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1. After five months of Communist rule, although the economic situation in South China appears to have deteriorated, political developments are well under control in their outward aspects, if not completely accepted ideologically. Communist government attention is still concentrated primarily on the military problem at the expense of normal civil affairs, and on indoctrination and re-education of the people at the expense of attention to economic needs. Official news relates nothing but military preparations and exhortations to the people to cooperate with the government to their fullest ability in wiping out the Nationalists in their Taiwan and Hainan strongholds.
2. The city of Canton, for example, is not progressing as was promised before Communist occupation, but on the other hand shows evidence of deterioration. Part of the decline is attributable to war damages and continued fighting, as, for example, the curtailment of electric power supplies, reduction of water supplies, lack of vehicle maintenance, and the deserted harbor. The revolutionary spirit, which the Communists vaunt so highly in Manchuria and North China, is notably lacking in Kwangtung.
3. The stated Communist policies of honesty and democratic representation in government have produced little effect on the behavior and attitude of the Cantonese. The population, with the exception of a small number of party workers and newly indoctrinated youth, regard impassively and sceptically the Communist official fervor and repetitive propaganda, showing that to them the whole enlightenment and manner of operation appear as strange and un-Chinese as the northern accents and dialects of many of the new officials. The intrusion of Communist ideology into everything only confuses the populace, and when the confusion wears off it is replaced by neither cooperation nor enthusiasm but resistance. This, although unexpressed, unorganized, and leaderless, exists to an extent recognized by the Communist authorities as a matter of concern.
4. The Cantonese themselves remain invincibly selfish and interested mostly in making money and securing better living conditions, less control, and less bureaucracy. Indoctrination campaigns encounter much ridicule from obstinate

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realists, and even the youth appear little interested in Communist teachings. Although there is a certain amount of verbal enthusiasm for both parties in the civil war, the Cantonese really are not subscribers to either policy but merely feel the Communists are stronger and less corrupt and therefore likelier to win in the end. Meanwhile, the people continue in their usual ways, waiting to see what will happen and utilizing the situation for their own profit.

5. Communist political policy, in the face of this attitude, can only attempt to explain to the people the continued failure of the new regime to improve conditions by pointing to the long-drawn-out civil war and the Nationalist air raids and naval blockade. Although these causes of difficulties are obvious to everyone, they are also obviously not the whole explanation, and some Communist theoreticians admit openly that even without these hindrances they would still be unable to master the problem. The party counters by offering official sympathy and advancing the stern credo that the people must continue to suffer, even after suffering so long, in order to attain eventual recovery. While this approach does not encourage cooperation and points up the principal failure of the Communist authorities, they have the advantage of being unopposed by any political competitor, since the Nationalists have lost face beyond hope of rehabilitation, and they know that no effective opposition from the people is possible.
6. Within the Communist Party itself, there is constant self-criticism. The party functionaries are largely sincere and devoted workers who believe they are bettering the Chinese nation, and they struggle along in spite of the adverse conditions and disappointments. They are using every means to convert the southerners, and where educational persuasion is ineffectual, they employ the political police. The Cantonese, in their preoccupation with business, endeavor to avoid all trouble with the authorities, although their idea of observing the laws is merely not to get caught. This attitude does not please the more earnest Communists, but they try to wear it down through re-education, placating potential opponents, frightening some into submission, bribing those who are amenable, and explaining to those of the community who are willing to listen.
7. The present adult generation, however, with the exception of a few politically conscious workers and peasants, is considered by the Communists to be lost to them. They are therefore concentrating on the youth of the nation and on leading it smoothly along the path of "new democracy". As long as older groups show no evidence of effective opposition or sabotage, they are ignored; if they become a menace, they are dealt with by Gestapo methods. Although the reaction against Communism in the south is steady, the Communist political strategists had expected it and prepared for it in advance and had taken special care to fill all controlling positions, from the provincial government down to the smaller villages, with reliable party members. Additional prestige to the party is supplied by the large number of troops in the province, which the Communists apparently intend to keep there.
8. The existence of the "imperialist" colonies of Hong Kong and Macao on the fringe of Kwangtung is irritating to the Communists but is officially ignored at present. Some propaganda for return of these areas to China is current, but a real campaign has apparently been postponed until the conclusion of

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the civil war and the settlement of internal affairs. Although the Macao attitude is defiant, the British in Hong Kong have first taken a firm stand and then worked along the lines of a mutually profitable friendship. The Communists in Kwangtung appear willing to maintain this situation as long as Hong Kong does not prove politically embarrassing to Canton, although relations are delicate and unusual tact is required. Both interests, however, realize that the ultimate decision is not a local matter.

9. The general impression of southern China in late February 1950 is that the people, especially in the country and villages, lead dull lives but little worse than before the Communist influx. The standard of living has declined somewhat and there is a larger amount of economic defeatism, leading to increased emigration where possible. The relative poverty and unproductivity of Kwangtung have not been changed by the Communist government, and no real advance can be expected except with large outside assistance, which neither the Communists themselves nor their Soviet allies can provide. In Canton particularly, where western contacts were well-developed, business men feel that the breaking of mutually profitable ties with the western economic world is not compensated for by the establishment of a Communist government which, even in its early stages, has not been able to keep basic promises or to offer real progress to the people.

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