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Peking Raises the Statistical Veil

Notes on the Resumed Publication of Statistical Reports

by Willy Kraus, Bochum*

The veil which hid the statistical records of the People's Republic of China for two decades was raised at the second session of the Vth National People's Congress¹. In the following article Prof. Kraus presents the most important official data on the country's economic development and considers them in context with hitherto available western estimates.

When Hua Kuo-feng presented his report on the activities of the Chinese Government on June 18, 1979, he surprised all outside observers by including absolute figures in his statistics. They related to agricultural and industrial production areas and to the transports by rail. He also gave growth rates for production, internal and foreign trade, state revenues, average incomes, etc.

The only reminder of the previous practice of reporting on the economic development only in terms of multiples, percentages and growth rates which had been the usual one since 1960 was the presentation of "two-year growth rates" derived from the production results in 1976 and the increments in 1977 and 1978. Over these two years, it was stated, the steel output had increased by 55.3 %, coal production by 28 %, crude oil production by 19.5 % and electricity generation by 26 %; the production of artificial fertilizers had risen by 66 %, that of artificial fibres by 95 % and state revenues by 44.4 %.

Unwonted Statistical Candour

That attention is drawn to this rather unusual method of deriving and announcing growth rates by reference to two preceding years does not mean that the reliability of the figures which have now been given is called in question. Hua's statistical report and the wealth of figures published by the State Statistical Bureau on June 27, 1979 – ranging as it does from the value of gross output to the number of national and

world records set up by Chinese athletes – should certainly be taken seriously. As Hua had enumerated faults, difficulties and shortcomings publicly, circumstantially and unsparingly, there was really no reason for casting doubts on the gloomy appraisal of the situation by statistical manipulations pointing in the opposite direction. For various areas the State Statistical Bureau has indeed published production figures which are up to 50 % below the CIA estimates². That the Chinese leaders are sincere in their wish to publish reliable figures is therefore hardly to be doubted.

One can only speculate on the reasons for such for many years unwonted statistical candour. Many observers have assumed that China cannot help putting her statistical cards on the table as she wants to join the International Monetary Fund, World Bank group and Asian Development Bank, and if she wished to draw on the international capital markets, the credit-worthiness of the Chinese economy and the efficacy of her own efforts in the economic processes had inevitably to be proved by concrete data. But I am inclined to think that the new pragmatic approach to economic and social policy was a decisive factor in the resumed publication of statistical reports. Anybody who seeks the truth in the facts cannot go on playing hide-and-seek with his statistics.

Agricultural Production

As far as agriculture is concerned, much surprise has been caused by the grain production figure – after a big upward revision – of 304.75 mn tonnes for 1978. It had been learnt earlier that the agricultural

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¹ The following official statistical data are derived from: Xinhua News Agency, News Bulletin, Peking (NCNA), June 26, 1979 – Premier Hua Kuo-feng's report on the work of the government; June 27, 1979 – Communiqué of the State Statistical Bureau; June 29, 1979 – Report on the draft of the 1979 national economic plan; June 30, 1979 – Report on the final state accounts for 1978 and the draft state budget for 1979.

² Cf., above all, China: Economic Indicators, National Foreign Assessment Center, Washington, D.C., Dec. 1978.

production had suffered in that year from a devastating drought; the drought in the Anhwei province had been the worst in this century and in the Kiangsu province the worst for several centuries³. Seeing that the official estimate of 295 mn tonnes in late December 1978⁴, was raised by about 10 mn tonnes it might be thought that either the grain equivalents of potatoes, soybeans, etc., added to the grain production have been amended or else that in the course of improvements of the organizational structure better ascertainment facilities have been brought into use. In neither case would the production proper which can be computed with the help of growth rates have changed. A change of grain production by 7.8 % seems indeed improbably large, especially in comparison with previous growth rates.

