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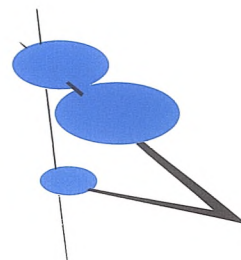
FEDERAL RESERVE BANK OF PHILADELPHIA
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Monthly Review

In this issue

The New China Trade

China and the Future



January 1972

The New China Trade

... Trade relations with the non-Communist world — especially Japan and Western Europe — expanded rapidly during the late 1960's.

China and the Future

... China's total exports and imports may approach \$10 billion by 1980, but the U.S. share of that total may be relatively small.

Editor: William Burke

The New China Trade

Much of the history of the People's Republic of China can be explained in terms of the new regime's ceaseless efforts to create a great power in China in the face of overwhelming political and economic handicaps. The economy has undergone a number of serious convulsions, reflecting the waves of economic, political and social mobilization that were designed at least partly to overcome the nation's extreme poverty, and reflecting also the tendency for these mobilization efforts to be pushed beyond the system's abilities.

After posting a respectable record of growth during the Ten Great Years — the Communist regime's first decade of power — the economy suffered a severe blow during the Great Leap Forward and its aftermath. Consequently, little (if any) expansion occurred between 1959 and 1969, despite significant fluctuations in the intervening years.

Agriculture suffered the most from this development, largely because of the planners' initial overemphasis on industrial growth and the severe crisis created by the Great Leap. Over the 1952-69 period as a whole, farm output probably grew less than 2 percent a year — and may actually have declined in per capita terms. Output grew slowly at the outset of the period, surged upward during the Great Leap of 1958, but then dropped perhaps 25 percent over the next two years. The farm sector did not recover its earlier peak until about 1963, but it then began to grow more rapidly, mostly because of expanded use of chem-

ical fertilizers and increased material incentives for the peasants.

Industrial production grew much faster than farm output during the entire 1952-69 period — perhaps 7 percent a year, on the average — despite the severe setbacks encountered during the past decade. Factory output grew rapidly during most of the 1950's, then dropped perhaps 40 percent in the severely depressed 1960-62 period, and did not recover its earlier peak until about 1966. At that point the industrial sector — unlike the farm sector — was plunged into the turmoil of the Cultural Revolution, and it did not recover from that crisis until about 1969. But with all that, the growth of factory output was noticeably higher than that of farm output for the last two decades as a whole.

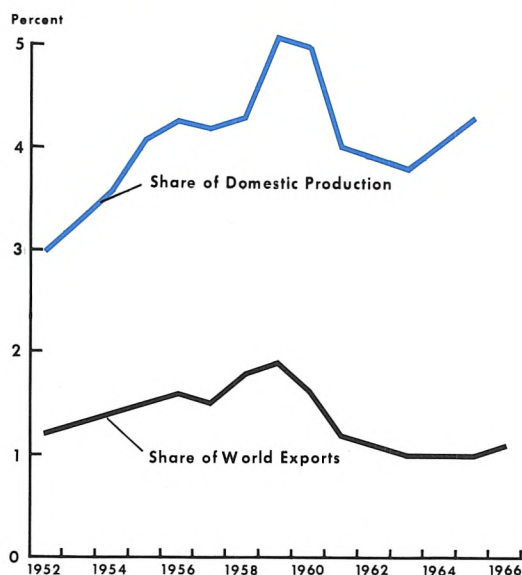
Shifting GNP — and trade

GNP grew at almost a 9-percent annual rate over the 1952-59 period and at roughly a 1-percent annual rate over the following decade — a 4-percent average annual rate for the entire period. The 4-percent growth rate was roughly the same as that recorded by India, another huge country with similar huge problems. However, China's rate was somewhat below the rates recorded by various other less-developed countries — most notably Taiwan.

Fluctuations in domestic production showed up clearly in the foreign-trade statistics also. Trade expanded by about 13-14 percent a year during the 1950's — somewhat faster than total domestic output, and also faster than total world trade, so that China's share of world trade rose from 2.4 to 3.7 percent over the period. But the 1960's were another story. GNP recovered its

Reliable statistics on the Chinese economy are almost completely lacking. Nonetheless, broad trends in production and trade can be discerned from the available data, as for example in Alexander Eckstein's *Communist China's Economic Growth and Foreign Trade*. Much of this account is based on Eckstein's analysis.

China's share of world exports falls steeply in early 1960's



decade-earlier peak by the late 1960's, but foreign trade still lagged about 10 percent behind earlier levels. (Indeed, it was little if any higher than the prewar peak of 1928-29.) Altogether, China's 700-800 million people generated about \$4 billion in total exports and imports in the late 1960's, or less than twice as much as that generated by Taiwan's 14 million people.

Yet over the past two decades as a whole, China's trade has grown significantly in dollar terms. Moreover, the nation in most years has maintained a large export balance — in striking contrast to the record of the preceding century. In 1969, for example, exports totaled about \$2.0 billion and imports about \$1.8 billion. In most years, the export sector has accounted for 4 percent or more of total domestic production — and it even rose to 5 percent of the total during the late 1950's, before severe shortages caused a drop in trade as in domestic production.

Contribution of imports

Imports contributed significantly to the investment boom of the 1950's and then contributed

to the alleviation of acute food shortages during the 1960's. China until 1955 was a net importer of capital, due to substantial Soviet credits totaling \$1.4 billion, but thereafter it became a net capital exporter, as it financed repayment obligations on this debt and meanwhile initiated its own foreign-aid program.

The net capital inflow between 1950 and 1957 amounted to about \$430 million — 1 percent of total savings — but the net capital outflow during the 1958-64 period reached about \$1.7 billion — 3 percent of total savings. China's position as a net capital exporter was a most unusual one for an underdeveloped country — and a difficult one since it imposed heavy constraints on the financing of domestic investment. Of course, ideological motivations rather than economic factors played a primary role in these investment decisions.

At the same time, the import trade played a major role in introducing new goods and new technologies into this underdeveloped economy. During the 1950's imports accounted for 20 to 40 percent of new investment, especially through the introduction of complete factories from abroad. The forced-draft industrialization of that period certainly would not have been possible without the ability to import new plant and machinery for expanding capital-goods capacity.

Then, during the severely depressed period of the early 1960's, imports contributed principally by helping to maintain economic and political stability. Food imports during that period amounted to 30 to 40 percent of total imports as against only 2 to 2½ percent during the 1950's. Food imports in a sense were an investment in improved agricultural incentives, since they permitted an easing of the confiscatory pressures on the countryside. In addition, they permitted an easing of the urban pressures on food supplies; during the worst part of the period, perhaps one-third of all urban food supplies came from foreign sources.

The import pattern of the 1950's probably will not be repeated. Because of the massive capital

imports of that period, China's capacity to produce capital goods has been significantly augmented, and so there is somewhat less need than before to rely upon imports of that type. Basically, however, trends in agricultural output are probably the most crucial determinant of the shape of the foreign-trade sector.

Foreign-trade planning

Foreign trade in this centrally planned economy has been designed to foster rapid industrial expansion, primarily through the import of capital goods. Imports of complete factories, from the Soviet Union during the 1950's and (on a much smaller scale) from Japan and Western Europe in the 1960's, made a sizeable contribution to the growth of basic production capacity over these two decades. Despite the more recent trend away from large-scale imports of this kind, the planners continue to emphasize imports of all types that will assist the industrialization goal.

Foreign-trade planning, at least on paper, is integrated with the nation's overall economic planning. Materials balances are constructed and import requirements are then derived, by identifying missing commodity items that can be produced domestically only at a prohibitive cost or not at all. Import requirements are then adjusted, taking into account foreign supplies and their cost, the nation's foreign-exchange and credit position, and the sources of domestic supply for export goods.

