

TELEGRAM TO COMRADE MA YINCHU⁴⁴

December 17, 1949

A. Regarding the planned establishment of the Dahua Civil Aviation Company, we have again consulted Premier Zhou Enlai and are of the opinion that the principle of state ownership of the aviation industry should be upheld.⁴⁵ There are, however, some individuals at home and some overseas Chinese, who wish to invest in the industry, and the China National Aviation Corporation (CNAC) should encourage them to do so.⁴⁶ So far as the method is concerned, there is no need for them to raise funds and establish a new company before merging with CNAC; they can invest in CNAC directly. If in future many individuals wish to invest in civil aviation, at some stage CNAC can solicit private funds. In view of the fact that all aviation equipment and materials are to be purchased abroad, private investment in CNAC should be in foreign currency.

B. According to reports from north China and east China, those regions have suffered a drought this year followed by waterlogging, so that next year there will be a considerable grain shortage. Yesterday the Government Administration Council⁴⁰ adopted a directive on relief for the afflicted areas, and the Central Financial and Economic Commission (CFEC)⁷ has been holding separate conferences on agriculture, grain, and urban supply of grain.⁴⁷ Reports from the various regions reveal different situations. According to minimum estimates, east China will have a grain shortage of 550 million kg. and north China a shortage of 900 million, making a total of 1.45 billion. The CFEC has decided to transfer 750 million kg. from northeast China and 550 million from central China, making a total of 1.3 billion. With a view to making up the difference of 150 million kg., we have sent a telegram to Sichuan Province to inquire about the harvest there and the quantity of grain that can be shipped out next year. If Sichuan can spare 150 to 200 million kg., we can probably overcome the serious shortage. Our policy is to ensure that not a single person dies of starvation. Guangdong

Drafted by Comrade Chen Yun on behalf of himself and Comrade Bo Yibao.³⁸

Province, too, has a serious grain deficiency, and we plan to send Hunan rice to alleviate it. We shall appreciate all voluntary efforts by private merchants at home or persons living in Hong Kong to purchase grain from abroad with their own foreign currency. Relief work should focus on self-help for people in the stricken areas, who should be organized for production and mutual aid. Great efforts will be made to organize the transport of the grain at the disposal of the CFEC to ensure that it arrives in good time where it is needed. In short, there will be a grave shortage of grain next year, and we must do everything possible to solve the problem.

C. The Government Administration Council yesterday adopted regulations for the issuance of government bonds; they will be published in the newspapers soon.⁴⁸ The reactions we have received from various quarters so far indicate a consensus that issuing government bonds is a relatively good way out of our current economic difficulties. What is the reaction in Shanghai and Hangzhou? Please report on this at your convenience.

D. Some of the specialized conferences planned by ministries under the CFEC have already been held, including ones on tea, hog bristles, oils and fats, the customs service, taxation, salt administration, water conservation, coal, navigation, and highway and railway transportation. Others are now in progress on the subjects of grain, urban supply of grain, iron and steel production, and the postal service. Still others will be held soon on financial work, machine building, nonferrous metals, electricity, petroleum, paper making and telecommunications. The most important conference will be the one on financial work.⁴⁹ Since the greater administrative regions¹¹ will be holding meetings to discuss the Budget Estimates after they are adopted by the Central People's Government, the conference to be called by the CFEC of leaders in charge of financial and economic work in those regions will have to take place in late January next year. It would be best if you could come to Beijing to attend it. We shall keep you informed of major decisions taken at the various specialized conferences.

E. Railway repairs have been progressing rather quickly. The repair of the Beijing-Hankou Railway was completed on the fifteenth of this month, and work on the Guangzhou-Hankou line will be finished on the twenty-fifth. Along the Datong-Puzhou Railway, repair work has been completed on the section between Xinxian in the north and Yuncheng in the south; by the end of this year, repairs will also have been finished on the section from Yuncheng down to Fenglingdu and on the one from Hengyang to Guilin. All these lines will reopen for traffic by the end of the year. We are trying to have the Gangjiang River Bridge repaired in January, so that through traffic can be restored between Shanghai and Guangzhou. Railway repairs

have gone faster than expected thanks to the efforts of the railway workers and the help of the Soviet experts. Railway departments will continue to face an arduous task next year: more work will have to be done on lines that were repaired in haste this year, and most of the more than two thousand makeshift railway bridges will have to be rebuilt and made into permanent structures.

The above covers the main aspects of the financial and economic work done during your absence from Beijing. Please let us know from time to time your views on the work of the CFEC and also the views of comrades in the southern provinces.