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THE GOOD EARTH OF CHINA'S MODEL PROVINCE

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THE solution of the agrarian problem in China has been attempted both in revolutionary and in reformist ways: the redistribution of land in Kiangsi Province by the Chinese Soviets, and the reduction of rent in Chekiang Province by the Kuomintang Government. More recently a new reformist program has been advocated in Shansi, once known as the "Model Province," by General Yen Hsi-shan, who wishes to establish a system of "public ownership of land by the village" together with a government monopoly of agricultural marketing. 370

Early in August of last year, Lieutenant-Colonel Taira Takahashi, acting as a personal agent of Japanese imperialism, brought General Yen, chairman of the Pacification Commission of Shansi and Suiyüan, and General Fu Tso-yi, chairman of the provincial government of Suiyüan, to a political and military conference in Taiyüan, the capital of Shansi. The ostensible issue put forward by the Japanese military agent was a united front between the generals and Japan against the Chinese Communists. Half a year later, in February, 1936, the Chinese Red Army under Mao Tse-tung and Hsü Hai-tung actually crossed the Yellow River and marched eastward into Shansi. It was in between these two fateful events in Shansi, Yen's rapprochement with Japan and the advance of the anti-Japanese Red Army, that General Yen announced his new agrarian policy for his province. There is a good reason why General Yen, as chief spokesman of the landlords and merchants in Shansi, particularly those of the middle part of the province, should have made such a proclamation at this critical moment. Some observations on the general agrarian situation and on the rapid falling off of Shansi's usury and trade capital will make this clear. 370

The area of Shansi is 161,842 square kilometers, larger than Bulgaria, larger than Czechoslovakia and more than five times as large as Belgium, and it has a population of about 12 million, twice as big as that of Bulgaria. The land concentration in Shansi, however, has gone further than in any of the European countries. With money capital piled up through the long accumulation of agricultural rent, the Shansi merchants, money

exchangers and bankers made themselves powerful throughout China many generations ago. Toward the end of the eighteenth century, Shansi trade capital reached its zenith. After the middle of the nineteenth century it faced a series of business catastrophes which bore hard on the Shansi merchants and forced them to retreat to their own province. The T'ai-p'ing uprising wiped out numerous Shansi wine merchants and money exchangers in the delta regions of the Yangtze and the Pearl River. The Revolution of 1911 drove the Shansi money exchangers and bankers out of Hankow and other prosperous Yangtze ports and out of Manchuria as well. These disastrous experiences were repeated after the World War, when the very flourishing business of the Shansi merchants near Kalgan and in all Mongolia was utterly ruined, by the cancellation of all commercial debts to the Shansi traders who had monopolized the trade of Outer Mongolia, and also by the drastic devaluation of the paper rouble. All that was left by then of the old sphere of Shansi business activities was restricted to the middle Yangtze, and even this was finally broken down by the Revolution of 1925-27. After having sustained huge losses, the remnant of Shansi trade and usury capital naturally turned its control inward, on Shansi itself. Land investments, therefore, became heavier and heavier, land ownership more and more concentrated, and, up to the last few years, land prices went up higher and higher. 371

Suppose we take some of the districts of eastern Shansi, and see to what an extent the process of land concentration has gone. The statistics for these districts are compiled from a monthly called *Rural Construction*, published in Chinese by the semi-government "Association for Rural Reconstruction in Shansi and Suiyüan." 371

TABLE I
Land Concentration in Eastern Shansi (1930)

Size of Ownership	Kuohsien (North of T'aiyüan)		Yüshê (South of T'aiyüan)		T'unliu and Changchih (South of Yüshê)	
	Rural Families	Land Owned	Rural Families	Land Owned	Rural Families	Land Owned
	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Below 30 mu	48	15	51	16	86	39
31 to 50 . . .	29	32	28	30	7	17
Above 51 mu	23	53	21	54	7	44

(One mu is one sixth of an acre)

Families owning more than 51 mu of land have an average ownership of 73 mu in Kuohsien, 99 mu in Yüshê, and 94 mu in T'unliu and Changchih. But those owning less than 30 mu of land have an average

ownership of only 10 *mu* in Kuohsien, only 11 *mu* in Yüshê, and only 7 *mu* in T'unliu and Changchih.

