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SOURCE Nan-fang Jih-pao.

REPORT ON KWANGTUNG COMMERCIAL FIRMS

Despite a number of defects, the nationally operated commercial firms established after the liberation in the eight special districts of Kwangtung (Tung-chiang, Ch'ao-shan, Hsing-mei, Chu-chiang, Pei-chiang, Nan-lu, Yueh-chung, and Hsi-chiang) have made a basically good showing during their short operational period of 4 months.

Process of Establishing Agencies

Since the various districts were liberated at different times, some commercial agencies were established sooner than others, e.g., in Tung-chiang and Ch'ao-shan. In April 1949, the pioneer Yu-min Corporation of the Ch'ao-shan Trade Corporation appeared at Ho-p'o and, in September, the Tung-chiang Trade Corporation opened in Lao-lung. When all of Kwangtung had been liberated, the two firms went into Shan-t'ou and Hui-chou, respectively, while trade agencies were continually being set up in various other districts.

By the middle of March, it was estimated that there were eight district trade corporations and over 30 subsidiary corporations and staff offices in the whole province.

Goals and Conditions

For several months past, the commercial system in the various districts has borne the responsibility of promoting the free exchange of goods between rural and urban sections, regulating the market, stabilizing commodity prices, and maintaining the people's livelihood. Now that these goals have been achieved, the following conditions prevail:

1. The struggle between people's currency and foreign currencies or gold yuan has yet to be resolved, although people's currency has already forced foreign currencies and the gold yuan out of public circulation into the black market.

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2. Internal communications have not recovered completely. Numerous KMT agents in the various districts continue to sabotage communications in town and country. In Shanghai, the remaining KMT bandits incite riots and maintain their blockade. All of these things impede the free flow of commerce to all parts.

3. Many cadres lack an adequate grasp of business conditions.

4. There is neither central leadership nor central organization.

Although these elements exist, the trade agencies in the various districts have accomplished much, under the careful leadership of the Provincial Trade Office and the local Party.

#### Commodity Sales Data

In the Tung-chiang district, the trade corporations sold the following items between the beginning of January and the middle of March 1950:

20-gauge cotton yarn	109,600 pounds
Rubber-soled shoes	3,108 pairs
Gasoline	335 barrels
Kerosene	6,478 pounds
Milk	1,502 pounds

A great quantity of consumers' commodities and printing materials also appeared on the market. While these goods were being dumped, the following items were brought in:

Edible grain	2,547,800 market cattles
Salt	1,717,748 market cattles
Peanut oil	65,416 cattles
Native cloth	1,329 bolts
Yellow soybeans	15,391 cattles
Firewood	49,730 faggots

There is also some interprovincial trade. The Pei-chiang Trade Corporation exchanged 10,000 piculs of salt and a quantity of gasoline for 43,000 piculs of edible grain from Hunan. Salt from Ch'ao-nan and native cloth from Hsing-mei can be bartered for provisions from Southern Kiangsi and Western Fukien. Sugar can be sent from Chu-chiang to Hunan, Shanghai, and Tientsin, in exchange for native provisions and essential goods. Salt from Chan-chiang is bartered for rice from Kwangsi.

Between November 1949 and the middle of February 1950, the Ch'ao-shan district exported a total of over 940,000 market cattles in hemp, refined sugar, peanut oil, prunes, and live pigs. A portion of this was exported to Hong Kong, priced at 156,343 Hong Kong dollars, and some went to North China pro-rated at more than 51,000 market piculs of rice. Machinery, cotton thread, petroleum wax, automotive parts, and printed matter imported during January and February 1950 came to the equivalent value of 70,000 market piculs of rice.

The Chu-chiang Trade Corporation exported 450,000 cattles of firewood to Macao in exchange for kerosene, gasoline, and newsprint.

