

April 28, 1962

People's Bank of China Jilin Branch, 'On the Outflow of Korean Nationality People from the Yanbian Area and the Illegal Carrying of RMB and Korean Currency across the Border'

Citation:

"People's Bank of China Jilin Branch, 'On the Outflow of Korean Nationality People from the Yanbian Area and the Illegal Carrying of RMB and Korean Currency across the Border'", April 28, 1962, Wilson Center Digital Archive, PRC FMA 118-01027-02, 9-13.
Translated by David Cowhig.
<https://wilson-center.drivingcreative.com/document/119004>

Summary:

Chinese Koreans in Yanbian are taking increasing amounts of currency across the border into North Korea.

Credits:

This document was made possible with support from Henry Luce Foundation

Original Language:

Chinese

Contents:

Translation - English

Annex 1

Report of the Jilin Branch on the Outflow of Korean Nationality People from the Yanbian Area and the Illegal Carrying of RMB and Korean Currency across the Border

(62) Yin Mi Hi No. 47

To the Head Office [of the People's Bank of China]:

According to reports from the Yanbian Korean Autonomous Prefecture Central Branch of our Jilin Province, since last year, many Koreans in the Yanbian area have been crossing the border with [North] Korea, illegally bringing back and forth with them RMB and Korean currency. The situation has become serious. A special report follows:

1. Departures from China:

According to the preliminary statistics of the relevant departments of the autonomous prefecture, from March last year to March 20 this year, the number of Korean nationality people leaving the prefecture reached 25,435, accounting for 4.3% of the 580,000 Koreans in the entire autonomous prefecture (including 37,888 [sic] people who left China during the first two months of this year). There were 7,277 people who left China and came back, accounting for 28.61% of the outflows. The net outflow was 17,708, including 2,024 workers and 7,717 peasants. 2,365 students, 346 people working in government organizations and 5,256 urban residents.

Moreover, there are 894 other Korean nationality people from the other districts who left China via the autonomous prefecture. There were 1,672 from within the Jilin Province but from outside the autonomous prefecture, 4,588 from Heilongjiang Province, and more than 3,000 from Liaoning Province.

Among the people from within the prefecture who left, 260 are Communist Party of China members, 1,076 are members of the Communist Youth League, 18 are bank cadres, and 15 are credit union (department) cadres. Among bank cadres who left, there was one section chief, one chief, and the remainder are general staff (three of them were corrupt). Among those who left, four people who stole money from the credit agency (department). All were credit cadres of Yanji County. One of them stole 2,000 yuan, two stole over 500 yuan, and one person stole 1,200 yuan. (They were caught and brought to justice by the border police).

Among the people who left from within the autonomous prefecture, 793 come from households that owe money on loans totaling 28,777 yuan (including bank loans of 7,520 yuan and credit union (department) loans of 21,257 yuan). Since some of the credit cooperative cadres fled with money, some people do not trust the credit unions and took their deposits out of the credit unions (departments). This had a big impact on the credit business.

2. People illegally carried with them back and forth large quantities of RMB and Korean currency.

The Korean Central Bank and openly approved the exchange of RMB currency that people leaving China brought with them. The outflow of people illegally carrying RMB and Korean currency back and forth across the border is fairly serious. According to our research, people carried about 300,000 RMB out of the prefecture and across the border. According to statistics from Yanji County, as much as 131,065 RMB was carried illegally to Korea from people leaving the county. Li Jilong, a member of the Tongfosi Production Brigade of the Laotougou People's Commune of Yanji County,

brought out 1,300 RMB. According to people who returned, the Korean side openly exchanged RMB brought by border crossers. Therefore many people wrote to their family and relatives back home in China to encourage them to take RMB out of the country. When the Yanji County Sub-branch sent people to North Korea to pursue the case of a credit union cadre carrying money and absconding, they saw with their own eyes the fugitives at a Korean bank exchanging Renminbi for Korean currency. According to the Ji'an County Branch, the section chief Kim of the accounting section of the North Korean Manchu Central Bank came to China to withdraw the RMB exchange fund. People who handled the exchange at the bank said that Korean banks are exchanging RMB taken across the border from China. This fact shows that the Korean side is indeed openly exchanging RMB. This is causing a large outflow of RMB.