The news that the gross value of agricultural production rose in 1978 by 8.9 % compared with 1977 must cause even more surprise. Admittedly it has to be borne in mind that the changes of the gross value of agricultural production were calculated in money terms, in yuan, and not by index figures; this fact however raises the question what price increases have taken place in the agricultural production areas and to what extent the gross value of agricultural production in current yuan has to be deflated for price changes in order to arrive at the real rise of production. Deputy Premier Yü Ch'in-li stressed in his "Report on the Draft of the 1979 National Economic Plan" that the "prices of such daily necessities as grain, cotton, edible oils, cloth and coal remained stable" in 1978⁵. Apart from the fact that these are for the most part strictly rationed goods the supply and demand for which are not kept in balance by the price, it may probably be assumed that the prices of the consumer goods not mentioned here have in fact gone up. My own feeling is that the agricultural production may be assumed to have changed last year by 6.5 % compared with 1977. There would certainly be no need to be ashamed of such a rate.

For some agricultural production areas the figures show striking differences from the hitherto available US estimates and also from those reported by the FAO. The sugar cane production was according to the FAO between 43.2 and 47.14 mn tonnes p.a. in 1974-1978⁶. The State Statistical Bureau on the other hand put it at 17.753 mn tonnes for 1977 and 21.117 mn

tonnes in 1978. According to the FAO the sugar beet production has been rising more or less continuously since 1970, from about 5.06 mn tonnes to 8.8 mn tonnes in 1978⁷. We now learn to our surprise that in 1977 it amounted to no more than 2.456 mn tonnes and in 1978 to 2.702 mn tonnes – less than a third of the tonnage assumed earlier.

The deviations are not quite so marked but still considerable in the case of tea⁸. As against the 1977 and 1978 crop reports of 336,000 and 356,000 tonnes by the FAO the State Statistical Bureau mentioned crops of 252,000 and 268,000 tonnes.

The figures for other agricultural areas as for instance cotton and oilseeds differ much less or may even tally, as far as can be judged at present. This is true of the estimates of grain production for the last few years in particular. Anyhow it is remarkable that taken as a whole.

Industrial Development

For 1978 it was reported that the gross value of industrial output changed by 13.5 % compared with the preceding year. To obtain information about the real increase of industrial production the question of price adjustments must also be considered in this sphere⁹. The announced rate of 13.5 % is however not too remote from the previously available estimates of a minimum rate of 12 %¹⁰.

The published 1978 production figures for coal (618 mn tonnes), crude oil (104.05 mn tonnes), steel (31.78 mn tonnes), cement (65.24 mn tonnes), motor cars (149,100), cotton fabric (11,029 mn metres), sugar (2.267 mn tonnes) and bicycles (8.64 mn) show only insignificant upward or downward deviations from western estimates. The production figures for pig iron and electricity on the other hand have caused great surprise. The official figures for the pig iron output in 1977 and 1978 are far below the western estimates¹¹. According to the official statements it amounted in

⁷ Cf. The National Council for US-China Trade 1976: China's Agriculture, A Workbook for the Conference on China's Agriculture and Prospects for US Trade (= Special Report No. 19), Washington, D.C., p.91; FAO Production Yearbook, Vol. 31, Rome 1977, p.166; FAO Monthly Bulletin of Statistics, Vol.1, Dec. 1978, p.24.

⁸ Cf. FAO Production Yearbook, Vol. 31, Rome 1977, p.183; FAO Monthly Bulletin of Statistics, Vol.1, Dec. 1978, p.19.

⁹ Although the reports did not refer directly to changes of the price level or the actual rate of inflation, they instanced the mentioned agricultural products the prices of which had remained stable. Mention was also made of the income increases. The total payroll of the workers had risen in 1978 by yuan 5.4 bn to yuan 56.9 bn. The monthly income of the workers in state enterprises had increased on average by yuan 3.5 to yuan 53.7.

¹⁰ Cf. China: Economic Indicators, *ibid.*, Dec. 1978, p.1.

¹¹ *Ibid.*, p.23.

³ Cf. Neue Zürcher Zeitung, Nov. 16, 1978; cf. also NCNA, June 28, 1979.

⁴ Cf. NCNA, Dec. 26, 1978.

⁵ NCNA, June 28, 1979.