To help the farmers, trade corporations in the various special districts are also buying up local products on a temporary basis, according to local conditions. In Yueh-chung, 3,000 piculs of garlic were purchases. In the Tung-chiang district, purchases included 20,000 cattles of tungsten and

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270,000 catties of paper. The Chan-chiang market in Nan-lu bought 9,499 fodder bags and 1,140 horse hides. The Hsing-mei district bought 2,000 piculs of ceramic bowls. In addition, the various districts purchased large lots of salt, oil, and sugar.

#### Importance of Commodity Controls

To stabilize the market effectively, it is necessary first to gain control over a large quantity of commodities. During the period immediately following their establishment, the trade corporations in the various districts first gained control of provisions. During the past few months, large quantities of cotton cloth, gasoline, kerosene, salt, and everyday commodities were bartered for farmers' provisions. After the trade corporations has been buying in provisions for several months, the farmers were then able to avoid being scalped by the commercial middlemen. This also created an advantageous situation for the corporations to control the market. While commodity prices fluctuated, especially in the spring of 1950, the people in all districts became aware of the operations of the trade corporations. The price of food in Shih-ch'i, Chung-shan Hsien, had gone beyond control; before spring, the price of rice had been 300,000 yuan per picul. After the Chu-chiang Trade Corporation unloaded provisions onto the market, food prices returned to a point above 50,000 yuan. During that same period, the price of rice in Ho-p'ing Hsien, Tung-chiang, rose from 200 yuan per market catty to 1,600 yuan. But when the people saw that the Tung-chiang Trade Corporation Staff Office had food to sell, food prices quickly dropped. These facts clearly demonstrate the importance of commodity control.

#### Supporting the Development of Cooperatives

Trade corporations in the various districts are powerfully supporting the development of the cooperatives, since the proper functioning of cooperatives will greatly assist the trade corporations in the future. Preliminary data indicate that there are more than 120 cooperatives in the various districts. Twenty percent of these are production cooperatives and the remainder are either supply and marketing cooperatives or consumers' operatives. The membership of the cooperatives consists mainly of workers, farmers, and independent craftsmen.

In Tung-chiang and Yuch-chung, cooperatives have been voluntarily organized by dependent families of overseas Chinese. Many of the trade corporations supply provisions and everyday commodities to supply and marketing cooperatives and consumers' cooperatives on a wholesale basis, at a 2-percent discount.

In Hsing-mei, formerly famous for its production of cloth, the Hsing-mei Trade Corporation devised a system of loans for purchase of goods, designed to help unemployed weaving-mill workers. For the loans, it was necessary to produce collateral; but it was difficult for the workers to find collateral. Consequently, the trade corporation organized them into a production cooperative so that they could be mutually responsible for collateral. Loans of foreign cotton yarn were made, according to the quantities to be produced; then the yarn was woven into marketable material and exchanged at the cooperative for more yarn. In this manner they were able to continue production. During March, the Hsing-mei Trade Corporation loaned 87 skeins of 23-gauge yarn, organized 27 production cooperatives, and solved the living problems of 954 weaving-mill workers and over 200 independent craftsmen.

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Problems and Trends

At this time, when people's currency has not yet taken over the market completely, the trade corporations are encountering obstacles in their use of cash. During the period when commodity prices were fluctuating, things were especially difficult, as the people urgently needed goods but the cooperatives had trouble trying to re-stock. At the same time, some agencies would purchase commodities, hold them for a time then sell them back to the trade corporations.

In addition, the organization of these agencies is still imperfect and their leadership is not yet centralized. The system of reports and instructions also remains imperfect. We have problems which cannot be solved in a short time.

The lack of real maturity in business enterprises and of clear comprehension of market conditions rendered the various trade corporations powerless to take the initiative at the several occasions when fluctuations in the money market caused prices to skyrocket. Great losses are caused by the cadres' ignorance of business matters: one ship carrying salt because it had been loaded beyond capacity. There is also the problem of avarice. But all of these faults which should be rectified are now in the process of correction. --  
Chien Han-chieh. ( 陳漢杰 )

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