These statistics, moreover, are taken from residential families only; should we count in the land owned by the absentee landlords, the land concentration in these districts would prove to be much higher. From another monthly, *Agricultural Economics*, published in Chinese in Chingkiang (Vol. 2, No. 3, pp. 101-109), we may understand the situation in the single district of T'unliu. 372

TABLE 2
Land Concentration in T'unliu District (1934)

	Rural Families Per Cent	Lands Owned Per Cent	Average Landowner- ship Per Family	Index Numbers
Landlords and Rich Peasants	1.9	33.3	583	100
Middle Peasants	68.3	61.4	30	5
Poor Peasants	29.8	5.3	6	1

In T'unliu and other districts of southeastern Shansi, there are proportionately many fewer landlords than in the 10 central districts around Taiyüan. In the central part of the province, wherein lies the capital, almost 60 per cent of the rural families have an average holding of about 100 *mu* of land each. Here the degree of land concentration is as high as in the Linho district of western Suiyüan. The districts around Taiyüan are, however, saturated with landlords much smaller than those in western Suiyüan. Eight villages in Hsinchou, immediately north of Taiyüan, were investigated during 1932; the result may be taken as representative of the central part of Shansi. Barely 12 per cent of the rural families are self-cultivating, 5 per cent part-tenants, as many as 40 per cent exclusively tenants, and landlord families amount to no less than 43 per cent. 372

North of the Great Wall, along the Peiping-Suiyüan Railway, in the villages well settled for centuries, land concentration is rather similar to that of eastern Suiyüan and western Chahar, but is somewhat less than in Linho and Taiyüan. In the three districts of T'ienchen, Yangkao, and Tat'ung, all located on the railway, self-cultivating peasants amount to 30 per cent of the rural families, owning only 15.5 per cent of the land; but pure and part tenants, forming 41 per cent of the families, own no more than 8.5 per cent of the land. Even in northern Shansi, landlords and rich peasants form 29 per cent of the population and own as much as 70 per cent of all the land. (372)

In the rapid process of land concentration, which up to 1931 was aggravated by the necessity for turning trade capital into land investment, the prices of agricultural lands increased steadily. Indeed, the highest land prices in Shansi are to be found in and around General Yen's own district of Wut'ai, immediately northeast of Hsinchou. Back in 1929, in his home village of Hopien, and in several bigger villages nearby such as Tungyehchen, the ordinary price of one *mu* of non-irrigated land was \$200 silver, and that of irrigated land was \$300.

Numerous military and civil officers in Shansi at that time competed in the purchase of land. Prices went up so high that even \$350 could not induce anybody to sell one *mu* of irrigated land in Hopien and Tungyehchen. In that same year, the land prices in Wenshui, a district southwest of Taiyüan, were \$30 to \$120, with \$50 as the commonest price. 373

IN ORDER to appreciate the high land prices in Shansi, we may compare them with those of other places, reducing all figures to terms of silver dollars and of *mu* of one sixth of an acre. In the far more densely populated southern part of India, near Chittoor for instance, a *mu* of non-irrigated land costs only about \$4. The Hudson's Bay Company in Canada sold its land at \$5.20 per *mu* in 1924. In Montana, the average cost of agricultural land in 1925 was \$6.40 per *mu*. The highest level of American land prices was in 1920, and the most expensive region was in Iowa; but the highest peak price in Iowa during 1920 was about \$85 per *mu*. Even today, the most fertile irrigated field in the Philippines costs only \$15.62 silver, per *mu*. 373

While we may regard the land prices in Yen Hsi-shan's home district as exceptionally high, other districts have also maintained quite high prices. Take Lich'eng, in southeastern Shansi; Chaoch'eng in southwestern Shansi; Chiehhsien, in the extreme southwest; Wenshui in the middle of the province, and Shuohsien, north of the Great Wall. In all these districts, in 1924, land prices were usually around \$100 Mex. per *mu*. 373

According to an investigation among 1,000 Shansi soldiers, in 1930, to ascertain the changes of land prices in their respective home districts, the average of the lowest prices per *mu* in the 17 districts concerned, distributed throughout the entire province, was \$5.32 in 1919, \$7.78 in 1924, and \$17.90 in 1929. We tabulate as follows this tendency toward price increase over a period of 10 years: (373)

TABLE 3
General Index Numbers of Land Prices in Shansi (1919-1929)