⁶ Cf. FAO Production Yearbook, Vol. 31, Rome 1977, p.164 and FAO Monthly Bulletin of Statistics, Vol.1, Dec. 1978, p.24.

1977 to 25.05 mn tonnes and in 1978 to 34.79 mn tonnes whereas the western estimates assumed an output of 32.4 mn tonnes for 1977 and of over 40 mn tonnes for 1978. According to official statements 203,000 bn kWh of electricity were generated in 1976, 223,400 bn kWh in 1977 and 256,550 bn kWh in 1978. Western estimates put the figure for 1976 at 128,000 bn kWh, for 1977 at 141,000 bn kWh and for 1978 at 160,000 bn kWh¹². These figures are of special interest also insofar as Hua Kuo-feng in his report mentioned the electricity industry explicitly as one of the weak branches of the economy and referred to "pressure on fuel and power supplies".

The production figures given for machine tools are, in numbers, about 100 % higher than previous western estimates. A production of 190,000 machine tools was reported for 1977 and of 183,000 for 1978 whereas western estimates worked out at 90,000 - 100,000 a year¹³. However, distinctions have to be made between machine tools according to size and purpose before differences in production figures can be discussed. Such reservations do not of course arise in regard to electricity generation which must, without any qualification, be put much higher than hitherto assumed in the West – if the Chinese figures are adopted.

As far as finished products are concerned, comparisons between the official figures and western estimates make only sense if there is clarity about the classification criteria and units of measurement. The official production figure of 113,500 tractors for 1978 (in addition to 324,000 manual tractors) cannot be put simply side by side with the western estimate of 253,900 tractors of 15 h.p.¹⁴. Similar considerations apply to the figures for the production of railway engines and goods waggons. The figures given for these are also in part considerably lower than the estimates (Locomotives: 293 in 1977, 521 in 1978 against western estimates of 555 for 1977 and 600 for 1978; goods waggons: 6,396 in 1977, 16,950 in 1978 compared with western estimates of 21,000 for 1977 and 25,000 for 1978)¹⁵.

The official statistics have caused great surprises in regard to individual sectors of industrial production.

¹² Cf. William Clark: China's Electric Power Industry, in: Chinese Economy Post-Mao, a Compendium of Papers Submitted to the Joint Economic Committee, Congress of the United States, Volume 1: Policy and Performance, Washington, D.C.: U.S. Government Printing Office 1978 (= 95th Congress, 2nd Session Joint Committee Print.), p.413; China: Economic Indicators, *ibid.*, p.1.

¹³ Cf. Jack Craig, Jun Lewek, Gordon Cole: A Survey of China's Machine-building Industry, in: Chinese Economy Post-Mao, *ibid.*, p.292.

Overall they balance out however: relatively high figures in terms of previous estimates are offset by relatively low figures elsewhere while over large areas the western estimates have been confirmed.

Trade

A few figures concerning China's foreign trade have also caused surprise. The officially published import surplus of yuan 1.98 bn in 1978 was higher than anticipated. The large foreign trade deficit indicated by this figure was however reportedly more than compensated by yuan 2.10 bn of "non-trading income" – receipts from tourism, interest income, postal and telephone fees and the evidently substantial remittances by ex-patriate Chinese.

The published figures for the internal trade which are divided between "total value of commodities purchased by commercial departments" and "total value of retail sales" cannot be compared with western estimates as there are hardly any comparable figures. There is all the more reason for relating a few of these figures on internal trade to the internal trade statistics published at the end of the fifties.

Figures of total retail sales between 1950 and 1958 were given in "Ten Great Years"¹⁶ (1950: yuan 17.06 bn; 1958: yuan 54.8 bn) which also gave index figures based on 1950 = 100. Recalculated in terms of the "Ten Great Years" index the now available official figures for 1977 and 1978 (1977: yuan 141.04 bn; 1978: yuan 152.75 bn) would come out at 826.7 for 1977 and 895.4 for 1978. Since the index had by 1958 already climbed to 321.2, the retail trade development in the following score of years was certainly not outstanding.