The most important adjustment factor is China's export capacity. However, policy makers have often shifted priorities between exports and domestic demand, so that it is not clear how well foreign-trade plans are integrated with domestic plans. Unpredictable factors — harvest fluctuations in particular — can upset planning in both areas, and can thus lead to rapid shifts in import orders and export deliveries.

Foreign-trade operations

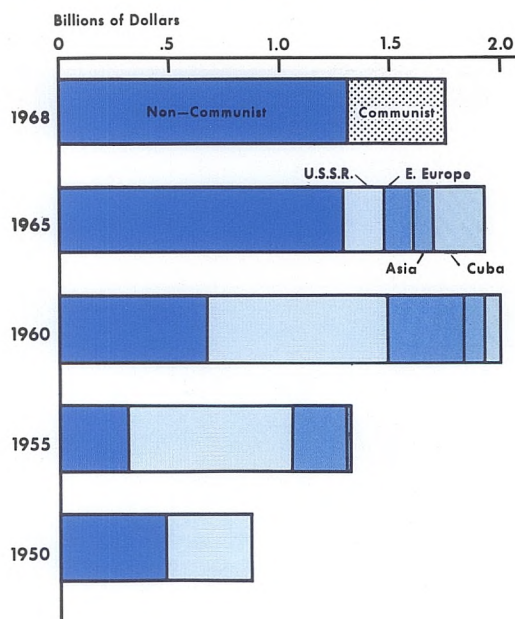
Actual foreign-trade operations are carried on by state trading companies, each of which is or-

ganized to handle the exports and imports of a certain type of commodity. These agencies are nationwide state monopolies with branches throughout China. This set-up can create difficulties for foreign firms, who are apt never to know the identity and the special problems of the ultimate end-users of their products.

Each state trading company is assigned a plan which specifies how much of each commodity is to be traded and with whom. The exact mechanism is unknown, but an overall trading list presumably is determined as a residual in the process of planning overall domestic production. Since imports are regarded as a means of meeting domestic shortages in supply, and since exports are seen as a residual in domestic supply, the planners are under continuous pressure to restrict import demand and to increase export supplies.

National planners — specifically those in the Foreign Trade Ministry — come up with lists of import requirements and export supplies that

Non-Communist world again dominates China's import trade

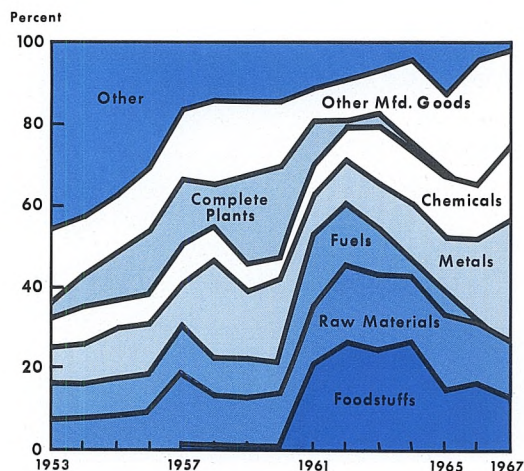


are consistent with national investment and production targets and with the availability of foreign exchange. The latter depends on current export earnings, of course, plus the existing stock of foreign assets, remittances from overseas Chinese, and foreign credits. As soon as the Foreign Trade Ministry determines its annual targets, the state trading companies receive specific import and export quotas. Thus, China's foreign trade is conducted as a highly centralized state-controlled economic activity.

The Foreign Trade Ministry attempts, wherever possible, to carry out trade through bilateral trade agreements. These agreements govern trade with the Communist nations and with some less-developed countries elsewhere, but not with the major trading nations of the world. Yet even in the 1950's, the state trading companies frequently bought and sold in the best world markets, after making necessary allowances for exchange regulations, available credit and terms, and the state of embargo restrictions.

The Foreign Trade Ministry, however, is capable of changing the direction and structure of trade significantly and rapidly simply by issuing necessary instructions to the state trading companies. Consequently, if the top planners should decide for political reasons to promote Sino-American trading relations, their centralized decision-making processes would permit them to move ahead very quickly.

... with remarkable shift in pattern of imported goods



U.S. embargo

For the past two decades, the United States has played no role in the China trade, despite the close economic relations which existed between the two nations in earlier times. (At the peak of foreign-trade activity in the 1920's, the U.S. accounted for about 15 percent of China's total commerce.) These economic ties dried up rapidly after the Communist takeover in 1949, and dwindled to practically nothing even before the outbreak of the Korean War.

As one reads official programmes, and listens to rhapsodies on the magic of modern industry, one could fancy oneself back in the England of 1850 or the America of 1920. It is possible that there is a section of Chinese opinion, incredible though it seems, whose enthusiasm for Mr. Ford is as innocent of reservations as its utterances would suggest. It is possible, but not probable. In a people so mature and wary as the Chinese there are depths not easily sounded; its mind is disclosed less in its words than in its life. China is not a primitive society to be swept off her feet by the glitter and swirl of alluring novelties. Her culture is autonomous, her conception of the life proper to civilized man exacting, and her own.

R. H. Tawney
Land and Labor in China

Political difficulties were at the root of this rupture. The People's Republic, from the outset of its regime, adopted a "lean to one side" policy — a close political, economic and military alliance with the U.S.S.R. The U.S. for its part imposed a virtually total embargo on all transactions with the People's Republic, and thereby increased the reliance of the P.R.C. on the U.S.S.R.

The U.S. imposed selective trade controls when the Communists began their southward drive in China early in 1949, and gradually tightened those controls over the ensuing two years. Then, when China intervened in the Korean War in December 1950, the Treasury blocked the U.S. assets of residents of China and North Korea, and also prohibited all trade dealings with those countries and their nationals. The embargo was enforced through Commerce Department export regulations and Treasury Department foreign-asset control regulations. To widen the span of these controls, Congress in August 1951 passed the Battle Act, which stipulated that "no military, economic, or financial assistance" could be supplied by the U.S. to any nation which did not apply the same embargo procedures against the embargoed nation.

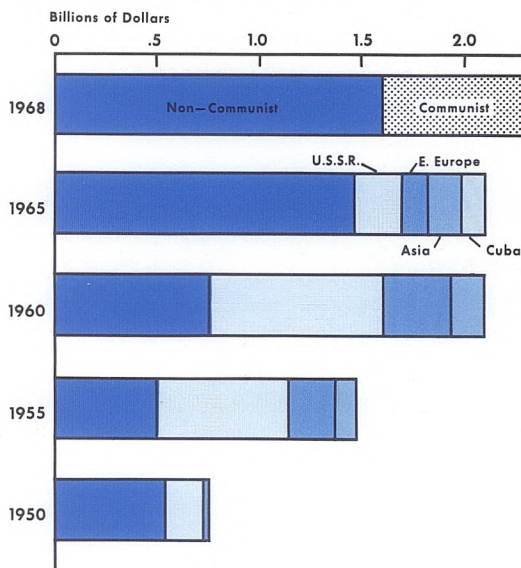
While the U.S. embargoed all trade with China, the other NATO countries and Japan imposed controls of varying stringency. (These were administered through the COCOM, or Co-ordinating Committee.) The COCOM nations worked with several control lists which had originally been drawn up in 1949 to control trade with European Communist nations. The first list covered arms and ammunition; the second, certain types of machine tools and raw materials; and the third, a wide variety of other commodities. For the China trade, however, COCOM also embargoed some 200 other items, and reinforced these interdictions with financial, shipping and other controls. Thus, restrictions on trade with China were much more stringent than those on commercial exchanges with other Communist nations. This was the so-called China differential.

The differential was unpopular in many trading nations, at least partly because China could evade the restrictions simply by ordering Western European goods through Eastern Europe. As time passed, more and more exceptions were made in the control list, until finally the differential was dropped completely. In 1958, COCOM developed a new control system using only two lists — a list of embargoed items and a separate so-called watch list — and these were made uniformly applicable to all Communist nations.

