

INFORMATION REPORT

CD NO

COUNTRY China

CONFIDENTIAL

DATE DISTR. 25 OCT 50

SUBJECT Economic Policies in Manchuria

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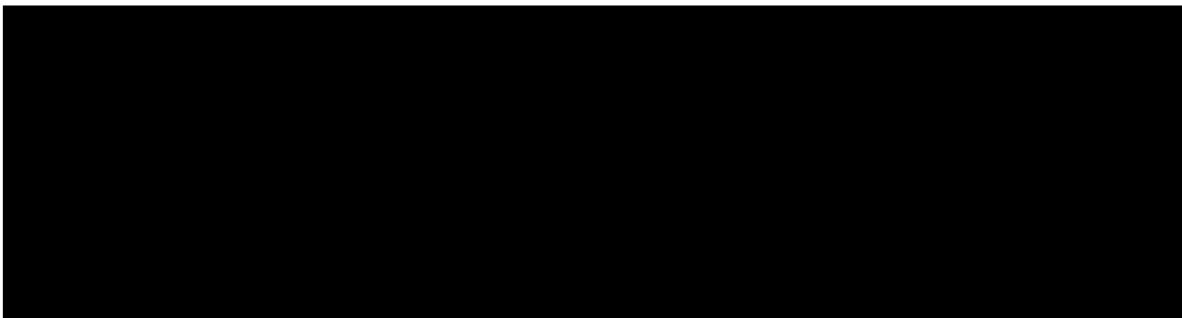
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SUPPLEMENT TO REPORT NO.



1. Communist authorities in Manchuria are doing their utmost to encourage and aid all state-owned enterprises such as the Anshan Iron Works, the Kai Lan (開蘭) Mines, the Ho Ch'eng (合興) Refinery, the Talingho (大慶) Paper Factory, and the former plant 7 of the China Spinning and Weaving Factory in Chin Hsien (121-07, 41-07). Private industry, however, is having great difficulties because of increased wages and heavy taxes, the most oppressive of which are a transport tax on commodities leaving or entering ports, production duty on commodities during their manufacture, a commercial tax of 5 to 200 percent (on what basis not stated), and an income tax, increasing in proportion to the wage scale of the firm.
2. Transfer of funds for all types of business contracts is rigidly controlled by the authorities. Each business firm, official or privately-owned, must have an account with the official Tungpei Bank or one of its branches, and a bank transfer issued by this institution is the only means of payment for any business exchange. Cash payments are strictly forbidden. If one party to a deal does not have an account with the bank, he must submit to the bank an estimate of the amount required in the deal, and the bank will then establish an account for him and automatically transmit the money to it.

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Communist radio reports during the spring and summer of 1950 stated that Communist policies in this respect were officially adjusted to give more freedom to private industry and commerce. The policy as applied to Manchuria appears from this report to be more official than actual.

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