A similar comparison of the "total values of commodities purchased by commercial departments of farm and sideline products" of yuan 41.3 bn in 1977 and yuan 46.0 bn in 1978 with the official data for the late fifties¹⁷ shows the weaknesses of the internal trade even more clearly. The index (1950 = 100; 1958 = 284.5) would have risen to 516.3 in 1977 and 575 in 1978. This shows a bigger increase of the index of grain purchases in the first decade of years following the foundation of the People's Republic of China than in the two subsequent decades together – and this while not only did the agricultural production expand

¹⁴ *Ibid.*, p.292; China: Economic Indicators, *ibid.*, Dec. 1978, p.1.

¹⁵ China: Economic Indicators, *ibid.*, p.1. Cf. also J. Craig, J. Lewek, G. Cole: A Survey of China's Machine-building Industry, *ibid.*, p.292.

¹⁶ The State Statistical Bureau (ed.): Statistics of the Economic and Cultural Achievements of the People's Republic of China, Peking 1960, p.166.

¹⁷ *Ibid.*, p.168.

but the purchase prices for agricultural products including "sideline" production were raised several times.

Transport

The published figures on transports provided little new information on the rail traffic. The data on total length of the railway network in kilometres, the cargo traffic in tonne-kilometres (t-km) and the transport performance in tonnes tally tendentially with western estimates or fit more or less consistently into the existing picture. The official figures for the road traffic (1977: 25.09 bn t-km; 1978: 27.40 bn t-km) are however much higher than the previous estimates. It is all the more desirable that the State Statistical Bureau should also publish figures on the transport performance in tonnes for 1977 and 1978.

The same applies in principle to the air traffic. It is incomprehensible why the International Civil Aviation Organization reported on Chinese air traffic almost exactly when Peking put out its statistics, giving significantly different figures¹⁸, as the People's Republic of China is officially a member of the organization and represented on its council. It reported that the total operations (international and domestic) had amounted in 1977 to 60 mn tonne-kilometres whereas the official Chinese statistics contained a corresponding figure of 75.9 mn t-km. For 1978 an "estimated" figure of 85 mn t-km was given compared with a definitive official figure of 97.0 mn t-km. These discrepancies are astonishing as the ICAO may be assumed to base its aviation statistics on information from the member countries rather than making statements of its own on developments in the national areas.

Considerable discrepancies seem to exist between the official data and estimates by US government experts on the transport performance on the Chinese waterways. The official figure for 1977 is 276.2 bn t-km while the authoritative US estimate was only 165 mn t-km¹⁹. The Chinese however have given no clear definition of the term "waterways". The total length of the "navigable inland waterways" was stated to be 136,000 kilometres but according to "Ten Great Years" the length of the inland waterways was 73,615 kilometres in 1949 and 150,000 kilometres as early as 1958²⁰. That these figures related to "navigable" waterways was expressly confirmed later in an official publication²¹. So something must have happened here – to the inland waterways or the official statistics.

State Revenue and Expenditure

Although many experts had expected a resumption of the statistical reports as part of the policy of the four

modernizations, it had hardly been anticipated that the first batch of statistical data would already include concrete figures of state revenue, state expenditure and defence expenditure. Complete silence had been observed for many years in this area, ever since the publication of statistical reports was suspended. In one way or another official utterances nevertheless leaked out, and Chinese publications contained certain hints which prompted the outside observer to reconstruct a time series of state revenue and expenditure. Early this year I made such an attempt myself. It led to the following result:

Table 1
State Budget (Final Accounts in Yuan mn)

Year	State revenue	State expenditure
1950	6,519	6,810
1951	12,967	11,900
1952	17,560	16,790
1953	21,762	21,490
1954	26,237	24,630
1955	27,203	26,920
1956	28,743	30,580
1957	31,020	29,020
1958	41,860	40,960
1959	54,160	52,770
1960	43,300	46,300
1961	32,900	34,400
1962	29,500	31,500
1963	31,400	32,300
1964	35,000	35,400
1965	37,600	38,300
1966	40,300	40,600
1967	46,300	47,000
1968	56,300	54,000
1969	61,390	61,050
1970	65,190	61,290
1971	71,700	67,450
1972	81,580	74,240
1973	91,270	81,720
1974	92,640	95,000
1975	96,350	98,500
1976	85,950	95,450
1977	98,843	97,000
1978	126,343	126,000

Official figures for state revenue and expenditure existed for the years from 1950 to 1958²². For the following seven years one has to rely on estimates although the order of magnitude of the amounts involved is hardly in dispute²³. There are also no real

¹⁸ Cf. ICAO Bulletin, Vol. 34, No. 6, June 1979, p.28.