From the standpoint of American businessmen, the embargo not only banned direct trade between the U.S. and China, but indirect trade via third countries as well. In other words, U.S. raw materials or manufactured components could not be utilized in finished manufactured goods shipped to China by other countries. Consequently, U.S. firms frequently lost out on contracts with European or Japanese manufacturers who did not want to be restricted as to where they could sell their products.

Indeed, as time went on, most observers came

Most of China's exports go to non-Communist nations



to believe that the embargo had failed in its purpose of isolating China from the world economy, despite its success in denying China access to military equipment. In Congressional testimony in 1967, Alexander Eckstein said, "While the U.S. trade policy was formerly ineffective because China could obtain controlled and embargoed goods from Communist countries, it is now ineffective because these same goods (except for military material) can be obtained from practically every country which exports them except the U.S. and, to a certain extent, the Soviet Union."

U.S.S.R. — rise and fall

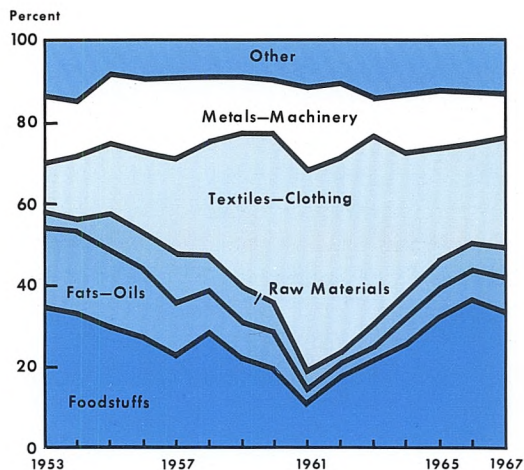
China's economy for two decades was influenced by the complete lack of Sino-American trade relations, but it was affected even more by the sharp rise and subsequent collapse of Sino-Soviet trade. There were two forms of trade involved — the traditional exchange of goods and the importation of complete factories — with financing being done mostly through current trade earnings and two-way Soviet credits.

During the 1950's, two-way trade between the two countries jumped from \$320 million to more than \$2 billion. Over a period of little more than a decade, China's total export-import trade with the Soviet Union amounted to \$12 billion, and about \$1 billion of that went for the importation of complete factories. At the peak, the Soviet Union accounted for roughly half of China's total foreign trade.

Soviet financial aid was fairly small — roughly \$1.4 billion — and about two-thirds of that went for military assistance. Still, the U.S.S.R. provided a significant amount of technical aid, including a vast amount of technical information, training facilities for Chinese students and technicians — and some 11,000 Soviet advisors.

China's industrialization program was built around the Soviet commitment to assist in the building of 291 major plants over a 15-year period. By 1959, 130 of the 291 planned projects were completed, and deliveries were made for over one-third of a promised order of \$3.3 bil-

... with foodstuffs, fats and oils, and textiles leading the way



lion in equipment. As a result, heavy industry grew by 25 percent a year and the quality of industrialization soared. China soon produced such prestige items as submarines, jet aircraft, electronics, machine tools, and even a nuclear plant.

On the other hand, there was a financial price to pay for this aid. The Soviets, by providing a 10-year loan with a 2-percent interest rate, in effect traded low interest payments for rapid repayment terms, and thereby increased the immediate debt burden on China. Debt charges and repayments may have equaled 40 percent of China's export funds during the 1962-63 period, which happened to be a time of domestic crisis, shrinking exports, and severe needs for food imports.

Soviet shipments to China peaked in 1959, and then fell off sharply as the political split between the two countries widened almost to a complete break. (The Soviet withdrawal of aid was described by Chinese planner Po I-Po as "taking away all the dishes when you've only eaten half a meal.") About 20 percent of the plants which had been begun under the original agreement were left incomplete, and others were

left only in a planning stage. Some factories needed capital equipment, some needed technical assistance, and some needed both.

While the alliance lasted, however, trade burgeoned between China and the Soviet Union. China received one-sixth of the U.S.S.R.'s exports of machinery and three-fourths of its exports of complete factories. At the same time, China supplied one-fifth of all Soviet imports, including two-thirds of her food imports and three-quarters of her textile imports. Similarly, trade flourished between China and Eastern Europe, amounting to one-sixth of China's entire trade in 1959. Eastern Europe, especially East Germany and Czechoslovakia, supplied two-fifths of China's machinery and equipment imports at that time.

Shifts in direction

The Communist world accounted for two-thirds of China's trade in 1955, but probably accounts for less than one-fifth of the total today. The U.S.S.R.'s share of the total dropped from 48 to 3 percent in little over a decade, and Eastern Europe's share fell from 17 to 8 percent. On the other hand, trade increased with several of the Communist nations. Sino-Cuban trade expanded in the first half of the 1960's, helped along by a \$16-million Chinese credit, with Cuban sugar being exchanged for Chinese rice, soybeans, textiles and machinery. Similarly, Sino-Rumanian trade expanded during the last half of the 1960's.

The vast shift in direction of trade was caused

Hong Kong's Role

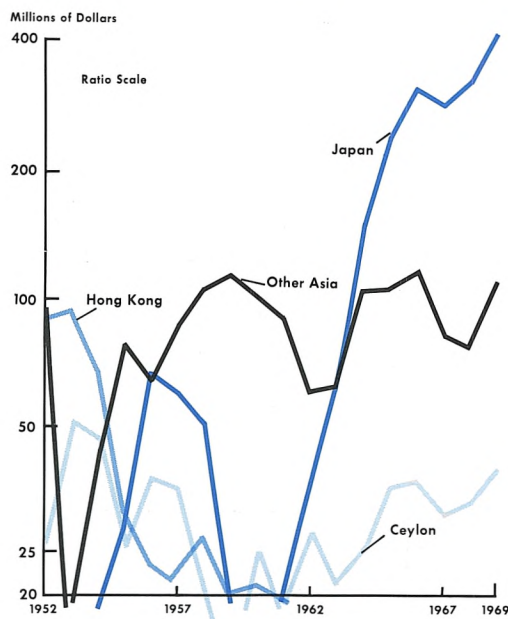
A striking factor in the China trade is the crucial importance of Hong Kong. The tiny Crown Colony, which contains 4 million Chinese and a small Western population, is by far the most important source of China's foreign exchange. China normally runs a trade surplus of about \$400 million with Hong Kong, so that it can pay for practically all of its Canadian and Australian wheat imports with the hard currency it earns in Hong Kong alone.

In 1969, Chinese exports to Hong Kong reached \$446 million — roughly one-fourth of China's total exports. About one-half of the total was foodstuffs, another one-fifth was textiles and clothing, and most of the rest consisted of supplies for Hong Kong's manufacturing industries. Hong Kong re-exported about \$120 million of these imports, especially to Southeast Asia, Japan and Europe. It transshipped over one-half of its imports of textiles and crude materials, about one-third of its clothing imports, and about one-fourth of its fruit and vegetable shipments.

Hong Kong had an important role in the early 1950's as a market for China's purchases of import commodities. After about 1954, however, China began to import directly rather than through Hong Kong, so that imports from Hong Kong amounted to only \$9 million in 1969. But Hong Kong has consistently maintained its key role as a center for China's export trade.

Hong Kong provides major banking, insurance, and shipping facilities, and is a prime point of commercial contacts between China and the West. Many of the consular staffs, banks, shipping firms, insurance underwriters, merchants and manufacturers that are now located here were formerly based in Shanghai. These agencies have a highly specialized knowledge of the Chinese market and of the institutional framework within which the China trade is conducted.

Japan comes to dominate import trade within a single decade



by other factors than the state of Sino-Soviet relations. Imports from Western Europe increased four-fold in the late 1950's, reflecting the easing of COCOM controls. The domestic agricultural crisis of 1960 caused a severe shortage of foodstuffs and forced China to seek large supplies of grains from those (Western) nations that could meet her needs. The ensuing industrial crisis then reduced the demand for producer goods, such as the U.S.S.R. had been supplying. Some shift away from earlier trading patterns thus would have developed in any case, but that shift would have been far milder had not the Soviet Bloc split asunder.

