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CENTRAL INTELLIGENCE AGENCY

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INFORMATION REPORT

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SUBJECT	Economic Conditions, Tientsin	DATE DISTR.	11 June 1954	
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National Construction Loans

1. In Tientsin, Communist authorities have been intensifying their drive among the people for subscriptions to Construction Loan Bonds. Out of a total quota of JMP 6,000,000 million for the entire country, the quota for Tientsin was set at JMP 326,000 million. The Communists claim that this is extremely small and only a fraction of what the people of Tientsin can afford to subscribe. Actual subscriptions in Tientsin have reached JMP 432,000 million, which is in excess of the original quota. This means that about 80 percent of the people's savings will go into government hands because, according to an announcement made at a public meeting in Tientsin, the total of the people's deposits in all the banks in Tientsin amounts to only about JMP 500,000 million. Actual payments for the purchase of Construction Loan Bonds are to begin on 1 April, and the deadline is 30 June 1954.

Banks in China

2. The four banks now operating in Communist China are: the People's Bank, the Bank of China, the Bank of Communications, and the Government-Private Joint Bank.<sup>1</sup> The People's Bank controls all the other banks on behalf of

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- 2 -

the government. The Bank of China handles all the country's foreign exchange. The Bank of Communications handles all loans to farmers and collective farming centers. The Government-Private Joint Bank takes care of all financial requirements of factories, both state and privately owned.

Food Situation in Tientsin

3. In Tientsin good quality rice, like that produced in Hsiaoan (N 38-55, E 117-26), and wheat flour are rationed at eight catties per person per month, procurable only by presenting a Food Purchase Certificate. The food purchase record is issued on the basis of census registration.<sup>2</sup> Low quality foodstuffs and grains are still obtainable in any quantity desired,<sup>3</sup> but no one buys more than his actual minimum requirements for fear that the authorities might question the reason for the purchase. During the Chinese New Year, the people were permitted to buy one catty of Hsiaoan rice. Pork is scarce. Almost all crops and grains are being collected by the government. Between Fengt'ai and Canton the railway zones are stockpiled with huge quantities of food awaiting shipment to the Soviet Union.<sup>4</sup>
4. Market conditions in Tientsin are poor in comparison to pre-Communist days. There is a shortage of rice and vegetable oil. Two popular Chinese wines, Wu Chia P'i (0063/0502/4122) and Pai Kan (4101/1626), are difficult to obtain in a good quality, and people are making a potato wine by a native process. About 9 p.m. daily all shops are closed and the city is dark.

Population of Tientsin

5. The population of Tientsin rose from 1.8 million in 1949 to about 2.3 million in February 1954. The increase was largely a result of the heavy influx of people from the countryside who could not make a living in the country and moved to the city to seek employment.

Foreign Trade

6. Prior to the five-anti's campaign, there were about 300 import-export firms in Tientsin. Only about ten percent of these firms are now able to continue operations and survive without debts. The rest are all in debt, including, for example, the China Chemical Industry Company, once worth more than half a million U. S. dollars. During the five-anti's campaign, this company was found guilty of concealment of taxes and fined JMP 2,100 million, of which only JMP 750 million has been paid. Recently LI Chi-shen and TS'AI T'ing-k'ai, former owners of the Ta Ch'eng (1.129/2052) Company, gave up the company voluntarily to the government. Subsequently, they opened an iron factory with a capital of JMP 21,000 million in Tientsin.

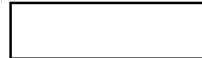
Domestic Trade

7. Tientsin businessmen engaging in domestic trade are having difficulties. The majority have already been driven out of business by government organizations. The sale of consumer goods is centered in cooperative societies and government retail sales companies. Private merchants are still allowed to continue business but are having difficulty in obtaining transportation facilities, which are given to government-operated companies on a priority basis. On one occasion a group of Tientsin fresh fruit merchants ordered a large stock of bananas, oranges, and other fresh fruits from Canton. Then they applied to the railway for freight cars, but had to wait until all government company shipments of fruits were completed. As a result, their fruits were damaged or spoiled.

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- 3 -

Grain merchants can go to the country to buy from farmers, but if they pay prices slightly higher than official prices, they are accused of misconduct.<sup>5</sup>

Laboring Class

8. The laboring class, who are generally better off than others and are the main customers for amusement centers and theaters, have an average wage of about JMP 700,000 to JMP 800,00 per month. Some skilled workers are getting even higher pay. The minimum wage of the laboring class is higher than that of minor white-collar employees in banks, who earn about JMP 300,000 to JMP 400,000 per month. Because workers are encouraged or required to exceed their production quotas and often exert themselves beyond their physical strength, their health in general has been greatly impaired. In the China Textile Corporation, for example, which is one of the largest state operated weaving and spinning mills, over 60 percent of the workers are sick from malnutrition or tuberculosis.

Disposal of JMP at Border

9. Before travelers leave the border at Kungpeikuan (N 22-12, E 113-32) to proceed to Macao, they are "advised" to leave their unused JMP within the country or to donate the money to a box labeled "anti-America and help-Korea." The Communists explain that this measure will prevent any foreigners from counterfeiting JMP money.

Comments

[Redacted] 25X1

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[Redacted] the rationing of flour in Tientsin was instituted as of 1 November 1953. The explanation given to the people for the shortage of flour was that the standard of living of the workers had been raised under Communism, consumption had therefore increased, and there was a greater demand placed on available stocks of flour. Rice, although not rationed, was scarce; and the rice available on the Tientsin market contained about eight percent impurities per unit of measure. Of the essential foods contained in the normal Chinese diet, only vegetables could be had without any trouble.

[Redacted] Prices increased in September in Tientsin and again in October. The price of rice did not increase, but the quality of the rice was inferior.

[Redacted] Comment. [Redacted] the shipments are presumably for payment of purchases by the Chinese Communists.

[Redacted] Comments 25X1

5. [Redacted] the state of private business was very bad in December 1953. There were still private shops open and doing business in Tientsin, but the number of these was diminishing constantly. Basic reasons for the difficulties encountered by the private businessman were high government taxes and the necessity of buying most goods from government sources.

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- 4 -

6. [redacted] [redacted] [redacted] [redacted] the workers as a class 25X1  
[redacted] were not either very happy or particularly well off. [redacted] 25X1  
[redacted] the life in the factories was hard, especially in the 25X1  
weaving mills, because of the production standards established under 25X1  
the Russian Stakhanovite methods. Workers were hard pressed to fill 25X1  
their quotas, and the finished products contained many defects that 25X1  
were covered up by the workers in order to maintain output. Salaries 25X1  
were not high, and jobs were scarce in the Tientsin area. 25X1

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