

## VII. EXPANSION OF DOMESTIC AND FOREIGN TRADE

On the basis of the rapid development of industrial and agricultural output and the uninterrupted increase in personal income, China's socialist trade has prospered as never before. The volume of commodity exchange has expanded conspicuously. In 1958 the volume of retail sales reached 54,800 million yuan, an increase of 16 per cent over 1957, or an increase of 221.2 per cent over 1950. The increases in the 1958 retail sales of some principal consumer goods as compared with 1950 were as follows: grain 62 per cent; edible vegetable oil 97.2 per cent; table salt, 94.1 per cent; sugar 303.7 per cent; aquatic products 242.6 per cent; cotton cloth 124 per cent; rubber shoes 325 per cent; machine-made paper 270.7 per cent. These few figures show that the living standard of the people has risen considerably.

In the past ten years socialist trade has effectively aided the rapid development of industrial and agricultural production through the purchase of industrial and agricultural production, the supply of capital goods for industrial and agricultural production, the expansion of commodity exchange between town and country, the stabilization of market prices and other means. In 1958 the total value of industrial products purchased by the state trading organizations and the supply and marketing co-operatives reached 32,600 million yuan, while purchases of agricultural products and products of agricultural subsidiary occupations amounted to 18,800 million yuan, representing respective increases of 280 per cent and 190 per cent over 1952. The trading departments supply the industrial departments with large quantities of capital goods to ensure the rapid expansion of industrial production, and at the same time they supply agriculture with the means of production in ever increasing quantities. In 1958 the value of the means of production supplied to the countryside reached 6,700 million yuan, 4.7 times as much as in 1952. In the seven years between 1952 and 1958 the principal items supplied included: 9,230,000 tons of chemical fertilizer; 25,230,000 tons of different kinds of oil cakes; 930,000 tons of insecticides; 6,500,000 insecticide sprayers; power machines totaling 1,630,000 horsepower; 2,270,000 two-wheeled share ploughs; 2,670,000 iron water-wheels; 39,250,000 spades; etc. Such large quantities of supplies to the countryside have played an important part in expanding agricultural production.

In ten years, trade in the areas inhabited by national minorities has developed remarkably. In 1958 the volume of retail sales in these areas reached 4,690 million yuan, 2.6 times that of 1952.

Since March 1950, market prices have remained stable. In the



early period of liberation, the influence of the habitual runaway inflation that existed during the reactionary Kuomintang regime and the wild activities of speculative capital caused a steady rise in prices. This seriously affected the normal industrial and agricultural production and the stability of the people's life. Confronted by such a situation, the People's Republic of China, soon after its establishment, concentrated on stabilizing market prices. The People's Government quickly centralized control of finance and economy throughout the country, took active steps to balance revenue and expenditure and strengthened state control of cash funds. It also dealt severe blows to speculative business practices and then banned them, rapidly established and developed state commerce, centralized control and allocation of important material resources related to the national welfare and the people's daily needs and ensured a flow of supplies to the market. In less than six months, starting from March 1950, the prices which had been rising constantly for more than a decade were brought under virtual control and market prices were basically stabilized. Taking March 1950 as 100, the index number of wholesale prices throughout the country in December 1950 was 85.4; in 1951 it was 92.4; and in 1952 it was 92.6. Again taking March 1950 as 100, the index numbers for retail prices in eight cities including Peking, Shanghai and Tientsin were as follows: December 1950, 83.9; 1951, 94.6; 1952, 93.7. This rapid stabilization of prices not only contributed to the improvement of the people's living conditions, but also provided important conditions for the speedy rehabilitation and development of the national economy.

After the virtual stabilization of prices in the whole country, the state systematically raised the purchasing prices for a number of agricultural products during the period of the First Five-Year Plan, with the aim of reducing the disparity between prices for industrial and agricultural products which existed before liberation, so as to encourage the peasants to produce more. Because of these higher prices and because retail prices of industrial goods sold in rural areas remained practically unchanged, the disparity of prices between industrial and agricultural products was reduced considerably, the incomes of the peasants increased and their living conditions improved. Calculations show that during the First Five-Year Plan, the higher prices that the state paid for agricultural products resulted in an increase in the peasants' incomes by the total sum of 11,000 million yuan.

