

GAC Decision on Unified National Financial and Economic Work

which was approved at the twenty-second administrative meeting. It is expected that all levels of government will comply with and implement the decision. 03-03-1950

Currently, our financial and economic situation exhibits several characteristics: (1) According to reports from various regions, the total number of military, political, and civil service personnel nationwide has approached nine million; (2) Although the public grain collection mandated last autumn has been mostly completed, some regions still lag behind, and discrepancies have arisen in the collection process. The actual tax revenue falls short of the planned figures; (3) Previously, the majority of national expenditures were managed and relied upon by the Central People's Government, supplemented by currency issuance. Now, the management of public grain and tax revenue is mostly handled by regional, provincial, municipal, and county people's governments. This financial inconsistency and disconnect between revenue and expenditure authorities, if allowed to persist, will inevitably lead to additional currency issuance; (4) With the exception of Tibet, the entire mainland of China has been liberated. The financial and price fluctuations resulting from inflation can no longer be confined to one region and will likely impact the entire nation. However, after twelve years of war and inflation, the people nationwide are experiencing extreme hardship, necessitating efforts to prevent further inflation.

The imbalance in financial revenue and expenditure, along with the disconnect between revenue and expenditure authorities, if not promptly overcome, poses the risk not only of breaching the financial estimates for 1950 but also of significantly increasing the difficulties faced by the people nationwide due to financial and price fluctuations. It is essential to note that the current financial situation has improved compared to the previous year, and further efforts to reduce the imbalance between revenue and expenditure and prevent significant price fluctuations are already underway. The key lies in expenditure reduction, income consolidation, and unified management of financial revenue and expenditure. To achieve this goal, the GAC

of the Central People's Government has made the following decisions:

(1) Establish the National Compilation Committee, with Bo Yibo as the Chairman and Nie Rongzhen appointed as the Vice Chairman by the People's Revolutionary Military Committee. Compilation committees shall be established in major administrative regions, provinces, and large cities to formulate and promulgate staffing quotas for military and political institutions, horses, vehicles, and more. The heads of all units and institutions must personally oversee the verification of existing personnel and horses, eliminating inflated and estimated figures. The spontaneous recruitment of personnel by units without approval and the establishment of training classes without permission must be immediately halted. Non-essential and surplus personnel from government and enterprise sectors must not be arbitrarily dismissed but rather uniformly allocated and utilized by the National Compilation Committee. In cases where additional personnel are required, approval from the appropriate authorities must be obtained, and only after insufficient allocation by the National Compilation Committee and approval from the relevant authorities can additional recruitment take place. The policy of collectively retaining personnel from the old army and individuals associated with it remains unchanged, but dispersed personnel who fled before the liberation of our army need not be called back. Those who voluntarily request to return home need not be forcibly retained. Retained personnel should not be treated with an overly indulgent attitude but should be gradually reformed and used rationally.

(2) Establish the National Warehouse Material Cleanup and Allocation Committee, with Chen Yun as the Chairman and Yang Lisang as the Vice Chairman. Committees for warehouse material cleanup and allocation shall be established in major administrative regions, provinces, cities, and counties, as well as in logistics departments and enterprises. Senior leaders at all levels shall personally oversee the inspection of warehouses, report the inventory at the end of June of the current year to the National Warehouse Material Cleanup and Allocation Committee in a transparent manner, and not bury or transfer any materials secretly. The cleanup and allocation of all stored materials shall be centrally coordinated by the Financial and Economic Committee of the vervangen to reduce financial expenditures for the current year and place orders abroad.

(3) Implement strict austerity measures. All government offices and public schools must establish quotas for staff and students, specifying the work quota for each person. For all state-owned factories and enterprises, in addition to specifying the number of employees and the quality and quantity of production, a quota system for raw material consumption must be implemented to eliminate the waste of hoarding materials. All state-owned economic sectors must increase the turnover rate of funds, protect machinery and materials, establish storage systems, and severely punish corrupt and wasteful personnel. All regions must save all possible expenses and postpone non-urgent matters to concentrate funds on eliminating the remnants of the enemy in military operations and prioritize economic recovery.

(4) All public grain collected in various regions, excluding local additional grain, shall be unified and allocated by the Ministry of Finance of the Central People's Government. People's governments at the provincial, municipal, county, and district levels are not allowed to withdraw public grain without following the orders of the Grain Bureau. At the same time, provincial, municipal, county, and district people's governments are responsible for safeguarding public grain to prevent spoilage and assisting in transportation during the collection process. Due to last year's poor harvest in some areas and the significant demand for grain in large cities, the Financial and Economic Committee of the GAC must formulate a nationwide plan for the allocation of public grain to achieve reasonable use. Except for grain for troops, centrally collected for the care of disabled soldiers, relief, and infant care, no public grain shall be used for expenses without approval. After the Ministry of Finance of the Central People's Government carefully calculates its feasibility, and issues allocation orders, provinces are not allowed to refuse to supply public grain to other provinces or regions. All allocated grain should be provided to nearby regions, and the Ministry of Finance of the Central People's Government is responsible for formulating regulations on the payment, custody, and transportation of public grain.