1919 = 100

Districts	1924	1929
Yinghsien.....	394	870
Chianghsien.....	106	696
Kuohsien.....	185	653
P'ingshun.....	151	630
Changchih.....	206	502
Hsiahsien.....	134	444
Kaop'ing.....	275	417
Shuohsien.....	224	407
Chiehshu.....	122	368
Yühhsien.....	94	300
Hsinchow.....	111	294
Wut'ai.....	148	267
Wenshui.....	129	245
Yangkao.....	153	198
Lingch'üan.....	159	184
Ch'üwo.....	117	160
Lich'eng.....	112	142

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Between 1919 and 1929, land prices in Shansi went up by 150 to 500 per cent. Such a rapid rise is hardly to be found in any other Chinese province. Even in Kuangtung, where the overseas Chinese have sent so much money home to invest in land, prices in various districts, between 1916 and 1926, went up only 60 to 300 per cent. During the same 10 years, land prices in Liaoning went up generally by 600 per cent; but that was chiefly due to the extraordinary devaluation of the Fengp'iao paper currency issued in Mukden. 374

In Shansi, the rapid rise of land prices in the districts of Chianghsien, Kuohsien, P'ingshun, and Changchih was due to a simultaneous rise in grain prices, while in the case of Yinghsien it was simply a matter of land improvement through irrigation. A politician, once active in the pro-Japanese Anfu clique, started some irrigation work in Yinghsien during 1918; he reclaimed, through the district government, many large tracts of land. His son, T'ien Tsin-fu, possesses no less than 20,000 *mu* in his home district alone. In Shansi, generally speaking, land tax and other levies assessed on land were comparatively light up to the year 1930. This, and to a limited extent the devaluation of Shansi paper money since 1929, may also account for the rapid rise of land prices throughout the province. 374

The year 1931, after a disastrous civil war in which Feng Yü-hsiang and Yen Hsi-shan were defeated by Chiang K'ai-shek, marked a turning point in General Yen's internal policy in Shansi. His money ran out, his industries were bankrupt, he was in desperate need of ready cash. To make money as quickly as possible became his new policy. Though as early as 1928 all poppies were exterminated in Shansi and all sellers of opium were severely punished, a new bureau was set up in 1931 to distribute opium on a grander scale, under the beautiful name of government suppression. Alongside of innocuous anti-opium pamphlets, the showing of educational cinemas, and the posting of placards in schools, there are numerous "anti-opium" pills which are only 10 per cent preventive and fully 90 per cent opium. These pills are now on sale everywhere in the capital, along the railway and in the market towns. Every district magistrate sells pills. He may receive from the post office as much as 600 pounds of pills at one time. The village heads then receive pills from him, and distribute them further among the licensed shops. The magistrates and village heads profit by this trade; but at the same time they could not hold office unless they were active in furthering the government policy. 375

Today the Shansi Opium Monopoly is notoriously rich. It levies a land tax of \$6.00 per *mu* on the opium fields in southern Suiyüan. Furthermore, Yen Hsi-shan compels the opium-growing peasants to sell their produce to his bureau at a discount of 60 per cent, and out of this raw opium his bureau makes pills for distribution. In Shansi itself, where little opium is being produced, the land tax has also gone up rapidly. So far, no systematic investigation has been carried out to ascertain the general increase of land tax in the entire province, but it is said that in the district of T'unliu alone, land tax has been increased by 5 per cent between 1932 and 1934. This increase refers only to the main tax, not taking into account the miscellaneous surtaxes which in total often double or even treble the main tax. It is hardly to be doubted that the landowners in Shansi are shouldering an increasing tax burden. 375

Of late the harvests in the southern part of the province have been poor. The fertile region known historically as Hotung, watered by the bend of the Yellow River in the southwestern corner of Shansi, has been famous for its grain export. Hotung means "east of the river," and it was proverbially said that "a full harvest in Hotung is enough to satisfy the world." Since 1931, however, grain and cotton exports from Shansi have been considerably reduced. Instead there has been an increasing import of grain, which has brought about a drastic drop in grain prices and indeed the prices of all agricultural products in Shansi. In some districts

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the prices of kaoliang, maize, beans, millet and wheat from Hotung, priced at \$12.00 per picul of 133 pounds in 1930, fell to \$4.00 in 1933.