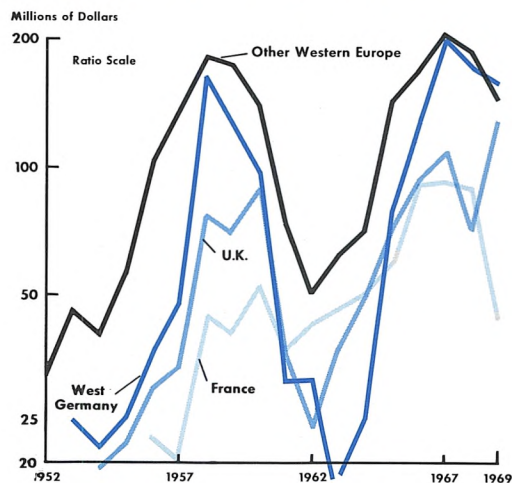
Accordingly, trade relations with the non-Communist world expanded rapidly during the 1960's. Between 1960 and 1970, China's exports to that sector jumped from \$625 million to \$1,545 million, while imports rose from \$745 million to \$1,840 million. But as already indicated, trade with the Communist world fell sharply, in both volume and value terms; exports

totalled \$1,320 million and imports \$1,285 million in 1960, but a decade later each category was probably no higher than \$400-500 million.

In recent years, China's exports have gone mostly to other Asian nations. Between 1959 and 1969, exports to Hong Kong increased from \$181 million to \$446 million, to Japan from \$18 million to \$235 million, and to Malaysia and Singapore from \$48 million to \$167 million. Western Europe also has provided a major market for China's exports. Between 1959 and 1969, the total grew from \$217 million to \$434 million, with West Germany and the United Kingdom each accounting for roughly one-fifth of that total.

On the import side, Japan has dominated the statistics. Its shipments to China were only \$4 million in 1959, during a Sino-Japanese political crisis, but they then jumped to \$391 million in 1969 (and jumped 40 percent higher in 1970, according to preliminary estimates for that year). Imports from other nations fluctuated considerably over the past decade, reflecting the varying fortunes of the Chinese agricultural and industrial sectors. China's major wheat suppliers, Australia and Canada, supplied \$119 million and

... but industrial nations of Western Europe also post gains



\$113 million, respectively, in 1969. China's major (non-Japanese) industrial suppliers in that same year were West Germany (\$158 million), the United Kingdom (\$131 million) and other Western Europe (\$184 million). China's total imports from its European suppliers were over 10 percent higher in 1970 than in 1969.

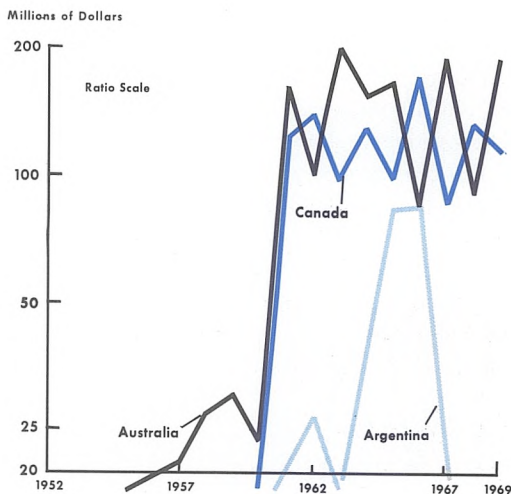
China is not an important trading partner of the major trading nations, but it looms important in the statistics of some less-developed nations. China accounts for only about 3 percent of Japan's exports and 1 percent of Western Europe's, but it takes about 10 percent of Ceylon's exports and (in some years) 10 percent of Cuba's products. Similarly, China accounts for only about 2 percent of Japan's imports and 1 percent of Western Europe's, but it supplies 20 percent of Hong Kong's imports, 10 percent of Ceylon's and Singapore's, and roughly 6 percent of the imports of several other countries — Syria, the Sudan, Indonesia, and Cuba.

Shifts in import patterns

In recent decades, a dramatic change has occurred in the commodity composition of China's imports, largely because of the advent of a rigidly centralized government pursuing the goal of rapid industrialization. Producer-goods imports, which had accounted for only one-fourth of total imports in the late 1920's, made up three-fourths of the total in the industrialization surge of the late 1950's (exclusive of military goods), and they were again important in the economic recovery of the mid-1960's.

Within the producer-goods category, current inputs — farm fertilizers, textile fibers, minerals and metals — generally have accounted for almost one-half of total imports, while fixed-capital goods — machinery and equipment — have accounted for about one-fourth of the total. The share of current inputs peaked in those years, such as 1958 and 1967, when increased industrial activity created pressures on domestic supplies. Despite China's conscious pursuit of an import-substitution policy and its success in exploiting domestic resources in such fields as oil

... and wheat-producing nations boost shipments during 1960's



and cotton, its increased production created heavy demands for more imports — for example, chemical fertilizers for agriculture and steel pipes for oil production.

On the other hand, the need to meet serious food shortages caused by the nation's agricultural crisis led to a diversion of foreign exchange for cereal imports in the early 1960's. (In the 1962-64 period, one-fourth of total imports consisted of wheat and other cereals.) However, the absolute level of cereal imports remained close to \$300 million until late in the decade, probably reflecting a conscious effort to earn foreign exchange by exporting high-priced rice and importing low-priced wheat. Also, in the historical pattern, foreign wheat was utilized as the cheapest source of food for coastal areas, as a consequence of the nation's continued lack of a well-developed transportation system. At the peak, China's imports accounted for over one-tenth of the world's entire trade in wheat.

Basically, however, the new regime's emphasis on industrialization meant a sharp expansion in imports of machinery and equipment, so that they accounted for 20 percent of total imports

in the early 1950's and for 40 percent of the total in 1959. With the rise in demand for food imports and the decline in export earnings in the crisis of the early 1960's, capital-goods imports dropped to only 6 percent of the total, but by the late 1960's their share rose again to 20 percent. Complete factories accounted for a declining share of capital-goods imports in the 1960's, as was mentioned above. In recent years, imports of this type generally have been concentrated in the chemical field — synthetic-fiber plants and fertilizer plants, for instance. "Unspecified" imports (that is, military imports) were roughly 40 percent of the total in the mid-1950's before the Sino-Soviet split, but now they are only a minor item in China's import figures.

Imports today

As a consequence of these unfolding trends, about three-fifths of China's imports of \$1.4 billion in 1969 were made up of manufactured products — such as metals, machinery, and chemical fertilizers — with wheat, rubber and textile fibers accounting for most of the rest. (Data for 1969 are for the non-Communist countries only.) The only major change in the composition of imports over the past decade has been the addition of wheat as a major import item.

Continued efforts to expand industrial production have boosted the nation's demand for metals. In 1969, China imported over \$400 million of metals, half of that amount in steel products. Japan and West Germany were the dominant suppliers of iron and steel products. Imports of nonferrous metals more than doubled over the decade; platinum imports were especially strong in the late 1960's, but copper, the most important nonferrous metal, grew at a fairly slow pace over the period. West Germany and the U.K. were the major suppliers of nonferrous metals.

In 1969 also, China imported about \$79 million of machinery. Imports of machinery rose sharply during the mid-1960's but later dropped just as rapidly, reflecting China's attempt to become more self-sufficient in machinery production. At the peak, China imported large amounts of British and German textile machinery, along with German, French and Japanese power-generating equipment, and Japanese and Italian construction and mining machinery. Imports of such equipment are now down sharply, but machine-tool imports from Italy, West Germany and Switzerland are still strong.