The stabilization of market prices in March 1950 was followed by basic changes in the character of China's market. From a market controlled by bureaucrat-capital and engaged in speculation and other activities disruptive to the national economy, it became a market under the guidance of the socialist state economy and served in the development of the national economy.

There has been a remarkable expansion in China's foreign trade

in the past ten years. In 1958 China's total volume of import and export trade amounted to 12,870 million yuan, 3.1 times that of 1950. Of this figure the volume of imports increased 2.9 times and the volume of exports increased 3.3 times. With the establishment of the People's Republic of China, the semi-colonial character of old China's foreign trade and century-old unfavourable balance of trade and deficits in balance of payments have gone for ever.

China's foreign trade serves her socialist construction, her industrial and agricultural production and the improvement of the people's standard of living. During these ten years, of all the goods imported, more than 90 per cent were in the category of capital goods required for construction. Agricultural products still constituted the principal exports. With the development of industrial production, however, the proportion of exports of industrial and mining products has gradually risen from 9.3 per cent in 1950 to 27.5 per cent in 1958.

With equality and mutual benefit as the basis of her foreign trade policy, China has developed trade and commercial relations with the fraternal socialist countries and friendly governments and peoples. In ten years, trade between China and the Soviet Union and other socialist countries has increased considerably. The total volume of imports and exports in 1958 was 6.5 times that of 1950; with imports registering a 5.6 times increase and exports 7.5 times. Such trade has been carried on on the basis of mutual aid, co-operation, equality, mutual benefit and mutual promotion of economic development. It is a completely new pattern of trade relations.

Soon after the founding of the People's Republic of China, U.S. imperialism, persisting in its hostile policy towards the Chinese people, carried out its "blockade" and "embargo" against China, in an attempt to disrupt New China's economic construction. This policy, however, failed long ago. Those who were really hurt by the "blockade" and "embargo" were the countries which followed U.S. imperialism in implementing that policy, not the Chinese people.

China's trade with Asian and African countries which is based on equality and mutual benefit has markedly expanded in the ten years; the total volume of import and export trade has doubled from 1950 to 1958. Since 1953 China's trade with Western countries has increased to a certain extent.

In 1958 China concluded trade agreements with more than 20 countries and established economic and trade relations with more than 90 countries and regions.



## INCREASE IN VOLUME OF RETAIL SALES

|      | <u>Total retail<br/>sales</u> (million<br>yuan) | <u>Index numbers</u> |                 |                               |
|------|---|----------------------|-----------------|-------------------------------|
|      |   | <u>1950=100</u>      | <u>1952=100</u> | <u>Preceding<br/>year=100</u> |
| 1950 | 17,060  | 100                  | -               | -                             |
| 1951 | 23,430  | 137.3                | -               | 137.3                         |
| 1952 | 27,680  | 162.3                | 100             | 118.1                         |
| 1953 | 34,800  | 204.0                | 125.7           | 125.7                         |
| 1954 | 38,110  | 223.4                | 137.7           | 109.5                         |
| 1955 | 39,220  | 229.9                | 141.7           | 102.9                         |
| 1956 | 46,100  | 270.2                | 166.5           | 117.5                         |
| 1957 | 47,420  | 278.0                | 171.3           | 102.9                         |
| 1958 | 54,800  | 321.2                | 198.0           | 115.6                         |

