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SHANGHAI'S RICE PROBLEM

COPY FOR THE BUREAU

A statement recently appeared in the news columns of the North China Daily News under the caption "Between the Devil and the Deep Sea" which through my contacts I have learned is from a very reliable source. As it concerns a very vital problem of food supplies which in turn reacts seriously on the whole trade and economic situation in the populous Lower Yangtze region, it is quoted verbatim as follows:

"War on Shanghai by starvation is the policy of the Japanese Army as revealed by investigation through Chinese merchants, writes a correspondent. In the Japanese occupied sections of Anhwei they buy rice from the farmer at less than five dollars per hundred catties. The army has a monopoly on the transport of rice and does not allow any but its own firms to transport it. This is the reason for keeping foreign shipping off the Yangtze. Foreign governments by submitting to this insolent restriction are simply contributing to the ultimate destruction of Shanghai and all foreign business in China, by starvation.

"The rice is transported by small launches from the outlying points along the river and canals, to Wuhu where it is sold at a 300% profit, he states. Japanese military and purchasing agents buy the rice at the point of a gun. The poor farmer is between the Devil and the Deep Sea. He is shot by the Japanese if he refuses to sell his rice, and he is shot by the guerrillas if he does sell it. The Japanese give their printing press 'Military' notes which are being forced on the country people by the million and so they get the rice for nothing and force the farmer to transport it to his boat for some more paper trash, the correspondent continues.

"Shanghai has been surrounded and all rice from the interior has been prevented from coming in except such as the military bring in, and then by withholding shipments the price has been forced up to yuan 40 or yuan 50 per hundred *catties. Thus the rice which often cost nothing

* 1 catty is equivalent to 1-1/3 lbs.

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in the first place, or at the very most yuan 5. per hundred catties is sold for at least six times the original price.

"Economic Defeat: In this frantic struggle by the army for the sinues of war human life counts for just so much dirt, he continues. An army that will bomb cities with the deliberate purpose of destroying millions of human lives will stop at absolutely nothing in its effort to retrieve victory from a fast approaching economic defeat. The total starvation of the entire city of Shanghai is but an unimportant incident in the determination to reduce to absolute slavery the entire Chinese people as shown by the rapidly unfolding programme in the occupied cities.

"The army has imposed a tight censorship on the areas from which rice comes, but the writer adds that he is able to keep close contact by means of business connections. There is a fight to the finish between the guerrillas and the Japanese for control of the rice harvest -- to the finish of the wretched farmer who is spied on, tortured, his home burned, or his family massacred, without the slightest regard for law, military or any other.

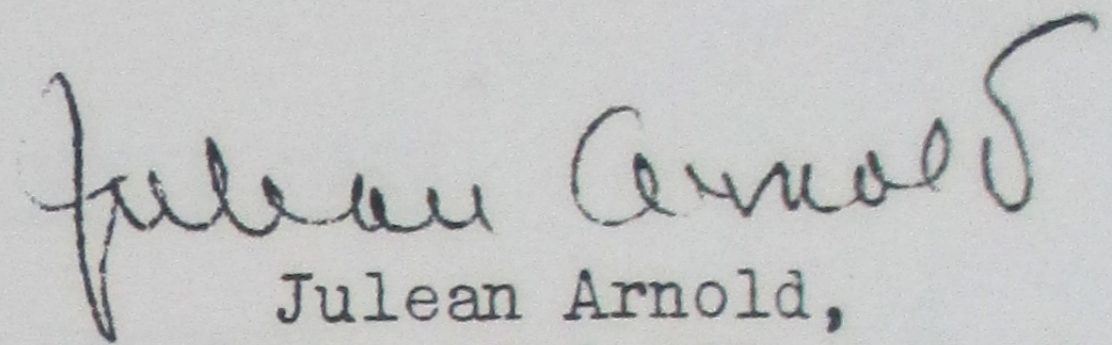
"One Aim: There is but one aim -- to get rice for selling in Shanghai where the entire wealth of Shanghai is now being drawn on for support of the Japanese army. In effect this entire city of some four million people is slaving night and day to pay famine prices for rice and so finance the enslavement of China. Hundreds of thousands of young Chinese men have fled to Shanghai in hopes of escaping service in the new Japanese armies composed of young Chinese which are being organized all over the occupied territory. These are all contributing their savings through the Japanese rice monopoly to the financial help of the Japanese army.

"How does this reign of terror work out in the country? One morning, very early, in a certain village which is typical of a million others, a shot rang out. The head man of the village had been killed. He had refused to sell rice to the Japanese agents not entirely because of his patriotism, but because he knew that if he did so the guerrillas would burn his village to the ground.

"Retributive: That day the entire rice stocks of the village were sold to the Japanese agents and paid for partly with Japanese printing press military notes and partly with good Chinese money. Next day at two a.m. the guerrillas arrived, siezed the Japanese money as evidence that the village sold out to the Japanese and was a village of traitors, fined

the village the entire amount received for their entire rice crop which they had sold to the Japanese. As an example to all other villages in that entire area they then burned the village to the ground and returned whence they had come. This village is but an example of what is happening to thousands in China today.

"Thus 'The New Order in East Asia' has come to the real people of East Asia, the farmers who through the heat of summer and bitter cold of winter toil to raise the crops for possession of which the military will torture them, concludes the correspondent".



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