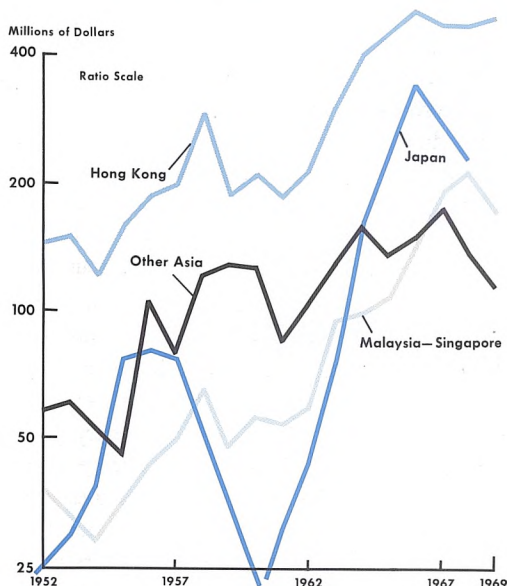
Recent efforts to increase agricultural production have created heavy demand for chemical fertilizers. Imports of these products peaked in

In the brilliant success of the Chinese Communists in restoring political order and their record of only modest economic growth, we may have a repetition of an old Chinese story. In the past, the early years of a successful dynasty always witnessed the establishment of firm political control over the country and, as a result of peace and order, a rapid restoration of the economy destroyed by the years of turmoil that had brought the previous dynasty down. In their desire to fill the imperial treasury with a maximum flow of taxes and to control society so that revolution would be impossible, most dynasties established very rigid economic controls and tended to tax to death any very promising enterprise. As a result, periods of strong rule were usually times of little real economic growth. Only when the dynasties had started to decline and had been forced to relax their grip on the people was there ever much economic innovation and growth. Then the genius of the Chinese people for economic activity was allowed to express itself.

Edwin O. Reischauer

Beyond Vietnam: The United States and Asia

Most of China's exports go to Asian nations, especially Hong Kong



1968, but were still high in 1969, at about \$100 million. Most of the imports were manufactured nitrogenous fertilizers, with Japan, the Netherlands and Italy being the major suppliers. China in recent years has purchased one-third of Japan's total exports of urea, as well as large supplies of other nitrogenous fertilizers.

Crude rubber imports fluctuated somewhat during the decade, reaching \$140 million at the 1969 peak, mostly because of recent price increases. Singapore, Malaysia and Ceylon were the major suppliers in this field. China also continued to be dependent on imported cotton, wool and synthetic fibers, although much less so than in earlier periods. China's attempts to become self-sufficient in cotton production have been stymied by severe shortages of cultivable land, especially in view of the acreage that must be devoted to food-crop production.

Shifts in export patterns

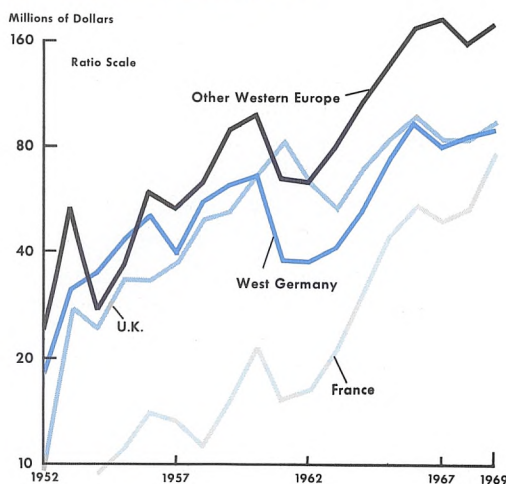
The commodity distribution of China's exports has not changed as drastically as the import pat-

tern in recent decades. Traditional exports of raw and processed agricultural products have accounted for about three-fourths of total exports, just as they did in earlier periods. Soybean products, livestock products, silk, tea and tobacco, along with pig iron, coal and handicrafts, continued to remain near the top of the export statistics. However, relatively small amounts of these commodities were exported during years of extreme shortages, because of the need to divert supplies to the domestic market.

Over the past two decades, there was a significant increase in the ratio of processed to raw products, and also in the ratio of industrial raw materials to foodstuffs. These changes reflected a dramatic increase in textile exports, from 5 to 20 percent of total exports. In addition, there was a declining trend in the share of mineral and metal products, from 15 to 10 percent, largely reflecting heavy domestic demand for such products.

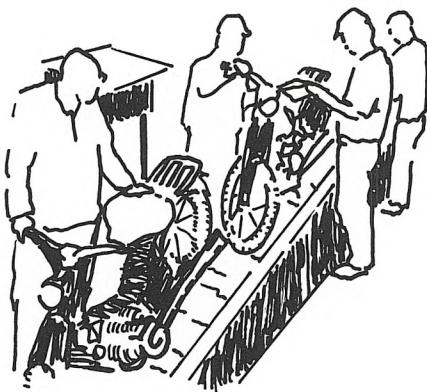
The growing importance of textile exports represents a major departure from China's traditional export pattern, and in effect it epitomizes the end of a cycle in Chinese economic history. Prior to the advent of Western traders, China had exported substantial amounts of textile handicrafts, but by the latter part of the 19th century,

... but shipments to Europe increase in recent years



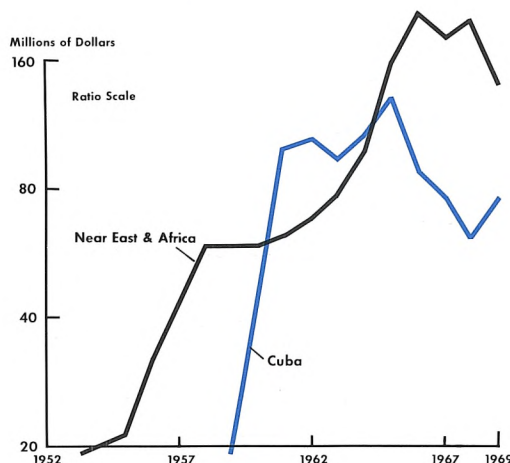
foreign textiles had displaced handicraft-produced yarn and then handicraft-produced cloth. As a result, textile imports grew rapidly, while China began to export textile fibers, including raw cotton.

As the domestic demand for textiles grew during the early decades of the 20th century, more and more manufacturers (foreign and Chinese) were drawn into the field. With the expansion of the domestic industry, raw-material requirements grew and China finally began to import rather than export raw cotton. Then as the industry continued to grow, domestically produced cotton cloth gradually replaced imported cloth in meeting consumer demands — and finally, under the new regime's industrialization policy, substantial amounts of textiles began to show up in the export-trade statistics.



Another recent development is a remarkable expansion of rice exports — remarkable in view of the fact that China imported roughly 500,000 tons of rice annually during the prewar period. China is now a leading participant in the rice-export trade, shipping normally about 1 percent of its total rice crop each year. China exports even larger shares of other food products — 6 to 8 percent of its livestock products and 10 percent of its soybeans and ground nuts.

... and exports to third-world countries expand also



Exports today

In 1969, food and raw materials made up about half of the total exports of \$1.7 billion. Hong Kong alone purchased over \$200 million in food — fruits, vegetables, hogs, meat, rice and fish. Other major food purchasers were Ceylon (rice), Morocco and Egypt (green tea), and Japan (rice, fruits and vegetables, fish and meat).

Crude-material exports amounted to \$350 million in 1969. Italy, Japan and France were important purchasers of raw silk, while in addition, Japan was a major buyer of soybeans. Exports of textile yarns, fabrics and clothing amounted to \$300 million in 1969. Hong Kong took 30 percent of the total, mostly cotton fabrics — and mostly for re-export to Asian markets — and large shipments also went to Singapore, Australia, the U.K., and Africa.

China also exported about \$100 million in consumer products — footwear, toys, pens, handbags, radios, bikes and watches — mostly to Southeast Asia and other less-developed areas. (These prestige exports grew from about 1 to 8 percent of total exports during the last two decades.) Semi-manufactured products, mostly

chemicals, accounted for \$75 million in exports, and hides, skins, furs, and paper products accounted for \$75 million more.