## INCREASE IN RETAIL SALES OF PRINCIPAL COMMODITIES

|                            | <u>Retail sales<br/>in 1950</u> | <u>Retail sales<br/>in 1958</u> | <u>1958<br/>(1950=100)</u> |
|----------------------------|---------------------------------|---------------------------------|----------------------------|
| Grain                      | 55,510 million<br>catties       | 89,950 million<br>catties       | 162.0                      |
| Edible<br>vegetable<br>oil | 1,080 million<br>catties        | 2,130 million<br>catties        | 197.2                      |
| Table salt                 | 2,061,000 tons                  | 4,000,000 tons                  | 194.1                      |
| Pork                       | 1,400,000 tons                  | 1,764,000 tons                  | 126.0                      |
| Aquatic<br>products        | 721,000 tons                    | 2,470,000 tons                  | 342.6                      |
| Sugar                      | 243,000 tons                    | 981,000 tons                    | 403.7                      |
| Cotton cloth               | 2,170 million<br>metres         | 4,860 million<br>metres         | 224.0                      |
| Rubber shoes               | 41,927,000 pairs                | 178,190,000 pairs               | 425.0                      |
| Matches                    | 6,500,000 bales <sup>1</sup>    | 11,914,000 bales                | 183.3                      |
| Machine-made<br>paper      | 140,000 tons                    | 519,000 tons                    | 370.7                      |

<sup>1</sup>One bale contains 1,000 boxes.

INCREASE IN PURCHASE OF AGRICULTURAL PRODUCTS AND  
PRODUCTS OF AGRICULTURAL SIDE-OCCUPATIONS

|      | <u>Total purchased</u><br>(million yuan) | <u>Index numbers</u> |                 |                               |
|------|--|----------------------|-----------------|-------------------------------|
|      |  | <u>1950=100</u>      | <u>1952=100</u> | <u>Preceding<br/>year=100</u> |
| 1950 | 8,000                                    | 100                  | -               | -                             |
| 1951 | 10,500                                   | 131.3                | -               | 131.3                         |
| 1952 | 12,970                                   | 162.1                | 100             | 123.5                         |
| 1953 | 15,320                                   | 191.5                | 118.1           | 118.1                         |
| 1954 | 17,360                                   | 217.0                | 133.8           | 113.3                         |
| 1955 | 17,800                                   | 222.5                | 137.2           | 102.5                         |
| 1956 | 18,400                                   | 230.0                | 141.9           | 103.4                         |
| 1957 | 20,280                                   | 253.5                | 156.4           | 110.2                         |
| 1958 | 22,760                                   | 284.5                | 175.5           | 112.2                         |

INCREASE IN PURCHASE OF PRINCIPAL AGRICULTURAL PRODUCTS  
AND PRODUCTS OF AGRICULTURAL SIDE-OCCUPATIONS

|                            | <u>Unit</u>            | <u>Amount</u><br><u>purchased in</u><br><u>1950</u> | <u>Amount</u><br><u>purchased in</u><br><u>1958</u> | <u>1958</u><br>(1950=100) |
|----------------------------|------------------------|---|---|---------------------------|
| Grain                      | million<br>catties     | 66,850  | 105,920   | 158.4                     |
| Edible<br>vegetable<br>oil | do                     | 1,130   | 1,760   | 155.8                     |
| Pigs                       | thousand<br>head       | 35,843  | 46,732  | 130.4                     |
| Eggs                       | thousand<br><u>tan</u> | 3,279   | 8,100   | 247.0                     |
| Tea                        | do                     | 1,194   | 2,409   | 201.8                     |
| Cotton                     | do                     | 8,226   | 30,598  | 372.0                     |
| Cured<br>tobacco           | do                     | 1,028   | 5,530   | 537.9                     |

- Notes: 1. Figures for grain, cotton and edible vegetable oil include taxes in kind.  
2. Edible vegetable oil includes oil-yielding plants in terms of amount of oil extracted.