¹⁹ China: Economic Indicators, *ibid.*, p.37.

²⁰ The State Statistical Bureau (ed.), *Statistics . . .*, *ibid.*, p.144.

²¹ D g e n g S h i : Kurzer Abriss der Wirtschaft Chinas (Brief outline of China's economy), Peking 1974, p.37.

²² The State Statistical Bureau (ed.), *Statistics . . .*, *ibid.*, p.21 and 23.

²³ Cf. George N. E c k l u n d : Financing the Chinese Government Budget, Mainland China, 1950-1959, Chicago 1966, p.20, p.122 f.; by the same author: Finanzwirtschaft (Finance), in: Wolfgang F r a n k e (ed.), Brunhild S t a i g e r (ass.): China Handbuch (China handbook), Düsseldorf 1974, column 161f.; Fu T u n g C h e n : National Budgeting in Communist China, diss., University of Alabama 1969, p.94ff.; Richard K. D i a o : I-chiu-liu-wu-nien ti chung-kung ts'ai chen (Communist China's finance in 1965), in: Tsu-kuo yüeh-k'an, Vol. 1966, No. 3 (March), p.8.

differences of opinion about the presumptive budget deficits in 1960 - 1962 for which the shortcomings of the financial policy of Liu Shao-ch'i were later held responsible²⁴. For the period from 1965 till 1969 there is only fragmentary information to cast some light on the darkness surrounding China's public finances²⁵.

An approximate idea of the state revenue and expenditure in 1970 can be gained from rates of increase which have been published. The textbook "Outline of Political Economy" for young people wishing to study by themselves²⁶ contained the information that the budgetary receipts had risen more than ninefold and expenditure more than eightfold between 1950 and 1970. In the latter year the revenue must accordingly have been over yuan 65,190 mn and the expenditure over yuan 61,290 mn. On September 25, 1972 the "New China" news agency reported that state revenue had increased "more than tenfold" in "over 20 years". Such an increase would have carried the state revenue by 1971 to yuan 71.7 bn, and the multiples mentioned in the "Outline of Political Economy" would lead to state revenue of yuan 91.27 bn in 1973. The state expenditure in 1970 (yuan 61,290 mn), 1971 (yuan 67,450 mn) and 1973 (yuan 81,720 mn) can be deduced from the same source.

In the reconstruction of state revenue and expenditure in 1974 - 1978 account was taken of the correlation between industrial production and state revenue and of the fact that state revenue had changed between 1957 and 1973 by an average of about 7 %. Notice was also taken of Hua Kuo-feng's statement on February 26, 1978 that "from 1974 to 1976 the shortfall . . . of state revenue amounted to yuan 40 bn"²⁷. A shortfall of yuan 40 bn seems thus to have been incurred compared with the amount of state revenue to be expected under relatively normal conditions. In regard to the year 1977 it transpired from official sources that the state budget was in balance; a small surplus had actually been achieved, and all previous records had been exceeded²⁸. In January 1979 it was announced that in 1977 the state finances were 15 % up on 1976²⁹. In early 1979 Han Kuang, the deputy chairman of the Planning Commission for

Capital Construction, stated that the index of state revenue (1976 = 100) had risen to 116.4 in 1977 and 145.4 in 1978³⁰. A few newspapers in Hongkong reported details of the way in which the budget had been balanced³¹. A reconstruction of state revenue and expenditure in 1978 on the strength of these details showed the two sides of the budget to balance at yuan 126 bn. This figure is within the range of yuan 125-130 bn discussed in expert circles.