Moreover, people returning from Korea also illegally carry a large amount of RMB and Korean currency into China. It is estimated that more than 7,000 people returning from North Korea carried 20,000 to 30,000 in Korean currency. Some of this is confiscated at border inspection when they enter China. Some of this they keep after they enter China. The Tumen District Outflow Office has already confiscated 3900. As shown in the outflow office, the returning person's KRW 3,900 in Korean currency and Chinese Customs confiscated 12,000 RMB. Li Jilong, a member of the Tongfosi Production Brigade of the Laotougou People's Commune of Yanji County, brought back 1200 in Korean currency from North Korea. The Wangqinggang Production Brigade of Wangqing County paid more than 100 yuan in the allocation of members. A border guard seized it when a commune member was taking it when leaving the country. Therefore, a black market for Korean currency has already appeared in the border areas, affecting China's financial market.

3. Reasons for people leaving China:

(1) The main reason is because China has suffered from three consecutive years of natural disasters, which resulted in insufficient rations and lack of daily necessities. These people have insufficient understanding of the current temporary difficulties.

(2) Some peasants want to go to North Korea as workers, cadres and staff. They believe that they will be able to eat as much as they want and find a satisfactory job. Especially where there has been reductions in work forces and in the urban population, many laid-off workers are reluctant to participate in agricultural production. They think that they can find jobs in North Korea.

(3) Enrollment numbers are tight at all levels of schools. Most Korean nationality youths leaving China are looking for a school to attend.

(4) Some people belong to the Black Five Elements in society and have been punished in previous political movements. Some fled across the border to escape political re-education.

(5) Some people are deceived by rumors.

4. Current measures and estimates by the relevant departments on the future developments:

The provincial party committee and the prefectural committee have taken measures to address the outflow of personnel from the autonomous prefecture. At present, the first task is to do political and ideological work to stabilize the thinking and feelings of the Korean nationality people in the border region. The second task is to care for the lives of border area people, and re-adjust the standards of peasant rations in the border areas. Each person should be guaranteed to reach 360 jin and to improve the supply of some of the daily necessities of Korean nationality people such as satin and

rubber shoes.

Though these measures, we will be able to stabilize or reduce the outflow. However, looking towards the future, we see that there are in the prefecture over 20,000 family members of people who have left for Korea. Among them there will be more who will want to leave to be with their family member in Korea. Moreover, there are over 10,000 young people who want to study this year. Not all can be admitted. Solving the problem of people's livelihoods will take some time and so we will need to take more measures before outflows of people can be reduced or eliminated. We have difficult work ahead of us.

5. The management of the outflow of RMB and Korean currency outflow and inflow is also an important measure for stopping or reducing the outflow of people. Our opinion is as follows:

(1) RMB brought into China by people who are determined not to be smugglers need not be confiscated.

(2) Bringing Korean currency into China is generally not, according to the regulations of the head office, regulated. However, if smuggling or black market trading activities are involved the currency should be confiscated according to law. However, if it is a large amount of money, and the people returning to China are not involved in illegal activity, Korean currency can be exchanged at designated places (not banks) and the exchanged Korean currency may be held by the bank for its conversion fund.

(3) RMB and Korean currency illegally carried out by people leaving China shall be strictly dealt with and all currency shall be confiscated.

The above are only temporary measures for use during the current situation of serious outflows. Once the situation returns to normal, this should be handled according to the original regulations of the head office.

Moreover, due to increase in people leaving China, currency exchanges at border crossings have also increased. According to the statistics of five ports in Changbai, Ji'an, Linjiang, Tumen and Kaishan, the total amount of Korean currency exchanged reached 66,000 won in the first quarter of this year. This is 2.4 times higher than the same period last year.

The non-trade foreign exchange plan reported by the Bank to the head office this year was planned to be 65,000 rubles. According to the instructions of the head office, the amount this year is to be held at no more than 70 percent of last year's amount. That differs greatly from the actual situation. The province recently caught 455 Korean nationality people from 103 households. These situations are very difficult to anticipate. Therefore, we estimate that a total of 15,000 rubles will be required for non-trade foreign exchange in April, and request that the head office approve it. We will send further reports to the head office about how much exchange will be needed in the future once we have checked with the border posts and come to better understand the situation.

Please provide guidance as to whether the above is feasible or not.

People's Bank of China Jilin Branch
April 28, 1962