INCREASE IN TOTAL AMOUNT OF MEANS OF PRODUCTION  
SUPPLIED TO AGRICULTURE

|      | Total amount<br>(million yuan) | Index numbers |          |                    |
|------|--------------------------------|---------------|----------|--------------------|
|      |                                | 1950=100      | 1952=100 | Preceding year=100 |
| 1950 | 730                            | -             | -        | -                  |
| 1951 | 1,030                          | 141.1         | -        | 141.1              |
| 1952 | 1,410                          | 193.2         | 100      | 136.9              |
| 1953 | 1,920                          | 263.0         | 136.2    | 136.2              |
| 1954 | 2,500                          | 342.5         | 177.3    | 130.2              |
| 1955 | 2,820                          | 386.3         | 200.0    | 112.8              |
| 1956 | 3,700                          | 506.8         | 262.4    | 131.2              |
| 1957 | 3,260                          | 446.6         | 231.2    | 88.1               |
| 1958 | 6,680                          | 915.1         | 473.8    | 204.9              |

INCREASE IN QUANTITY OF MAJOR ITEMS OF MEANS OF  
PRODUCTION SUPPLIED TO AGRICULTURE

|                                   | Chemical<br>ferti-<br>lizer<br>(thousand<br>tons) | Insec-<br>ticide<br>(thousand<br>tons) | Insec-<br>ticide<br>sprayers<br>(thousand<br>units) | Two-wheeled<br>share<br>ploughs<br>(thousand<br>units) | Power<br>machines<br>(thousand<br>horse-<br>power) |
|-----------------------------------|---|--|---|--|--|
| 1. Quantity<br>supplied           |   |  |   |  |  |
| 1952                              | 318   | 15                                     | 251   | 1  | 13   |
| 1953                              | 592   | 19                                     | 198   | 15   | 14   |
| 1954                              | 802   | 41                                     | 315   | 23   | 22   |
| 1955                              | 1,255   | 67                                     | 429   | 426  | 45   |
| 1956                              | 1,608   | 159                                    | 1,308   | 1,086  | 189  |
| 1957                              | 1,944   | 149                                    | 647   | 95   | 265  |
| 1958                              | 2,708   | 478                                    | 3,351   | 628  | 1,083  |
| 2. Index<br>Numbers<br>(1952=100) |   |  |   |  |  |
| 1957                              | 611.3   | 993.3                                  | 257.8   | 9,500.0  | 2,000.0  |
| 1958                              | 851.6   | 3,200.0                                | 1,300.0   | 62,800.0   | 8,300.0  |
| (1957=100)                        |   |  |   |  |  |
| 1958                              | 139.3   | 320.8                                  | 517.9   | 661.1  | 408.7  |

COMMODITY PRICE INDEX NUMBERS (I)  
(Nation-wide. Average prices of the preceding year=100)

|      | <u>Wholesale<br/>prices</u> | <u>Retail<br/>prices</u> | <u>Purchasing prices<br/>for agricultural<br/>products</u> | <u>Retail prices of<br/>industrial products<br/>in the countryside</u> |
|------|-----------------------------|--------------------------|--|--|
| 1952 | 100.1                       | 99.9                     | 101.7  | 99.5   |
| 1953 | 98.7                        | 103.2                    | 110.1  | 98.5   |
| 1954 | 100.4                       | 102.2                    | 103.4  | 101.7  |
| 1955 | 100.6                       | 100.8                    | 99.5   | 101.2  |
| 1956 | 99.5                        | 100.0                    | 103.0  | 99.0   |
| 1957 | 100.9                       | 102.2                    | 105.0  | 101.2  |
| 1958 | 100.0                       | 99.7                     | 102.2  | 99.4   |

COMMODITY PRICE INDEX NUMBERS (II)  
(Nation-wide. Average 1952 prices=100)

|      | <u>Wholesale<br/>prices</u> | <u>Retail<br/>prices</u> | <u>Purchasing prices<br/>for agricultural<br/>products</u> | <u>Retail prices of<br/>industrial products<br/>in the countryside</u> |
|------|-----------------------------|--------------------------|--|--|
| 1953 | 98.7                        | 103.2                    | 110.1  | 98.5   |
| 1954 | 99.1                        | 105.5                    | 113.8  | 100.2  |
| 1955 | 99.7                        | 106.3                    | 113.2  | 101.4  |
| 1956 | 99.2                        | 106.3                    | 116.6  | 100.4  |
| 1957 | 100.1                       | 108.6                    | 122.4  | 101.6  |
| 1958 | 100.1                       | 108.3                    | 125.1  | 101.0  |

Note: The slight increases in retail prices were mainly due to the fact that non-staple foods were priced too low in the past, necessitating readjustments every year. The rise in purchasing prices for agricultural products was due to the unreasonable disparity of prices between industrial and agricultural products in the past. Planned readjustments have been made in the past years.



