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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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Shanghai

1. As a result of a shortage, particularly in imported articles, the price of electrical goods in Shanghai is high. For example, a 48-inch fluorescent lamp costs JMP 250,000, while a fluorescent lamp made from an old lamp bulb with a coating of fluorescent material might cost JMP 150,000. Chinese made electric wiring costs JMP 250,000 per coil, but because of the shortage of copper such wire is of poor quality. In spite of this, however, the wire must be ordered and payment made several months in advance before delivery is effected. As a result of this shortage, second-hand foreign electric motors can command a high price on account of the copper wire contained in them.

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3. Parents are at present experiencing great difficulty in getting their children into schools. Preference is being given to the children of Communist cadres and of Korean war veterans and school age children of merchant and middle class families stand very little chance of gaining admission. Last year about 60,000 children graduated from primary schools only to find roughly 20,000 vacancies in government and private middle schools, which number is no longer sufficient to accommodate the increased influx. The result has been that thousands of school children have failed to secure a place in middle schools, and as they cannot return to their respective primary schools, they are thus faced with a year or possibly more of enforced vacation. The same situation is said to exist in cities other than Shanghai, notably Peiping.

4. Conditions in the villages around Shanghai are generally bad. Last year's crops were really sufficient for only six months. Pork is scarce and the normal fare consists of two meals of pumpkin meal and watery rice. Soy beans are also scarce and its price has been fixed at JMP 135,000 per picul. The black market price is JMP 170,000. Bean curd shops are consequently hard pressed and in southern Kiangsu 90 percent of the bean-oil presses have had to close down.

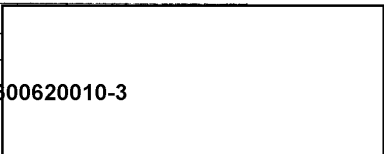
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5. An indication on the state of business conditions in Shanghai is the prevalence of second-hand shops there. The registration of unemployed has proved a failure. Some 80 percent of the workers are finding it hard to make ends meet. The average government employee receives approximately JMP 400,000 - 500,000 per month. If he lives in a hostel, he must pay rent, light and rates, and at the same time provide his own food.
6. The present policy adopted by Shanghai banks appears to be to transfer its younger employees to the Northeast and Northwest, and at the same time to ask the elder ones, as well as the sick and infirm and "those unwilling to face hard work", to resign. Individual savings deposits are down by about 50 percent compared with last year. A drive to sell savings bonds, costing JMP 40,000 each, failed badly. The movement against the evasion of taxes and duties was scheduled to come to an end on 25 October. A considerable degree of success was achieved. Light industries are enjoying a boom now. Such commodities as fountain pens are finding a good market in the USSR. Soviet products, such as printed cloth, powdered milk and penicillin, have proved to be of poor quality. The powdered milk especially is regarded as being inferior in every way to the brand produced in Shanghai.
7. A new scheme to force factories and shops to pay in advance their income tax [redacted] is reported to be under consideration. The principal motive behind this scheme is to secure additional funds for economic reconstruction. The usual time for the annual payment of taxes is after the books have been closed. The most serious shortages in Shanghai are kerosene, sugar, paper and cooking oil; only half a catty of cooking oil is allocated to each individual. Wood is also in short supply, with the result that match sticks are now shorter in length and match boxes reduced in size.

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25X1Peiping

8. Passenger trains are run according to schedule, and the trains are clean, in order and well maintained. The coach floors are swept every hour and clean bed linen is provided in the sleeping cars. The service on passenger trains is quite good. Each train carries a medical unit, which as often as not constitutes one young girl who has nothing to offer other than "Dragon and Tiger Pills". Each car carries roughly 120 passengers and is equipped with three fans which are usually operated only when the train is standing in a station. All the larger railway stations have clinics and rest houses for the use of railway workers. No charges are made for the facilities provided. After working a shift of 24 hours or more, a railway worker is entitled to a day off.
9. An express train consists of about 13 coaches, made up as follows:

1st class sleepers	3	coaches
2nd " "	2	"
1st " carriages	1	"
2nd " "	6	" (including a coach set aside for children, and a smoker)
Dining car	1	"

A broadcasting system is installed on the train for music and news broadcasts during the trip. The Peiping-Shanghai express now takes 32 hours, as compared with the 36 hours formerly required for the journey. Between Nanking and Puk'ou (3184/0656) the entire train except for the engine, is taken by ferry across the Yangtze River. This operation takes two hours, during which time passengers must remain in their seats or berths. All windows and doors are kept closed, and railway guards are armed with sub-machine guns; the stewards and waiters keep a rigid watch.

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Hunan

10. By order of the Government, Hsiangt'an (N 27-54, E 112-51) has been raised to the status of a city because it is the birthplace of MAO Tse-tung.
11. The countryside around Isuho (N 27-50, E 112-52) has suffered from a lack of rainfall this summer, and in the opinion of the farmers there the second crop of rice is expected to be about 50 percent below average. As Hunan is the principal rice growing province of China, considerable concern is felt about the coming harvest. Isuho has no electric light supply, and people unable to afford Soviet kerosene use tea seed oil for their lamps.
12. Because they were unable to replenish their stocks of watches from Shanghai or Canton, the Watch Merchants Guild of Changsha (N 28-12, E 112-59), applied to the Bureau of Industry and Commerce for import licenses and foreign currency in order to buy watches and spare parts [REDACTED]. Permission was granted, the articles thus bought being allocated by the Watch Merchants Guild to the watch dealers, who anticipated making profits of 30 to 40 percent. Because watch straps are being manufactured in Shanghai, the importation of the foreign made variety is forbidden. The quality of the Chinese product is said to be poor.

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