The dominant theme in China's foreign trade policy during the past two decades has been the search for export markets with which to earn foreign exchange to pay for producer-goods imports. Her policy undoubtedly is influenced by political considerations — witness the lack of trading relations with the U.S. and the U.S.S.R. — but China also deals with neutral and sometimes even with unfriendly regimes.

With the reorientation of the past decade, non-

Communist nations now account for 75 to 80 percent of China's total trade, and the Communist nations for the rest. This is the exact reverse of the situation in the early 1950's. China's leading trade partners today, in order of importance, are Japan — whose import-export trade with China may total \$1 billion this year — followed by Hong Kong, West Germany, Singapore, Canada, Great Britain, France and Australia. Yet until recently only two of these partners, Great Britain and France, had diplomatic relations with the People's Republic. Economics, as well as politics, thus plays a very important role in the nation's trade policy.

The very success of our policy of ending the isolation of Mainland China will mean an immense escalation of their economic challenge, not only to us, but to others in the world. I again come back to the fundamental point: 800 million Chinese, open to the world, with all the communication and the interchange of ideas that inevitably will occur as a result of that opening, will become an economic force in the world of enormous potential.

Richard M. Nixon
Kansas City Speech (6 July 1971)

Publication Staff: Karen Rusk, Editorial Assistant; Janis Wilson, Artwork.

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One Billion Customers?

Until recently, population estimates for China were wildly unreliable. It was especially difficult to apply standard demographic techniques in view of the long series of natural and political catastrophes that have plagued China over the past century or so. Sixteen major catastrophes occurring between 1850 and 1950 cost as much as 50 to 100 million lives, with the Taiping Rebellion alone accounting for perhaps 20 to 50 million people.

In 1953, for the first time ever, a comprehensive count was attempted with relatively modern population-census techniques. The final count of 583 million was probably the nearest approach to a reliable population figure in Chinese history. There were serious defects in this census; the total may have been 5 to 15 percent too low, and the age and sex distributions were probably unreliable as well. Nonetheless, the census provided demographers with at least some basis for further population estimates.

The Census Bureau's John S. Aird has obtained a 1965 population estimate by constructing four alternative models consisting of various hypotheses about the impact of political and economic events on the Chinese population. For 1965, the total fell somewhere between 715 and 875 million — the spread of 160 million indicates the extent of our ignorance of the actual total. Estimates of Chinese food supplies and employment suggest that the actual magnitude was near the lower limit of the range, but even that conservative figure suggests that today's population may well be over 850 million.

The present regime inherited an initial population mass of perhaps 500 to 550 million two decades ago. This presented serious problems, not only in terms of population pressure on arable land resources, but also in terms of the supply and distribution of food and other consumer goods. More importantly, it provided a base for a huge absolute increase in numbers of people even without the recent spurt in the rate of population growth. Prior to the present regime, the rate of natural increase was perhaps 10 per thousand, based upon crude birth and death rates of 40 and 30, respectively, per thousand. But the rate of natural increase now probably exceeds 20 per thousand, because of such factors as the restoration of law and order, public-health measures, and improvements in food distribution.

Future population totals will depend on the attitude of the regime toward birth-control measures, which could have a decisive effect on fertility patterns. Another determining factor would be the nation's success in preventing catastrophes which, in the past, have reduced population numbers drastically for short periods of time.

Aird estimates that, given a moderate pace of development, China's population will reach 1.0 billion within the next five to ten years, and will rise further to 1.1 to 1.2 billion by 1985. He assumes that China will continue to encounter chronic economic problems, but no major crisis, and that it will make major progress in health and fertility-reduction programs. On the basis of these assumptions, the gross reproduction rate would be reduced by one-sixth, and the life expectation at birth would rise from 50 to 55, between the years 1965 and 1985.

China and the Future

Until quite recently, the world's largest foreign trader (the United States) has had no trading relations with one of the world's top twenty-five trading nations (the People's Republic of China). This was a consequence of the prolonged U.S. embargo on direct trade between the two countries.

The U.S. Government in the early 1950's decided to use extreme economic sanctions against a country then considered a major threat to world peace, in the hope that such sanctions might induce the Chinese regime to change its policy goals, or might at least undermine China's capacity to achieve those goals. Since the U.S. dominated the world economy at that period, and since it depended very little on Chinese products, it considered that sanctions were a small price to pay for achieving its political objectives.

Breaking the logjam

With the gradual easing of political tensions, however, the twenty-year logjam finally began to break. In 1969, to begin with, the U.S. Government permitted American citizens and non-profit institutions to import Chinese goods for non-commercial purposes. Towards the end of that same year, foreign subsidiaries of U.S. firms were allowed to conduct nonstrategic trade with China, and in the spring of 1970, U.S. firms were permitted to sell components for use in foreign-produced nonstrategic goods shipped to China.

A number of major policy shifts then occurred in the first half of 1971. In April, President Nixon announced approval of certain types of direct trade and other contacts between the U.S. and the P.R.C. He permitted limited direct trade in certain designated commodities, permitted

U.S.-owned foreign-flag carriers to visit Chinese ports and carry Chinese cargoes, and relaxed controls on the use of dollars in current transactions.

Finally, in June of this year, U.S. policy eased quite noticeably. The President terminated U.S. controls on a large list of non-strategic U.S. exports, but not including such items as jet aircraft and diesel locomotives. China henceforth could purchase most agricultural and forestry products, tobacco, fertilizers, coal, selected chemicals, rubber, textiles, certain metals, agricultural machinery, industrial and office equipment, household appliances, and certain electronic equipment and automotive equipment.

The President also ceased requiring Commerce Department permission for the export of wheat, flour, and other grains to China — as well as to the U.S.S.R. and Eastern Europe — and suspended the requirement that 50 percent of these shipments be carried in U.S. ships. (The Government will examine requests for the export of other items to China, permitting those consistent with U.S. security requirements.) In addition, he permitted resumption of commercial imports from China; these will be subject to tariffs applicable to all Communist goods, and subject also to textile controls and anti-dumping legislation.

Back to beginnings

Since December 1969, a minor amount (about \$35 million annually) of indirect trade has occurred through foreign subsidiaries of U.S. corporations. In this way, an American chemical firm sold \$700,000 in chemicals to China, and a major automotive producer sold components for European-made trucks and earth-moving equipment which were used on various Chinese projects.

Before Sino-American trade can expand to any extent, however, both countries will have to cooperate in rebuilding the infrastructure of commercial contacts and shipping arrangements that disappeared when the embargo was imposed two decades ago. For that matter, the U.S. may have a difficult time breaking into the market dominated by such aggressive traders as Japan and the

and discussing countless numbers of Chinese political pamphlets. At the 1971 spring fair, business was brisk for perhaps the first time since the outbreak of the Cultural Revolution in 1966. The state trading corporations were in the market for substantial amounts of metals, other raw materials, and transportation equipment, and they were offering large supplies of traditional Chinese exports — plus a few new items, such as stylish men's shirts. Japan dominated the proceedings at the spring fair with heavy sales of steel, transportation equipment, and other products.

FDA and the China Trade

Sino-American trade relations, broken in December 1950, were renewed in July 1971 with a \$4,000 shipment of delicacies destined for San Francisco's Chinatown. The shipment, however, soon ran afoul of the Food, Drug and Cosmetic Act and the Fair Packaging and Labeling Act.

Inspectors from the Food and Drug Administration objected to a number of the advertising claims made for the exotic Chinese products. They objected to the labeling of chrysanthemum tea as a "sedative, eye brightener, liver smoother, anti-inflammatory and heat reliever to human health." Other problems: vegetable soup was touted "for strengthening the stomach and expelling rheumatism," and sugar-cane tea was claimed as suitable "for refreshing and smoothing the lungs." Other portions of the shipment, which included canned cuttle fish, dried rice sticks, bitter melons, and lotus paste, were cited for failing to list ingredients and other mislabelling errors.