Though rents in Shansi are predominantly paid in kind, cash rents have also obviously reflected the sudden drop of grain prices. Take the statistical report from one district, for instance: 376

TABLE 4
Cash Rent per mu in Shihhsien, West of T'aiyüan

Year	Irrigated Land	Non-irrigated Land	Hilly Land
1932.....	\$8.00	\$4.00	\$1.00
1933.....	5.00	2.00	0.70
1934.....	2.00	0.80	0.30

According to the government officials who compiled the report, the case of Shihhsien may be taken as representative in all places where cash rent is collected. 376

While grain prices and the scale of cash rent have been going down, landowners have had to bear an increasing taxation. No wonder, then, that land prices in Shansi are falling rapidly. Take the well-known agricultural district of Hsinchou, immediately north of T'aiyüan. One *mu* of land there used to be valued at \$150 to \$200 silver, but last year the price dropped to only \$30 to \$40. It has been generally estimated that since 1930 land prices in Shansi have fallen to a third or a fourth of the original market value. In his new agrarian policy Yen Hsi-shan evidently wishes to help the landowners to get rid of their land. 376

EVEN before carrying out this so-called reform program in land, however, General Yen had already begun to practice a monopoly of agricultural marketing. He taxes the opium fields heavily and maintains an opium monopoly by selling "anti-opium" pills. In like manner he taxes the grain fields heavily and wants to establish a grain monopoly. Four provincial banks in T'aiyüan, under his control, have organized a joint concern to collect and buy all the marketable grain. This is being done in cooperation with the provincial Bureau of Agricultural Relief and the government Agency for Selling Agricultural Produce. The new concern is manufacturing flour for sale, and is issuing a special form of certificate for facilitating the grain collection. Should time and circumstances allow, this modified paper money will reach an enormous sum and will inevitably repeat the sad story of the Manchurian Fengp'iao under Chang Tso-lin. 376

Over a period of many years, the late Marshal Chang Tso-lin flooded the three Manchurian provinces with a seven billion silver dollar issue (376)

of unsecured paper notes from his Mukden government bank. By this simple method he compelled the peasants to deliver to his collectors the produce of their daily toil. By the same method he managed to finance his army of 400,000. By hook, crook, and close attention to all business transactions, he and his favorites, intimates and assistants finally secured a deadly grip on everything that yielded a profit. Of course Shansi is not so rich as Mukden: Shansi's troops have only increased from 10,000 in 1923 to 200,000 at the present time. Nevertheless, General Yen is steadily following in the footsteps of what may be called Mukden finance. Already Yen Hsi-shan is the arch-merchant and banker of Shansi, speculating in securities and manipulating and cornering at will the wheat and cotton markets. Now he is also encouraging cotton production in his province, where some 62 per cent of the cotton crop is sold on the market, and only about 38 per cent kept by the peasants for their own handicrafts, and the policy of increasing the production and commercialization of cotton is urged on by the Japanese agents in T'aiyüan. 377

The forces of taxation and trade capital have brought about some changes even in the tenancy system. In the southeast and southwest of Shansi the majority of resident landlords and rich peasants used to hire agricultural laborers. Only a small minority of them, before 1931, rented their lands for a fixed rent in kind, the average rate being 40 per cent of the total harvest. During the last few years, however, those who used to farm for themselves have begun to try to rent out their lands, and those who used to take a fixed rent now want to change it to a share rent. In the middle part of the province, where tenancy is most prevalent, the change from fixed rent to share rent since 1931 has been most noticeable. The landlords get more income from a share system than from a fixed rent. By sharing the produce they now get 60 or 70 per cent, though the most common practice of sharing, both in the middle and the south of Shansi, requires the landlords to provide half of the seeds, all the fertilizers, and all the implements. In northern Shansi, where the landlords get a share of 65 or more often of 75 per cent of the total harvest, they provide all seeds, fertilizers, animal power, and a part of the agricultural implements. Since 1931 this share-cropping system in northern Shansi has spread even more widely than before. In 1933, when taxes had become so high and grain prices so low, there were still comparatively few Shansi landlords who relied on collecting a cash rent; the majority leased out their lands on a share basis, and provided part of the means of agricultural production. Now, wishing to avoid further risks of declining prices, the Shansi landlords would rather withdraw all (377)

their investments in farming; and if necessary they are willing to give up their land holdings in exchange for money possessions. 378