COMMODITY PRICE INDEX NUMBERS (III)  
(Average March 1950 prices=100)

|      | <u>Wholesale prices,<br/>nation-wide</u> | <u>Retail prices in<br/>eight major cities</u> |
|------|--|--|
| 1951 | 92.4                                     | 94.6   |
| 1952 | 92.6                                     | 93.7   |
| 1953 | 91.3                                     | 98.3   |
| 1954 | 91.8                                     | 100.2  |
| 1955 | 92.4                                     | 101.1  |
| 1956 | 91.9                                     | 101.0  |
| 1957 | 92.7                                     | 102.2  |
| 1958 | 92.7                                     | 101.4  |

RAPID INCREASE OF TRADE IN NATIONAL MINORITY AREAS  
(Million yuan)

|  | <u>1952</u> | <u>1958</u> | <u>1958 (1952=100)</u> |
|--|-------------|-------------|------------------------|
| Volume of retail sales   | 1,790       | 4,690       | 262.0                  |
| Volume of sales by state trading companies and co-operatives                           | 770         | 4,400       | 568.6                  |
| Value of agricultural products and products of agricultural side-occupations purchased | 750         | 2,020       | 269.3                  |
| Value of purchases by state trading companies and co-operatives                        | 480         | 2,930       | 616.4                  |



## RAPID INCREASE IN VOLUME OF IMPORT AND EXPORT TRADE

|      | <u>Total volume of import<br/>and export trade</u><br>(million yuan) | <u>Index numbers</u> |                           |
|------|--|----------------------|---------------------------|
|      |  | <u>1950=100</u>      | <u>Preceding year=100</u> |
| 1950 | 4,150  | 100.0                | -                         |
| 1951 | 5,950  | 143.2                | 143.2                     |
| 1952 | 6,460  | 155.5                | 108.6                     |
| 1953 | 8,090  | 194.8                | 125.2                     |
| 1954 | 8,470  | 203.9                | 104.7                     |
| 1955 | 10,980   | 264.3                | 129.6                     |
| 1956 | 10,870   | 261.5                | 98.9                      |
| 1957 | 10,450   | 251.5                | 96.2                      |
| 1958 | 12,870   | 309.8                | 123.2                     |

VOLUME OF IMPORT AND EXPORT TRADE BY CATEGORY  
(Percentage distribution)

|      | <u>Imports (total=100)</u> |                           | <u>Exports (total=100)</u>                      |  |  |
|------|----------------------------|---------------------------|---|--|--|
|      | <u>Capital<br/>goods</u>   | <u>Consumer<br/>goods</u> | <u>Industrial<br/>&amp; mining<br/>products</u> | <u>Processed<br/>products of<br/>agriculture<br/>and side-<br/>occupations</u> | <u>Products of<br/>agriculture<br/>and side-<br/>occupations</u> |
| 1950 | 87.2                       | 12.8                      | 9.3   | 33.2   | 57.5   |
| 1951 | 83.1                       | 16.9                      | 14.0  | 31.4   | 54.6   |
| 1952 | 90.6                       | 9.4                       | 17.9  | 22.8   | 59.3   |
| 1953 | 93.0                       | 7.0                       | 18.4  | 25.9   | 55.7   |
| 1954 | 92.8                       | 7.2                       | 24.0  | 27.7   | 48.3   |
| 1955 | 94.5                       | 5.5                       | 25.5  | 28.4   | 46.1   |
| 1956 | 92.4                       | 7.6                       | 26.1  | 31.3   | 42.6   |
| 1957 | 92.7                       | 7.3                       | 28.4  | 31.5   | 40.1   |
| 1958 | 93.7                       | 6.3                       | 27.5  | 37.0   | 35.5   |