government reformed and unified metrology as “*shidan*” in Sichuan, per *shidan* of milled rice was 75 kilograms, per *shidan* of unhusked rice was 53 kilograms, per *shidan* of wheat was 70 kilograms, per *shidan* of corn was 70 kilogram as well. According
to Wan County Gazetteer, *per shidan* of rice in Wan County was 79 kilograms.

*shumi* 熟米 the fully husked rice or white rice.

*qimi* 砾米 the unpolished rice or brown rice. It also called as “*caomi* 糙米”.

Unified Purchase and Sale Policy 统购统销政策 State monopolies on grain police from 1953 to 1985. Peasants must sell all surplus grain to the state, which was Purchasing Grain for governments, at price determined by state.

*Xindan* 新石 means “new dan”, which was the new unit of weight used after 1949. One xindan was 100 *jin*. 
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