Yen Hsi-shan called 21 magistrates from the western districts of Shansi, bordering on the province of Shensi, to an anti-Red conference in T'aiyüan at the end of August, 1935. On that occasion he first proclaimed his new agrarian program. The following are the most salient points of this reformist policy. The program does not refer to any phase of national problems, such as tariff autonomy and the modes of agricultural and industrial production. All lands cultivated are to go to the "public ownership of the village," and bonds will be issued without any interest payment, solely for the purpose of purchasing lands from the present owners. All peasants are to pay a 10 per cent income tax for redeeming these bonds, in addition to the taxes as assessed at present. The present village administration is to be responsible for issuing the bonds, transferring the land property, and finally redeeming the bonds. That this program is to nail down the peasants with more taxation, and in the meantime is to let the landowners get away with an assured amount of their land price, requires practically no further explanation. This is especially clear when we understand what the Shansi village administration really is. General Yen was once known as the model governor of a model province of China, because during the period from 1914 to 1920 he built up a widespread system of motor roads, a network of military telephones among all the districts, and particularly a village administration efficient in collecting land taxes and military requisitions. 378

In more recent years the stringency in finance has caused the administration to be even more progressive. Since 1932, all land taxes have been payable to the village heads, and can no longer be delivered directly, as before, to the district magistrate's office. Certainly this is not for the convenience of taxpayers, but rather to promote the assessment and collection of taxes. Instead of dealing with numerous taxpayers, the magistrate's office only needs to hold all the village heads responsible, and to see that each month, on a fixed day, they pay all the taxes and fixed levies for their respective villages. The village heads are often forced to take loans, either at the magistrate's office or elsewhere, in order to pay the taxes; such loans are contracted at a monthly interest of 5 per cent. Thus, only big landlords and rich people can command credit enough to hold administrative positions in the villages, and no others can meet the tax payments. Now it is precisely such a village administration that is to fix the prices of lands, to arrange for the bond issuing, and to effect the land transfer. It is not unreasonable, in the light of the present tenancy situa-

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tion, to expect that the landlords and rich peasants may even force upon the tenants and laborers the purchase of agricultural implements. 379

After all it is economically impossible for the tenants and agricultural laborers to pay for the land a price which is at least 75 per cent of the total cost of agricultural enterprise. The crop-sharing tenants in northern Shansi have to cultivate some 50 to 60 mu in order to maintain a family of three persons, and only a strong youth can do such a task. The crop-pers have no cash wage to speak of, their meager share of the harvest does not help them to aspire to any land possession. 379

In middle Shansi, where the agricultural laborers are comparatively highly paid, the wages of from two to four years are equal only to the price of one mu. The highest annual wage for a hired agricultural laborer in the villages near T'aiyüan was in 1930 something like \$70 to \$80 silver. But in that same year rice fields there cost about \$150 to \$170 per mu. While one mu of irrigated land in General Yen's home village and other nearby villages cost no less than \$300, the annual agricultural wage was only \$60. In some other districts of Shansi, the wages of from two to twelve months may equal the local price of one mu of land. How low such a wage scale is may easily be understood by comparison with India and the Philippines where the wages of two months at most are equal to the price of one mu of land. In America and Canada one month's wages is often enough to buy the equivalent of one mu. This is of course a merely theoretical comparison; practically no single family can possibly exist on the income of a patch of land equal to only about one sixth of an acre. 379

Yen Hsi-shan and his associates are still hesitating to carry out immediately a new program which is entirely and even obviously in the interests of the landowners. Evidently they entertain a fear that it may incite peasant riots throughout the province. General Yen has said that he would try to put this new agrarian program on trial in the seven villages near his home. But what has been said recently by Hsü Yün-ch'ang, chairman of the Shansi provincial government and Yen's chief agent in the province, is interesting as well as instructive. Hsü told the correspondent of the *Ta Kung Pao*, as reported in the issue of that daily paper for February 27th, 1936, that requisitions in Shansi villages, based upon land ownership, have been greatly increased because of the newly organized anti-Red corps. As to the program of public ownership of land by the village, he continued: 379

We have already fixed a scheme. At present the people are afraid of carrying it out, and the communists say it is merely a measure for deceiv-

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ing people. We think that the communists are advocating extremes, and that only by adopting our scheme can bloodshed be avoided. Even then some disturbances may still be expected. Indeed, the time has not come to carry out the new policy; but we shall execute it at the very moment necessary to avoid bloodshed. 380

Hsü Yün-ch'ang added a little allegory of his own:

Our new agrarian program is just like a damaged train, which the people dare not take, yet which the Reds claim to be immobile. I am sure that if we move at all, we will move this train first. Mobile or not, we shall know it only by that time. Anyway, we are ready and prepared.

Prepared, in other words, to turn reform into reaction. (380)