Western European countries. But if trade ties were resumed, they might well (and quite fittingly) take place at Canton, the scene of the first Sino-American contacts two centuries ago.

About half of China's total trade is handled at the Canton trade fair each spring and fall. Chinese and foreign traders at the fair conduct their business while drinking countless cups of Chinese tea, smoking countless Chinese cigarettes,

Increasing stability

The restoration of trade ties may be helped along by China's increasing economic stability. After several years of political chaos and confusion, the nation's leaders now seem able to see their way ahead more clearly than at any time since the outbreak of the Cultural Revolution. The new economic program looks back to the Great Leap for its inspiration, but the program is relatively free from the grievous mistakes that destroyed that earlier attempt to rush forward along the path of rapid growth.

China's planners recently have come to emphasize efficiency and technical progress as much as mere increases in physical output, although industrial production itself apparently has risen sharply in the last year or so. Development strategy today attempts to strike a balance between consumption demands and the investment demands which China must meet if it is to industrialize further. Moderation and a sense of priorities, the hallmarks of Chinese strategy in the several years prior to the Cultural Revolution, thus have come into play once more.

The improved economic situation can be traced also to developments in agriculture, which after receiving more budgetary support is now responding with high crop yields. (Indeed, 1969 was the eighth straight year of improved harvest conditions.) Increased fertilizer and grain production has permitted more nutritious diets, but it has also freed resources for providing better living

standards in general — partly through industrialization, and partly through a wider choice of import purchases.

The groundwork for a new economic course thus is now being laid. Planners have returned to a system of economic rationality, somewhat reminiscent of the strategy of the rapid-development decade of the 1950's. At the same time, they have moved toward a more decentralized economy with special emphasis on small-scale industry, in a way reminiscent of the techniques of the 1960's.

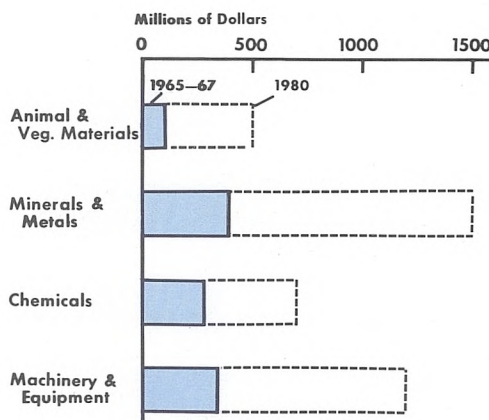
Why trade?

China can benefit from the gains from trade by obtaining producers goods and other commodities more cheaply from abroad than they cost at home. Those benefits can be increased by the inflow of technicians who normally accompany producer-goods imports and help elevate the technical ability of the domestic labor force. Foreign trade thus can act as a transmission belt for the transfer of technology from advanced countries. One result was seen in the mid-1950's, when substantial producer-goods imports raised China's growth rate 20 to 30 percent above what it otherwise might have been.

China can benefit also by borrowing resources from abroad through foreign credits, since these directly increase the current amounts of resources at the nation's disposal. In actuality, however, China turned into a net supplier of loans and credits in the mid-1950's, although it had previously benefitted from \$1.4 billion of Soviet loans. This was a remarkable situation — an underdeveloped country first launching a development effort supported by loans, then emerging as a net exporter of capital without any foreign debts. Yet as time unfolds, China may reconsider this aspect of its autarkic policy and again utilize foreign credits in its development program.

Perhaps the best assumption to make about the future of the China trade is that no radical changes will occur at least in the next decade or so. A significant breakthrough in China's economic development certainly would generate

Industrialization expected to boost imports of metals and machinery



some changes in trading patterns. However, it seems more likely that China for some time will remain, predominantly, an underdeveloped agricultural country, with few shifts in trading patterns. A number of radical changes did occur in the 1950's, but the evidence of the past decade suggests that the structure of China's foreign trade then became relatively stabilized.

Trade could perhaps double during the present decade, resulting in exports of almost \$5 billion and imports of like magnitude in 1980, according to Robert Dernberger in *China Trade Prospects and United States Policy*. On the export side, significant increases could occur in food-stuffs and manufactured goods — including textile products, despite the trade barriers now inhibiting the expansion of the world textile market. On the import side, China's industrialization drive could stimulate substantial purchases of metals and machinery, including such sophisticated products as computers and jet aircraft. At the same time, China's population pressures could generate large demands for goods such as agricultural fertilizers and certain food products.

Case Study: Wheat

During the 1960's, the world's export supplies of wheat increased, while import demand turned sluggish everywhere except in China. That country, which had imported practically no foodstuffs in the 1950's, imported about 245 million bushels of wheat and wheat products in both the 1965 and 1966 crop years, and lesser amounts in other years. (The 1970 total was 209 million bushels.)

Over the decade, Canada, Australia and France all increased their exportable supplies in the world market, and the U.S.S.R. again became a net exporter. At the same time, production expanded in some areas that are normally net importers — Southern Europe, Mexico, Sweden, and some less-developed countries. The U.S. share of the slowly growing wheat-export market declined from 35 to 29 percent between 1958 and 1968.

A significant expansion of exports by the major supplying nations seems somewhat unlikely in the immediate future, because of the slow growth of demand by most importing nations. In the developed world, only Japan is expected to increase its wheat purchases, as a consequence of the upward trend in Japanese per capita consumption. In the Common Market countries, unrealistic price levels have led to a record carryover and to large exports of at least certain varieties of wheat.

In the less-developed countries, home-grown supplies are rising to meet increased demands because of new high-yield varieties, the expanded area in cultivated and irrigated land, and the increasing use of fertilizers. During the 1969 crop year, new wheat varieties were used on almost all Mexican wheat acreage and on 16 percent of the acreage of Asian less-developed countries. Indeed, the latter countries may become self-sufficient in wheat during the course of this decade.

China's wheat imports rose from zero in the 1950's to 10 percent of the world's total shipments in the 1970 crop year. (This amount, however, was equal to only 2 percent of its own wheat production.) During the 1970 crop year it purchased 35 percent of Australia's wheat shipments, 20 percent of Canada's, and 11 percent of Common Market shipments. More recently, however, China has purchased practically all of its wheat from Canada, in the wake of Canada's diplomatic recognition of the People's Republic (October 1970).

From an economic standpoint, China finds it profitable to import wheat while exporting rice, which can be sold for much higher prices in world markets. In this connection, it might be tempted to purchase lower-quality and less costly U.S. wheat — the soft red winter wheat and soft white wheat which are grown in the Pacific Northwest and Eastern states — instead of higher-quality and more expensive Canadian wheat — the hard red spring wheat which is grown both in the Canadian Prairie Provinces and the American Great Plains states.

China itself produces vast amounts of soft wheat for use in noodles and dumplings, the mainstays of the North China diet. But it may well continue to use Canadian wheat for blending to improve the protein content and the overall quality of its soft-wheat flour. In any case, American soft-wheat growers might find it difficult to break into the Chinese market because of the competition from (say) their Australian counterparts, who offer much the same type of wheat at lower landed costs.

Why trade with U.S.?

Where the United States will fit into this picture remains to be seen. Prewar trading patterns give no clues; certainly the U.S. cannot expect to account for one-sixth of China's total trade, as it did in the 1920's. After all, much of China's imports in the 1920's consisted of items that the country now produces in adequate supply at home or does without — items such as cotton textiles, rice, cigarettes, and kerosene. A glance at the present commodity composition of China's trade, however, provides some hints regarding possible outlines of future Sino-American trade.

China's main exports to the U.S. are likely to be foodstuffs, certain raw materials, light manufactures and art goods. (Initial shipments of Chinese foodstuffs and specialty products have already been received in this country.) But for both political and economic reasons, the total amount of such trade is likely to remain limited during at least the near-term future.

