

NOT FOR PUBLICATION

ADB - 9

#3 Ta Hsueh Chia Tao
Peiping, China
January 31, 1948

Mr. Walter S. Rogers
Institute of Current World Affairs
522 Fifth Avenue
New York 18, N.Y.

Dear Mr. Rogers:

During the past several weeks I have been working in Peiping. My experience here so far has been, I believe, both worthwhile and productive, and it has been enjoyable as well.

My main effort has been concentrated on study of the language. I began by working with tutors at the College of Chinese Studies. They were very good up to a point, but it was not exactly what I wanted, so after considerable thought and advice from persons such as Dr. Fenn who is President of the College I decided to change my method of approach. At present, therefore, I am working on my own with an individual tutor who is a Senior in the Economics Department of Peiping National University. I believe this change was well made. My present tutor is very good, and I am making progress in both conversation and reading, particularly in the field of political and economic vocabulary on which I am concentrating at present. The more I learn the more I realize that I am just beginning, but at least I am acquiring a sound foundation in the language.

I have also been doing general reading. Research would probably be a misnomer for it since it has included several different subjects without covering any of them thoroughly, but it has been valuable in broadening my background and perspective. In general my reading has concerned the following: Chinese agricultural and land problems, the background of Communist-Kuomintang relations, the history of Sino-Russian relations, and the pattern of current Chinese politics.

In addition I have met and made friends with numerous people in Peiping. I have tried through them to acquire some insight into the existing situation here. The focus of my interest most recently has been the organization of government and the hierarchy of authority in Peiping. Local city government is a subject neglected in writing on China, so I have tried to learn something of government and politics in Peiping by talking with people both inside and outside of the municipal administration. Although I have only a hazy notion of politics here, and personally know very few of the top personalities involved, I have obtained a general, overall picture of the structure of government in the city. I have spent

considerable time and effort on this project, if it may be called that, because I believe an understanding of the structure and process of government in China is fundamental background which I must acquire. Because I have not seen any adequate analysis of the structure of government in a city such as Peiping, I have prepared two diagrammatic representations which I think you might be interested in. The information incorporated in them comes from various sources including interviews and conversations, as well as certain municipal publications, but I believe they are accurate in showing lines of authority and responsibility among the various organizations indicated. I am attaching them to the report which follows, which includes a few general impressions of Peiping as well as a short* description of the organization of government in the city.

* * * *

Peiping, this winter of 1947-48, is a Nationalist island in North China. With the exception of railway links to a few other such islands it is surrounded by Communist territory. It is a city with almost no hinterland. To date, however, the shifting tides of China's civil war have merely lapped the island's shores without causing serious damage. As a consequence, although the city is uneasy it remains peaceful and quiet.

Somehow, in spite of everything, Peiping retains its traditional serenity, its beauty, and its intangible charm. One can still find here a rare balance between intellectual and aesthetic satisfaction. The city's cultural heritage is strong and has a widespread influence which seeps far below the social level of those directly concerned with its numerous libraries, universities, museums, and theatres. In an indefinable way this heritage seems to affect the common man in the street and creates an atmosphere justifying Peiping's reputation as the traditional cultural capital of China.

The architectural setting remains much as it was before the war and continues to captivate visitors and inspire quiet pride in the city's permanent residents. The fading red walls and golden roofs of the Forbidden City dominate the center of Peiping. From Coal Hill just to the North one can see on all sides the colored tile roofs of ancient temples, palaces, and modern buildings reflecting the brilliant winter sun or enshrouded in delicate evening mists. Beyond Coal Hill, the Bell Tower and Drum Tower rise majestically above the surrounding city. South of the City Wall are the Temple and Altar of Heaven, and toward the Western Hills is the Summer Palace, each beautiful and inspiring in its own unique way. These and the other architectural wonders of Peiping remain essentially unchanged by foreign occupation, war, or time.

It is not imperial architecture alone, however which creates the unique atmosphere in Peiping.

At P'yan Yi Fan, a restaurant just South of the City Wall, .

long rows of fattened ducks line the dingy corridor. After critically eyeing them all the customer chooses one. About a half hour later he is rewarded, in a small upstairs room, with the succulent creation called "Peking duck". If he is still hungry he can order "chicken velvet" and marvel at the consistency of the smooth white meat. Warm, yellow rice-wine, or fiery clear "pai kar," accompanies the meal, and if it is a special occasion the customer may decide to top it all off with "Peking dust", a mixture of crushed chestnuts enclosed by a wall of glazed fruit.