On June 21, 1979 it was stated by Finance Minister Chang Ching-fu that the state revenue in 1978 amounted to yuan 112.110 bn and that this was 28.2 % more than in 1977. From this follows that the state revenue in 1977 must have been yuan 87.449 bn. The expenditure was said to have been yuan 111.093 bn in 1978 and 84.353 bn in 1977. In the light of these figures substantial corrections of the income and revenue figures given above for the years up to and including 1972 would seem to be called for³².

Table 2
State Budget Revised (Final Accounts in Yuan mn)

Year	State revenue	State expenditure
1972	72,500	71,700
1973	76,800	76,000
1974	77,600	76,800
1975	80,500	79,700
1976	77,639	82,000
1977	87,449	84,353
1978	112,110	111,093

The disclosures about the defence spending have caused astonishment. In 1978 it amounted to yuan 16.784 bn and in 1977 to yuan 14.906 bn³³. Other defence expenditure has presumably been included under other headings, for instance in the spending on scientific research. Why should the Chinese not follow the world-wide custom? The relative weight of the defence expenditure recorded as such is more or less what it had been assumed to be. It accounted for 17.67 % of state expenditure in 1977 and 15.11 % in 1978; according to the published budget estimates for 1979 it is to rise to yuan 20.23 bn, i. e. 18.06 % of the total expenditure by the state. Nothing else was to be

²⁴ Cf. Audrey Donnithorne: *The Budget and the Plan in China: Central-local Economic Relations*, Canberra 1972 (Contemporary China Papers No. 3), p.11.

²⁵ Cf. Willy Kraus: *Wirtschaftliche Entwicklung und sozialer Wandel in der Volksrepublik China* (Economic development and social change in the People's Republic of China), Verlag Julius Springer, Berlin/Heidelberg/New York, to be published in October 1979; as well as Huang Yu-chuan: *I-chiu-liu-liu-nien ti chung-kung ts'ai cheng* (Communist China's finance in 1966), in: *Tsu-kuo yüeh-k'an*, No. 37 (April 1967), p.9; Richard K. Diao, *ibid.*, p.8; *Fu Tung Chen*, *ibid.*, p.99; Tak-ming Hsu, *Communist Chinese Economy After the Cultural Revolution*, Union Research Institute, Hongkong 1974, p.922.

²⁶ Cheng-chih ching-chi hsüeh chi-ch'u chih-shi, First ed., Vol. 2, Shanghai 1974, p.194f.

²⁷ Peking Rundschau, Vol. 1978, No. 10, March 14, p.12.

²⁸ Peking Rundschau, Vol. 1978, No. 3, Jan. 24, p.3.

²⁹ *China's Foreign Trade*, Vol. 1979, No. 1, p.2.

³⁰ Beijing Rundschau, Vol. 1979, No. 12, March 27, p.12.

³¹ *Asian Wall Street Journal*, April 27, 1977 and Jan. 24, 1978.

³² The various official disclosures mentioned above are here given special consideration. The 1973 figures calculated from the two editions of Cheng-chih ching-chi-hsüeh chi-ch'u chih-shih must however be called in question.

³³ The 1977 defence spending can be calculated on the basis of the indicated 12.6 % increase over the preceding year.

expected in view of the recent hostilities with Vietnam and the continuing tension. There remains however still a large contrast to the repeated allegations by Soviet authors that China's defence spending accounts for over one-third of the total budget expenditure³⁴.

Plan Figures for 1979

Plan figures referring to 1979 have once more been published in conjunction with the reported results for 1978. That the population growth is to be brought down to about one per cent this year may cause excitement among demographers. The announcement of a population total of 975,230,000 for the end of 1978 must be seen in the context of this prediction. If 17,200,000 is deducted from this total for the population of Taiwan, mainland China had a population of 958,030,000 to go by the official count. It is interesting to note that this figure is about halfway between the two representative population estimates of Ashbrook/Aird and Orleans³⁵, which suggests that the official number and the mean of western estimates approximate closely to the reality. It remains to be seen whether the population growth will in fact be reduced as much as planned.