Chinese goods, like those of all Communist countries, are not yet eligible for "most favored nation" treatment, and thus must face a signifi-

cant cost disadvantage. In addition, Chinese textiles may be unable to break into the American market because of the strict quota limitations on textile imports and the heavy competition from other Far Eastern producers in that market. Also, the U.S. is not interested in certain other Chinese export products, such as soybeans and coal, but is itself a major exporter of such products.

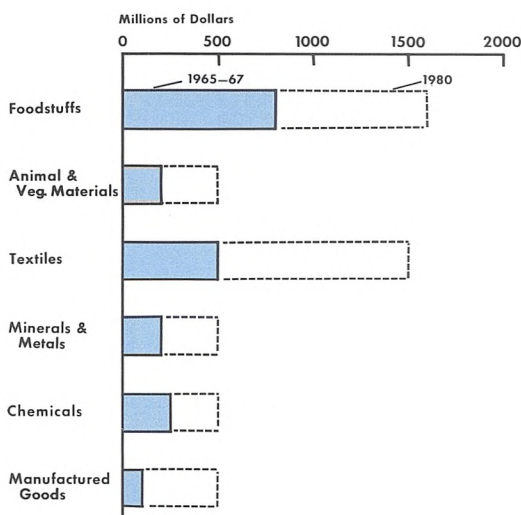
The possibilities may be somewhat brighter in the field of tourism, judging from the experience of other Far Eastern countries. In 1970, travel payments of U.S. visitors amounted to \$97 million in Japan and \$53 million in Hong Kong, in each case doubling within about a half-decade. For China also, tourism could become a major dollar earner, even if China should keep some restrictions on the inflow of American tourists.

As for imports, the major source of demand for American products is likely to be in the area of machinery and equipment, as well as chemicals. In a number of areas, such as computers and commercial aircraft, American technological superiority should provide a clear advantage. Indeed, over the longer term, the depressed aerospace industry should find a major sales potential in China, if national-security considerations permit. Moreover, in view of China's urgent need to increase agricultural productivity, it could provide an important market for U.S. chemical producers, who are the world's largest suppliers of manufactured fertilizers. And in view of its perennial need to feed a mammoth and growing population, it could also provide an important market for America's very efficient wheat farmers.

But although Dernberger projects a doubling of China's imports (to \$4.9 billion) by 1980, he suggests that the U.S. may account for no more than 7 percent of that total. This may be in line with the 1980 level of West Germany's or Great Britain's trade with China. At best, America's trade with China in 1980 may be considerably smaller than this country's trade with either Taiwan or Hong Kong in 1970.

These figures suggest that Sino-American economic relations would, at least initially, be some-

Increased exports of textiles and foodstuffs projected for 1980



FEDERAL RESERVE BANK OF SAN FRANCISCO

what modest, amounting to a fairly small share of China's total trade and a much smaller share of U.S. total trade. But while the market for U.S. goods would be limited in aggregate terms, it could be quite important for certain U.S. industries or individual products — or for certain West Coast ports.

But with the resumption of trade ties, U.S. firms would have to pay attention to a number of fundamentals. In 1911, the U.S. consul in Hong Kong claimed that the relatively low level of U.S. export sales to China could be blamed upon poor packaging, ineffective sales organizations,

lack of credit facilities, and the high prices of American goods — not to mention Japanese competition.

In 1972, many of these same criticisms could still apply. But perhaps what is most needed is the trading spirit epitomized by Sir Rutherford Alcock, the British Minister in Peking a century ago, when he said, "Foreign commerce is the true herald of civilization . . . the human agency appointed under a Divine dispensation to work out man's emancipation from the thralldom and evils of a savage isolation."

CHINA'S IMPORTS AND EXPORTS

(\$ Millions)

Year	IMPORTS			EXPORTS		
	Total	Communist	Non-Communist	Total	Communist	Non-Communist
1952	984	714	270	922	604	318
1953	1,179	898	281	1,056	665	391
1954	1,307	1,021	286	1,197	861	336
1955	1,310	1,007	313	1,431	983	448
1956	1,449	1,019	430	1,684	1,106	578
1957	1,398	870	528	1,697	1,080	617
1958	1,777	1,009	768	1,985	1,300	685
1959	2,026	1,362	664	2,248	1,611	637
1960	1,953	1,285	668	2,017	1,334	683
1961	1,382	716	666	1,556	977	579
1962	1,085	485	600	1,562	934	628
1963	1,165	436	729	1,595	820	775
1964	1,390	394	996	1,788	717	1,071
1965	1,801	509	1,292	1,958	641	1,317
1966	1,905	495	1,410	2,172	557	1,615
1967	1,824	394	1,430	1,939	460	1,479
1968	1,753	441	1,312	1,979	540	1,439

Source: Robert F. Dernberger, "Prospects for Trade Between China and the United States," in Alexander Eckstein (ed.), *China Trade Prospects and U.S. Policy*

EXPORTS TO MAJOR NON-COMMUNIST COUNTRIES
(\$ Millions)

Year	ASIA				WESTERN EUROPE				OTHER
	Hong Kong	Japan	Malaysia & Singapore	Other	West Germany	United Kingdom	France	Other	Near East & Africa
1952	145	14	37	63	17	8	5	24	7
1953	150	28	32	65	31	27	10	53	11
1954	121	38	27	53	34	24	9	27	12
1955	157	76	36	45	43	33	11	37	21
1956	182	79	41	104	50	33	14	59	32
1957	198	76	49	78	39	37	13	52	43
1958	245	51	60	117	55	49	11	63	59
1959	181	18	48	127	62	52	15	88	59
1960	208	20	54	126	65	65	21	97	59
1961	180	29	53	83	37	81	15	64	61
1962	212	43	62	103	37	61	16	62	67
1963	260	75	94	127	41	52	21	79	77
1964	345	158	99	158	52	69	31	106	98
1965	406	225	106	131	73	83	44	135	158
1966	485	306	145	148	93	95	54	174	228
1967	397	270	188	171	77	82	48	183	179
1968	401	224	208	136	85	82	53	155	196
1969	446	235	167	113	88	91	76	179	140
1970	—	254	—	—	84	81	70	169	—

Source: U.S. Department of State, *The Battle Act Report* (annual, 1953-70)

IMPORTS FROM MAJOR NON-COMMUNIST COUNTRIES
(\$ Millions)

Year	ASIA				WESTERN EUROPE				OTHER		
	Japan	Hong Kong	Ceylon	Other	West Germany	United Kingdom	France	Other	Australia	Canada	Near East & Africa
1952	1	91	26	96	3	13	3	32	1	—	9
1953	5	95	51	18	25	18	12	46	5	—	11
1954	19	68	47	44	22	19	9	40	3	—	13
1955	29	32	26	78	26	22	7	56	6	1	26
1956	67	24	38	64	37	30	23	105	10	3	28
1957	61	22	35	87	48	34	21	134	21	2	59
1958	51	27	16	106	162	76	44	182	27	8	55
1959	4	20	16	113	129	69	40	175	30	2	60
1960	3	21	25	100	95	90	53	140	24	9	84
1961	17	17	17	90	31	37	36	74	162	121	52
1962	39	15	28	60	31	24	43	50	98	137	48
1963	62	14	21	62	15	37	58	61	202	97	92
1964	153	13	26	105	25	50	50	71	153	126	94
1965	245	13	36	106	79	72	60	143	165	98	133
1966	315	13	37	116	129	94	92	168	84	171	103
1967	288	9	31	81	207	108	93	215	191	85	85
1968	325	8	33	76	174	70	88	183	89	151	81
1969	391	7	40	109	158	131	44	140	119	113	79
1970	569	—	—	—	167	107	81	178	—	135	—

Source: U.S. Department of State, *The Battle Act Report* (annual, 1953-70)