At the Tung Shih Kou Theatre a group of earnest young actors produce excellent modern Chinese plays. The gate receipts (even when supplemented by government subsidy) are not sufficient to provide any luxuries, so the spectators sit huddled in their overcoats and the actors' breath vaporizes as they speak, but the performances are first-rate. One play which they recently produced was entitled "Under Shanghai Roofs". It was a realistic portrayal of life in a Shanghai tenement-apartment, and its style was reminiscent of Clifford Odets. It was two hours of stimulating entertainment - for about U.S.\$0.15. Chinese opera is also still very much alive in Peiping. It is performed nightly in several different theatres where one can chew watermelon seeds and sip tea while actors in traditional costumes gesticulate, tumble, fight, and sing.

At the Tung An Market a seemingly endless maze of interconnected alleys is covered to form an arcade which is a shopper's paradise. Innumerable stores and stands display almost everything under the sun in bewildering profusion and confusion: food, books, clothes, luggage, hardware, art work, curios, trinkets, and so on ad infinitum. Buying and selling are refined skills, and a sale is usually preceded by long bargaining. The laws of supply and demand operate without disguise, and each transaction is a battle of wits and a process of compromise. The Tung An Market is only one of many fascinating market places in the city. The Lung Foh Szu Temple is another, and the fair held there three times monthly is famous. Perhaps the most interesting place of all, however, is Chien Men Wai ("Outside Chien, or Front, Gate") where each street specializes in a different product.

At Pei Hai hundreds of young men and girls skate on the ice to the accompaniment of lilting, modern Chinese music. Bundled in their warm clothes they brace themselves against the cold winter wind which sweeps down the lake and lifts the snow into flurries.

Peiping's atmosphere is hard to define. All of these things contribute to it, and one could add many more: wide imperial thoroughfares, with high archways; dirty little hutongs (alleys), shadowy and intimate; old houses with still courtyards, moon gates, and crimson, brass-fitted doors; and most important of all the people who live in this setting and both help to create the atmosphere and absorb something from it. However one wishes to define it, Peiping's atmosphere is a thing of unusual charm. The impact of war and politics on the city is severe, but it is superimposed upon this background.

Despite its calmness, however, Peiping in many respects is an uneasy city. Small military engagements sometimes take place within a few miles of the City Wall. There is constant fear on the part of the authorities of Communist infiltration, and periodically local citizens are stopped in the streets and searched for hidden arms. A tight curfew is imposed from midnight to early morning, and the streets are dead during those hours. Occasionally, disquieting false rumors sweep the city, such as the recent one that the Government was already giving up all of Manchuria. For the most part, however, panic is confined to a small minority. The majority of the population appear to be confused, uncertain of the future, and inclined to be skeptical of reports and claims from both sides of the civil war, but they go about their business with a high degree of normalcy considering the existing circumstances. There are some people, though, who are convinced of the inevitability of a Communist victory and prophesy doom or salvation, depending on their particular predilections. For the most part, these people can be classified as intellectuals, many of them completely embittered by the present chaos in China. A few people (it is impossible to know how many, but it is an established fact that there are a few) every month decide to join the Communists and slip out of the city into the limbo of Red territory. According to one reliable source, for example, "a few to one hundred" (it varies) Peiping students every month leave to join the Communist university "Lien Ta" (North China Associated University) which occupies nine villages some distance south of Peiping. This exodus is more than counterbalanced, however, by an influx, of larger dimensions, of refugees seeking the sanctuary of Peiping after leaving battle zones or Communist areas. Some of these refugees are cared for by government agencies and private philanthropy, but many are absorbed into the households of families, friends, and acquaintances.

A general uneasiness in Peiping is not surprising, for irruptions and explosions in China's civil war constantly take place on all sides, and the people in Peiping do not know what to expect next. The civil war in North China has become increasingly intense during the winter. It is common knowledge that the Communists have been winning most of the battles in this part of China and that the Government is fighting with its back against the wall, trying to hold its remaining islands - the major cities - against increasing Communist pressure. Peiping is in the middle of this war. To the South the Peiping-Hankow Railway goes only as far as the Hopei provincial capital of Paoing where it runs into a fighting zone. To the East and Northeast the Peiping-Mukden Railway skirts dangerously close to battle zones near Tientsin and around Mukden, as well as at intervening points. To the Northwest the Peiping-Suiyuan Railway leads to the only region in North China which is relatively quiet at present. All these railways have been periodically disrupted, and for one brief period the Communists cut Peiping's three main railway arteries simultaneously. Except for these railways, and the cities and areas which they link together, most of North China is in the Communists' hands.