In the agricultural sector the grain production is to increase by 7,700,000 tonnes, i. e. 2.5 %. The cotton production is to be raised by 233,000 tonnes, i. e. 10.8 %. Agricultural production as a whole is planned to advance by 4 % compared with the preceding year. The grain purchasing prices are to be hoisted by 20 % to induce the farmers to expand their production³⁶, and the prices paid for grain deliveries to the collecting stations in excess of the delivery quotas are to be raised by 50 % on top of this. Price increases averaging 24.8 % are envisaged for 18 main farm and sideline products. The share of agriculture in the total capital construction investment from the state budget is to be raised from 10.7 % in 1978 to 14 %³⁷.

³⁴ Cf. *Krasnaya Zvezda* (Red Star), Febr. 25, 1972, p.3; *Literaturnaja Gazeta*, Febr. 25, 1970, p.9 and August 19, 1970, p.9; by a team of authors: *Opasnyi Kurs, Ob antirevolucionnom, velikoderzavnom Kurse Maoistov, vypusk tretij* (A dangerous course — on the anti-revolutionary big-power course of the Maoists), Moscow, third ed., 1972, p.156. Cf. also Leo A. Orleans: *Soviet Perceptions of China's Economic Development*, in: *Chinese Economy Post-Mao*, *ibid.*, p.139f.

³⁵ Cf. Arthur G. Ashbrook, Jr.: *China: Shift of Economic Gears in Mid-1970's*, in: *Chinese Economy Post-Mao*, *ibid.*, p.208; John S. Aird: *Population Growth in the People's Republic of China*, *ibid.*, p.465; Leo A. Orleans: *China's Population Growth: Another Perspective*, in: *Current Scene*, Vol.XVI, No.2 and 3, February-March 1978, p.22.

³⁶ This campaign is to start when the summer grain is purchased this year.

³⁷ Cf. NCNA, June 28, 1979.

³⁸ NCNA, June 28, 1979.

Industrial production is to be increased by 8 % overall — by 8.3 % in the light industry and 7.6 % in the heavy industry. The direct state capital investments are to amount to yuan 40 bn, of which yuan 36 bn will be derived from the state budget and yuan 4 bn from foreign exchange loans. The light industry's share of the investments is to be raised from 5.4 to 5.8 % while the heavy industry will have to be content with a share of 44.6 % instead of 54.7 % in the preceding year; these reduced investments will go mainly to the coal, oil, electricity and building materials sectors. The iron and steel industry will be the losers.

It is amazing that the oil output is to increase by a mere 1.9 %. The coal production will likewise be only slightly higher than in 1978. The steel output is also to be kept at the previous year's level. The electricity generation on the other hand is to be stepped up substantially — by 7.2 % — but whether such an increase is attainable must be queried in view of the stagnation of primary energy production. Decisive importance is attached to the development of the light and textile industries; they are to be given priority in the supply with oil, electricity, raw materials and semi-manufactured goods.

As regards foreign trade, it is provided that exports are to rise by 14.7 % to yuan 19.2 bn and imports by 32.4 % to yuan 24.8 bn. Deputy Premier Yü Ch'in-li said in his report on this point: "Out of total import value, new technology and complete sets of equipment this year will cost us 4,730 million yuan an increase of 220 % over the sum last year"³⁸.

Many other plan targets have been published in addition to those mentioned although it is not yet known how many. Taken as a whole as concrete quantitative data they definitely convey the impression that the ambitions for the heavy industry have, for the time being, been greatly reined in, apparently under the influence of Ch'en Yün. Aside from the priority given to the generation of electricity, the increased support for agriculture and light industry serves the purpose of satisfying the pent-up demands of the population and containing the threat of inflation.

If — as is hardly to be doubted — the Chinese leaders continue the publication of statistical reports in the way they have begun to do, it means that they have made up their mind to lay their cards on the table. Their decisions on the fixing of plan targets and their judgment of their practicability are thereby submitted to the verdict of public opinion and to critical inspection by experts.