

THE SYSTEM FOR DISTRIBUTING GRAIN

June 25, 1953

With regard to the control of grain supplies, I think we should keep to the present method, but we must correct shortcomings in our work and allow the local authorities a little more flexibility. If we replace the system of centralized planning and distribution with one under which those functions are shared by the central and local authorities, then the greater administrative regions¹¹ and provinces, which are primarily concerned with meeting their own needs, will inevitably want to ship out even less grain when they have a surplus and bring in even more when they have a shortage. This is likely to have two consequences:

1. The amount of grain turned over to the central government will fall short of the target, which will limit our ability to act.

2. Since one party wants more grain than the other is willing to supply, the regions will be unable to reach an agreement, and the central authorities will still have to make the decisions about distribution. Blockades may even be instituted between regions (as happened in northern Manchuria³¹ in 1948 and between Jiangxi and Zhejiang provinces in 1949). This will throw the market into turmoil and probably lead to even more serious consequences.

If, however, the current Conference on Financial and Economic Work, or the central authorities do decide to institute a system of joint control, I suggest that, to be on the safe side, we should first draw up the following.¹³¹

- 1) Specific plans for the amounts and types of grain that the greater administrative regions and the provinces are to turn over to the central government (at present I have no idea what the exact figures should be); and

- 2) Draft agreements regarding the amounts and types of grain to be transferred from one region to another.

It would be better to postpone implementing the new system until these two things have been agreed upon.

Telegram in reply to a query from Premier Zhou Enlai.