The critical state of military affairs in North China has brought about ~~some~~ high level political and military developments which have increased the importance of Peiping as the Government's headquarters in North China. First, General Fu Tso-yi was appointed Commander of a new North China Communist Suppression Headquarters, with its center at Peiping, to direct and control all military operations in the North China provinces of Jehol, Chahar, Suiyuan, Hopei, and parts of Shansi. Soon thereafter Nanking announced that Peiping had been designated an "Auxilliary Capital" of China (two others being Chungking and Sian). Among political observers in Peiping there are different interpretations of the significance of these moves. Some observers believe that they reveal the Government's determination to hold North China and to launch into offensive operations, directed from Peiping, with the objective of "cleaning up" North China. Other observers believe that these moves indicate that the Government realizes that it is losing North China, fears that North China will be cut off from Nanking, and therefore is preparing Peiping to carry on as best it can on its own. Some of the latter group assert that General Fu, who is not regarded as being close to the "inner circles" in Nanking, will be a scapegoat for the Government's defeat and withdrawal. Regardless of which of these interpretations is correct, recent developments have made Peiping increasingly important as a military center. It is the most important Government headquarters between Mukden and Nanking, and General Fu-Tso-yi holds the limelight at present. He is a popular leader and has a good reputation based on his past leadership in Suiyuan Province. I have yet to hear anyone, official, businessman, professor, or rickshaw coolie, question his honesty or deprecate his military ability. Many people in Peiping feel that if anyone can put the Government militarily on the offensive in North China, he can do it, but the attitude I have encountered most frequently is typified by the following remark made to me: "General Fu is a good man, and he can mobilize considerable support, but I doubt if he has the strength to clean the Communists out of North China."

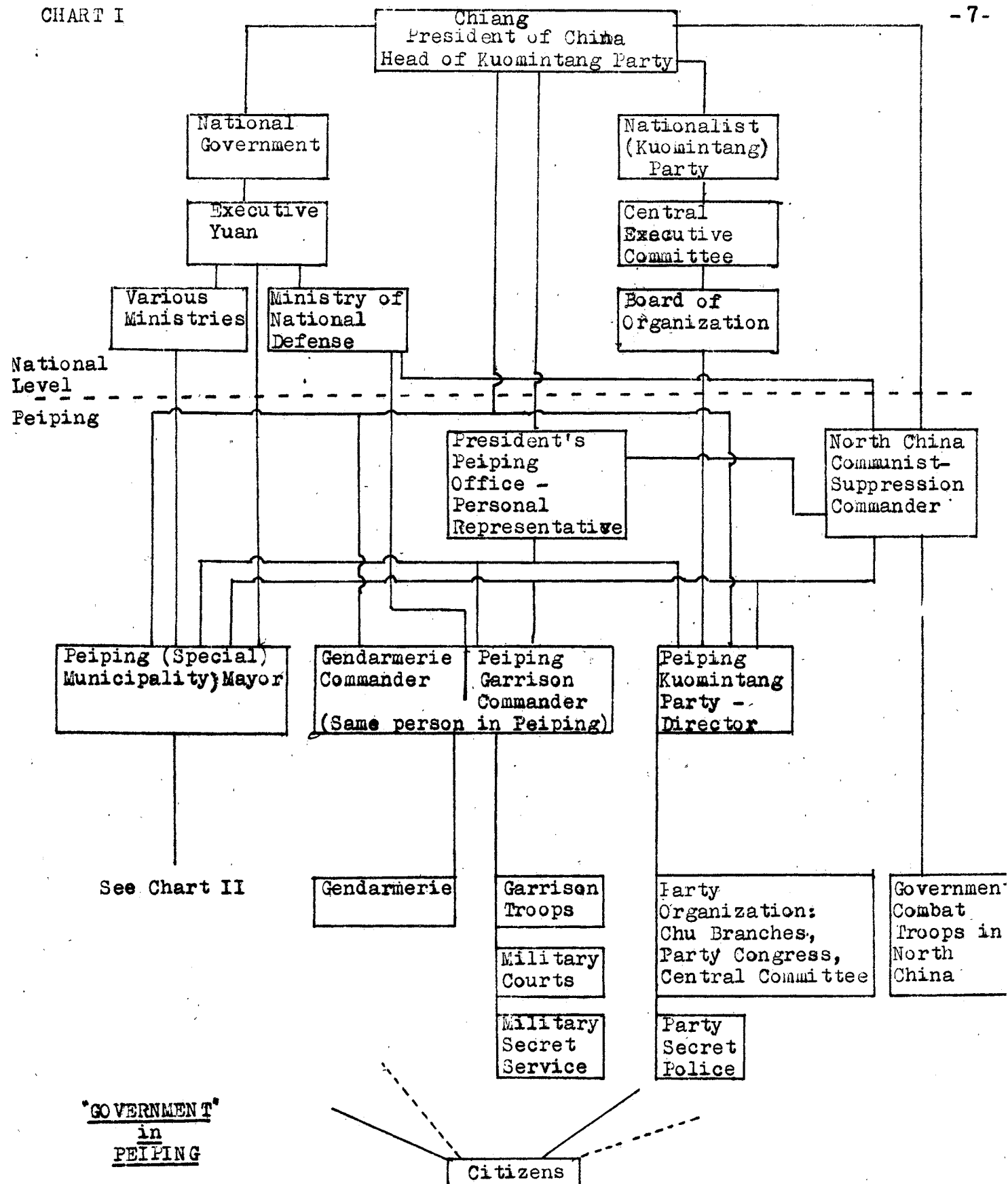
General Fu's headquarters in Peiping has primary responsibility for all Government military operations in North China, but Peiping is also the seat of a bewildering complex of civil and military organizations which when lumped together can be considered "the government" in the broad sense of the term including all those bodies with important political power and authority. General Fu is naturally very senior in the chain of command (there is another Communist Suppression Headquarters, incidentally, in Manchuria, and similar military headquarters under different names elsewhere such as Kiukiang in Central China), and he can give orders to all civil and military bodies in Peiping - with one exception. That exception is the Peiping Personal Representative of the President of China. Fu is "almost on a par" with the President's Personal Representative, in the words of a member of his staff, and in theory the two men's responsibility are not supposed to overlap (the one being military and the other being political and economic), but the people I have talked with assert that in actual practice the President's Personal Representative is the senior authority in Peiping.

The President's Personal Representative holds a position which is difficult to define in legal terms (if it has any real legal standing), for he is appointed by and responsible to Generalissimo Chiang alone, and their relations are "personal". In fact, however, he is universally recognized as the ultimate local authority in all of North China for political and economic matters. (There are other President's Personal Representatives in different parts of China: Chen Cheng in Mukden, Chen Chien in Hankow, T.V. Soong in Canton, and Chang Chih-chung in Tihwa.) In Peiping the man holding this important post is Li Tsung-jen, a well-known Chinese general who has been prominent in national affairs since the early days of the Chinese Revolution and who is nationally known for his leadership in Kwangsi Province (together with Pai Chung-hsi) and for his victory against the Japanese at Taierchuang in 1938. He is the final arbitrator between all governmental and quasi-governmental bodies in Peiping, and on occasion he can and does give direct orders to any governing agency in the city. It is said, however, that as a general rule he stays in the background and exercises his authority occasionally rather than continually.

Below the President's Personal Representative, there are in reality three separate authorities which should be considered a part of "the government" (See Chart I). In political influence and power they are generally recognized to be on an approximate par, although they function in different areas and in different ways. To cite one example in support of the idea of including them all as a part of "the government", all three exercise the power of arrest under certain circumstances. The three men heading these groups are the Director of the Peiping Kuomintang Party, the Commander of the Peiping Garrison, and the Mayor of Peiping.

The Director of the Peiping Kuomintang Party (Wu Chu-jen, who was formerly a member of the national Central Executive Committee of the party) is appointed by and responsible to the Board of Organization of the Kuomintang in Nanking. The direct political influence of the party in Peiping is very great. Party branches extend to each Chu (District); the party maintains a secret police organization; virtually all prominent men in the municipal administration are party members; the party exerts influence on and sometimes control over the major non-governmental organizations in the city such as the Chamber of Commerce; and there are times when the city Mayor has to turn to the party in order to accomplish his objectives. Incidentally, there are as yet no parties other than the Kuomintang in Peiping with any real influence or control. The Democratic Socialist Party is virtually the only other party which occasionally comes before the public eye.

The Commander of the Peiping Garrison (Lt. General Chen Chieh-cheng, who is a graduate of the Whampoa Academy, sometimes called "China's West Point") is primarily responsible to the Ministry of National Defense of the National Government. He is charged with the defense of Peiping and commands a special garrison force for



Chain of Command - Main Lines

(ADB - January, 1948)

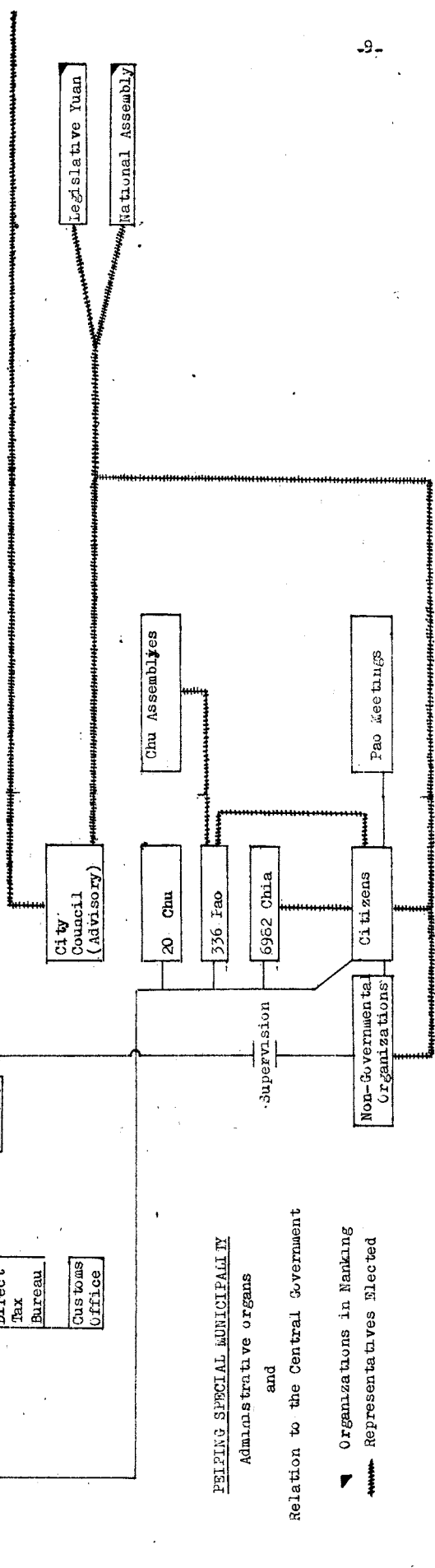
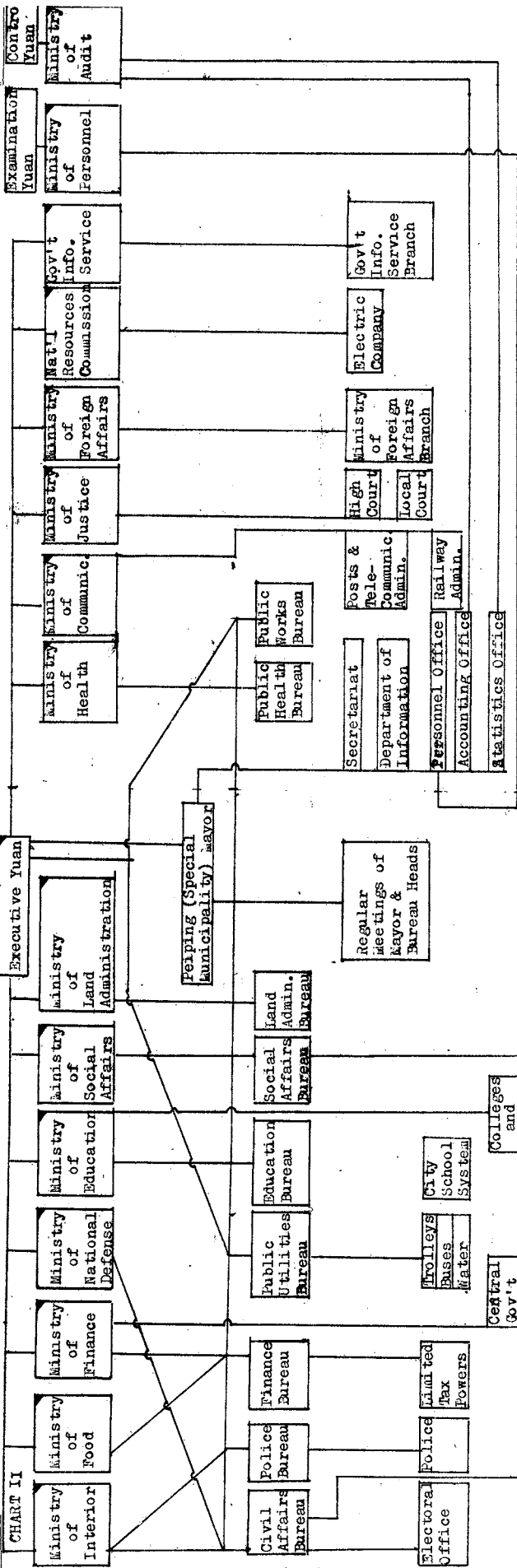
this purpose. In normal times he appears to stay in the background, but his reserve powers and authority are substantial, and his role is an important not only when there is an external threat to the city but also when there is any internal disorder - such as student strikes and so on. If martial law is declared the power of his law and his military courts takes precedence over that of the civil judicial system. At times, even when martial law has not been in effect, his courts tend to usurp the functions of the civil courts in certain specialized cases. At present, for example, there is a long-standing dispute over the case of several students arrested many months ago who have not yet been released by the Garrison Commander for normal civil trial. In addition to the garrison force, General Chen commands the Gendarmerie in Peiping, a special group of military police which has a semi-political character and which in some cities is under a separate commander.

In addition, of course, there is the Municipal Government (See Chart II), or what is conventionally considered "the government" of the city. Peiping is a "Special Municipality" (a classification given to the major cities in China including: Nanking, Shanghai, Tientsin, Mukden, Canton, and Chungking), and as such is administered directly by the Central Government in Nanking, or more specifically by the Executive Yuan. It has the same status as a province, for purposes of representation in national bodies, and so on. Consequently, it is not responsible to the Hopei Provincial Government even though it is centrally located in Hopei Province, and relations between the province and the city are on a basis of political parity. The principal relations between the province and the city, as a matter of fact, seem to concern differences of opinion concerning the geographical definition of the latter's authority. In short, the city of Peiping is in some respects a political as well as a military island.

The Peiping Municipal Government is an administrator's nightmare. It is a top-heavy structure of government hanging from above rather than government growing from below. Its schizophrenic components in virtually every case serve more than one master and are not only responsible to but receive orders from several different authorities. In many respects it isn't local government at all but is merely an agglomeration of branches of the Central Government.

The Mayor (French-educated Ho Sze-yuan who previously was Governor of Shantung Province) is appointed by and responsible to the Executive Yuan. The principal administrative organs under him are nine bureaux whose directors are also appointed by the Executive Yuan and are responsible to it, and to one or more of the national ministries under it, as well as to the Mayor. In addition there are several municipal offices which are responsible to ministries in the Examination Yuan or the Control Yuan in addition to the Mayor. Coordination of these units under a set-up such as this is naturally a tremendous problem, but the Mayor attempts to

CHART II



PEIPING SPECIAL MUNICIPALITY

Administrative organs

and

Relation to the Central Government

- Organizations in Nanking
- Representatives Elected

(ADB - January, 1948)

(10/1/48)

solve it by holding regular meetings with his bureau chiefs every Tuesday and every other Friday as well as short sessions every Monday and Thursday. In practice, however, under this system a bureau director may receive various orders from the Executive Yuan, one or more national ministries, and the Mayor, while the Mayor himself may receive various orders from the Executive Yuan, the President's Personal Representative, and the North China Communist Suppression Commander, or may find himself at loggerheads with the Garrison Commander or the Director of the Peiping Kuomintang. In addition, one further element must be mentioned. Centralism is carried to such an extent that orders or instructions from General Chiang Kai Shek himself may be injected into the picture at any one of these levels from the Mayor on up. Occasionally there are direct relations between Chiang and the mayors of Special Municipalities which by-pass all intervening levels of authority. It is obvious that operating under such a system involves skillful compromise and a delicate balancing of all organizations and personalities involved because responsibility is not simply and clearly defined.

The picture is further complicated (although not to any appreciable extent in view of the complications already described) by the fact that certain governmental functions in the city are carried out by organizations which are purely and simply branches of the Central Government without any direct connection with the Municipal Government. (See Chart II.)

Appointments within the Municipal Government are fully controlled by Nanking. There are three main categories of personnel, which are called Selected, Recommended, and Ordinary. The first of these grades (which includes persons such as bureau directors) may be recommended by the Mayor but must be approved by the national ministry or ministries involved and then appointed by the Executive Yuan (the Examination Yuan or Control Yuan in a few cases). The second grade may be recommended by bureau heads and confirmed by the Mayor, but these too must be appointed by Nanking. Only the third, or lowest, grade may be appointed by the Mayor, and even these appointments are only provisional until reviewed and approved by the Central Government. In short, the Central Government has the final say on all appointments in the Municipal Government.

In a similar way the Municipal Government is financially dependent on Nanking. It is allowed to handle only those taxes which are of relatively minor importance, such as the real estate registration tax, the feast tax, the amusement tax, the shop license tax, the slaughtering tax, the field tax, the hotel tax, and the vehicle license tax. The most important taxes which it is allowed to levy are the house tax, the land tax, and the business tax (1.5% of turnover). Altogether, however, these taxes meet only about one-quarter of the budgetary needs of the Municipal Government. (The taxes themselves are somewhat less than this even; the figure of one-quarter includes all of the Municipal Government's income from local sources.) Taxes which produce the most revenue, the income, in-

heritance, and commodity taxes, are levied by the Central Government Direct Tax Bureau in Peiping, and the revenue is sent to Nanking. The Central Government then appropriates the amount of money necessary to keep the Municipal Government running. (Last year this amounted to CNC 28,090,730,960, or 72.31% of the Municipal Government's entire income, during the first half of 1947. Figures for the whole year are not yet available.) This situation means that the Municipal Government is always in the position of a beggar, that it rarely has enough money to carry out projects that it would like to initiate, and that for the most part it has to confine its budget to little more than the sum necessary to pay the salaries of its employees, who totalled 22,653 (8,643 civilian and 14,010 police) according to budget figures for 1947. (The Bureau of Police and the Bureau of Education together were allotted 65.33 of planned expenditures, and this was almost entirely for salaries.) Beyond basic running expenses most financing is on a hand-to-mouth basis. If a bureau needs money for some special project, the problem of financing is met, when it arises, as follows. The bureau draws up a budget for its project and submits it at one of the regular meetings with the Mayor. At such a meeting a decision is made on how much, if any, money the Municipal Government can spare for the project. On this basis, the proposal is then reworked by the Accounting Office of the Municipal Government, after which it is submitted as a Municipal Government request for funds to the Ministry of Audit of the Control Yuan, and after review by it the request may in due time be acted upon by the Executive Yuan in conjunction with other Central Government organizations.

Two of the most important municipal bureaus are the Social Affairs Bureau and the Civil Affairs Bureau. The former registers and supervises all non-governmental organizations in the city. The latter administers and controls governmental sub-divisions in Peiping below the level of the municipal administration itself.

Peiping is divided into 20 Chu, 336 Pao, and 6982 Chia, which correspond roughly with districts, neighborhoods, and streets. The "Pao-Chia System" as it is usually called is not a bad one in theory (it has a long history in China but had not been followed for many years until it was reintroduced by the Kuomintang in the 1930's), but in practice in Peiping it is inefficient and often corrupt. One old Chinese gentleman who refused the job as head of his Pao told me that, "As it works now it is worse than anything we have seen since the Revolution (of 1911)." I am inclined to think that is somewhat of an exaggeration; there is very little doubt, however, that the system at present is neither very democratic nor efficient. The Pao and Chia heads are theoretically elected every three and two years respectively. Unfortunately, however, the quality of personnel filling these posts is rather low. Some people have claimed in conversations with me that there are really no elections at all. Others claim that elections take place but are completely manipulated. My opinion is that neither of these claims is entirely correct. Everyone

I have talked with, however, has agreed that most of the Pao and Chia heads have poor qualifications, do not really represent their constituencies, and as a rule take the posts for reasons of personal gain rather than public service. On the basis of the evidence I have seen this appears to be the case. Furthermore, the Pao Meetings (open meetings of all citizens in a Pao every two months) and the Chu Assemblies (meetings of representatives, two from each Pao in a Chu, every three months) appear to meet only irregularly, to accomplish very little, and to be of almost no practical importance in the governing of the city. At least part of the explanation for the ineffectiveness of popular government at this level is the lack of public interest and responsibility, and a general political demoralization must bear some of the responsibility, but it is also true that the possible democratic nature of the "Pao-Chia System" is perverted by control from above which tends to turn it into a system of bureaucratic control rather than one of popular representation. Every Pao and Chia head is provided with various assistants by the Bureau of Civil Affairs, and at least one of these, the census representative, is generally recognized as a man who supervises, checks, and reports on what goes on in each local area. (Many people label these census representatives "secret agents", but this title, with all of its sinister implications, is a popular one applied to many persons in China today by those discouraged over the general situation and eager to assign blame. I, consequently, am wary of the label.) The system of popular representation, such as it is, goes only as high as the Pao. Each Chu head is appointed by the Mayor on the basis of recommendations by the Director of the Bureau of Civil Affairs and is responsible to the latter.

The citizens do have some elected representatives at higher levels, however. Peiping elects five representatives to the Legislative Yuan and eight to the National Assembly on the basis direct geographical and vocational group voting. On the same basis a City Council of 101 members is elected. It meets every three months to hear reports from the Mayor and the bureau heads, and to make recommendations to the Municipal Government, but its functions are purely advisory. It does, however, elect three representatives for Peiping to the Control Yuan. But without discussing the effectiveness of popular elections under present conditions in China (even charitable observers generally agree that for various reasons the elections don't result in the selection of leaders representing the average citizens) one can say that the people in Peiping have very little say in or control over the governing bodies which run their city.

All of this adds up to a very confusing and cumbersome system of government. I have discovered that it is often confusing to employees within the government as well as to outside observers. One cannot avoid suspecting that parts of the system "just grew", and that the whole structure piled up by a gradual process of accretion. How the system works is a separate question which I will not attempt to discuss because I do not know enough about it, but it

is obvious that personal relationships are extremely important. These relationships involve national as well as local personalities, for under the existing system national politics (Kuomintang intra-party matters for the most part at present) are projected into the local scene.

The wonder of it all is that the system works at all, and it does manage to function reasonably well under the circumstances. Streets are cleaned, garbage is collected, refugees and destitute persons are cared for, order is maintained, utilities are operated (although electric power is only intermittent due to equipment shortages), and the other normal routine municipal functions are carried out, all with relative smoothness and dependability. This is the result of hard work, together with skillful compromise and adjustment, on the part of the Mayor and many other top administrators, whose accomplishment are made in spite of the system rather than because of it. The city administration can do little more than "go along" under these circumstances, however. Ambitious planning for development, or change of any sort, is practically impossible. The Mayor described to me in a rather wistful manner a number of projects which he would like to carry out, and then after describing them admitted that they were really just "dreams".

The system of government I have described is not immutable, and many Chinese both in and out of the Government are aware of its shortcomings. Certain very significant changes (including popular election of the Mayor and the institution of a City Council with real power) are scheduled to take place within the next year. At present, however, the hierarchy and structure of government which I have described provides the framework within which the life of Peiping's 1,700,000 people is carried on. It is merely the framework, however. Although I have devoted most of this report to local government, and although government and politics directly or indirectly affect everyone in the city, these things are generally in the background in people's minds and in their everyday life. The same could be said about the civil war. In the foreground are the economic situation, the problem of making a living, and the ever-present inflation.

Two factors make Peiping's economic position particularly precarious. One of these factors is the city's isolation - its island characteristics; it controls very little hinterland from which it can draw food and other supplies. The other is the fact that Peiping is basically a consumers' market, with very little production of primary commodities. Its geographical isolation is all the more serious by virtue of this fact. Economically speaking, therefore, Peiping is merely limping along, and it is dependent upon one all-important lifeline, the Peiping-Tientsin Railway, for imports of certain necessities, including food and cloth.

Approximately one-fourth of the food consumed by people in Peiping (mostly wheat flour and rice) comes from Central China and South China via Tientsin. Only three-fourths of the city's needs (mostly millet, kaoliang, and the like) can be met by North China sources of supply at present. Part of this comes from the 47,000 acres under cultivation within the Municipality; part comes from the limited hinterland under Government control; and part is smuggled in from Communist territory because of the high food prices in Peiping. Local authorities frequently complain that Peiping is not being allocated the amount that it needs from Central China (as a wartime measure permits are required for shipments of basic commodities between different places within China), and recently the Chairman of the Peiping Municipal Council (or City Council) made a special trip to Nanking to impress upon the authorities there the seriousness of the food situation there. ~~Today there has been no starvation or imminent threat of starvation~~ in Peiping, but food prices are higher than in any major city south of Manchuria, there are no safe food reserves, and people are eating less than before the war. As Mayor Ho expressed it to me, "the people are living off of their fat".

General economic activity in the city is stagnant compared with before the war. One of Peiping's main "industries", the tourist trade, is virtually dead at present. The semi-anthracite coal mines at nearby Mentoukou are producing more than enough coal for the city, but in no other real necessities is Peiping's production sufficient to meet its needs. The only big industrial enterprise of the city, the iron mill west of the City Wall, is operating far below capacity. A number of small flour mills are working, but they do not meet the city's needs. Peiping has never manufactured much cloth, and even "patriotic cloth" made in small shops is being produced at only one-quarter the pre-war rate. Normally, Peiping's main manufactured products, in volume and in value, are luxury articles such as fine rugs, cloisonne, brass-work, enamel ware, embroideries, and other handicraft items, most of which are produced in small shops organized into guilds, but production of this sort is crippled by lack of markets, and some of the skills are said to be gradually dying out.

These facts naturally produce hardship. There are large numbers of unemployed persons in the city. There are some destitute. (The Municipal Government feeds about 40,000 a day at present and provides shelter for many.) In some respects, however, it is surprising that there are not more evidences of poverty. Most of the people one sees on the streets look reasonably well-fed and well-clothed. The explanation undoubtedly is, as the Mayor suggests, that people are "living off of their fat" and are skillful at patching old clothes.

A feeling of economic insecurity is universal, however, even

among those who in fact are not too badly off. The inflation is worse and the prices higher than in less isolated cities, and the spiral keeps going up. There is no confidence in money, and people try to invest what little savings or profit they can make in commodities (wool yarn, to cite one example), gold, or U.S. dollars. There are many national laws and regulations aimed at controlling the inflation, but they are completely ineffective. Illegal business is commonplace, and it is condoned by average people on the grounds of necessity. I have a shopkeeper friend, for example, who literally is doing no business in his regular line. He lives by illegal dealings in U.S. dollars and has no guilty conscience about it. Economic conditions such as these make a general feeling of uncertainty and insecurity inevitable.

Uncertainty about the future is perhaps the keynote of thinking among people I have talked with in Peiping. There is a widespread feeling that maybe something big and important will happen this coming spring - perhaps a Communist move against Peiping, or a concerted Government drive - but few people are willing to plan for or predict the future. They live from day to day, harassed by the inflation, and discouraged by the civil war which has no end in sight, but most of them still manage to derive some pleasure and enjoyment from their environment - the serenity, beauty, and charm of Peiping.

Sincerely yours,

Doak Barnett

Doak Barnett