(5) Except for locally approved taxes, all income from customs duties, salt taxes, commodity taxes, and industrial and commercial taxes shall be uniformly allocated by the Ministry of Finance of the Central People's Government. All major cities and counties that have not established a national treasury by the end of February are required to establish one by mid-March and act as agents for local treasury business. Starting from March, all tax payments shall be deposited daily. For towns and cities located far from the treasury, the local financial and economic committees shall stipulate the time for timely deposits, prohibiting delayed deposits and borrowing. Tax revenue is a major source of national financial income and the largest source of cash needed for the restoration of the national economy. To carry out tax collection, people's governments at all levels must appoint the best cadres as directors of tax bureaus.

The public grain collection quotas mentioned in the previous two items, including the local additional public grain collection quotas, as well as the regulations on customs duties, tax items, and tax rates,

shall be submitted to the GAC for approval by the Ministry of Finance of the Central People's Government. Without approval, local people's governments are not allowed to increase or decrease them.

(6) Organize foreign trade in a planned manner to supply and sell goods and withdraw currency systematically. The business scope and material movement of trade agencies in state-owned enterprises shall be uniformly commanded by the Ministry of Trade of the Central People's Government

Local people's governments and financial and economic committees are responsible for supervising and assisting local trade agencies in implementing the unified plans of the Ministry of Trade of the Central People's Government. Without approval from the Ministry of Trade of the Central People's Government, local trade agencies are not allowed to change the business plans set by the Ministry of Trade of the Central People's Government. The business transactions between trade agencies and enterprises, factories, and cooperatives shall adhere to the normal economic accounting system of business operations. There should be no delay in payment of trade agency fees due to insufficient financial funds, and all business transactions between economic agencies must strictly adhere to credit, with the right to file a lawsuit in case of a breach of trust. The daily cash sales of state-owned trade agencies belonging to the Ministry of Trade of the Central People's Government must be deposited daily into the treasury, and there should be no diversion of funds. Local trade agencies are not allowed to withdraw trade funds from the treasury without the approval of the Ministry of Trade of the Central People's Government. All military and political agencies must strictly adhere to Chairman Mao's orders and are not allowed to engage in business.

(7) All state-owned factories and enterprises shall be managed in three ways: first, directly managed by the various departments of the Central People's Government; second, temporarily entrusted to local people's governments or military agencies by the Central People's Government; and third, transferred to local people's governments or military agencies. According to these criteria, the Financial and Economic Committee of the GAC is responsible for clearly delineating the management responsibilities of existing state-owned factories and enterprises and formulating regulations on investment loans for these factories and enterprises. All state-owned factories, enterprises, and cooperatives must pay taxes on time according to the regulations of the Ministry of Finance of the Central People's Government. All factories and enterprises managed by the central or local government must submit a portion of depreciation and profits to the Ministry of Finance of the Central People's Government or local government according to regulations developed by the Financial and Economic Committee of the GAC and local governments based on the situation.

(8) Designate the People's Bank as the central institution for national cash dispatch. The National Bank should establish branches to act as agents for the national treasury. Exchange rates and foreign exchange dispatch shall be uniformly managed by the People's Bank. All requests for foreign exchange from public economic departments and agencies must be reviewed by the Financial and Economic Committee of the GAC. The previous methods of private applications for foreign exchange remain unchanged. All cash from military and political agencies and state-owned enterprises, except for a certain amount for immediate use, must be deposited into the National Bank and may not be lent to individuals or deposited in private banks. Offenders shall be punished. The National Bank should try to absorb both public and private deposits, but the National Bank's own use of these deposits in its business operations should not exceed the limits set by the Financial and Economic Committee of the GAC.

(9) The Ministry of Finance of the Central People's Government must ensure the expenditures of the military, local people's governments, and necessary investments for the recovery of the people's economy. The method of cash payment for military and local expenses should be approved monthly or quarterly based on the established number, supply standards, and the cash portion listed in the national budget, and payments should be made on time. The principle is to prioritize the front line over the rear, prioritize the military over the local areas. For local expenses, the payment should deduct the portion of local taxes and enterprise income as stipulated in the supply standards. The payment of investment funds for state-owned enterprises, cultural and educational social welfare expenses, should be made according to the national budget and the quantities approved by the Financial and Economic Committee of the GAC. Before requesting investment funds for state-owned enterprises, an approved project budget must be prepared. To ensure the value of military and political expenses, social welfare expenses, and enterprise investment, the National Bank shall hold short-term interest-free or low-interest-bearing deposits in unlimited quantities for all military and political agencies and state-owned enterprises. The Ministry of Finance of the Central People's Government will formulate regulations on the payment of these funds based on the situation.

(10) The Central People's Government and the GAC believe that by strictly implementing the above nine measures, the financial difficulties of the country can be overcome, military and political expenses can be guaranteed, and large fluctuations in financial prices can be prevented. Therefore, they must be strictly and fully implemented. Those who do not implement or violate the above provisions are undermining the interests of the people, violating national laws and disciplines. The Central People's Government will formulate appropriate laws to give these individuals the necessary sanctions to ensure the strict implementation of the above provisions.

During the previous period, comrades at all levels of local work have done a lot of work in supporting the front lines and collecting grain and taxes. In the future, they still bear great responsibilities, and their work is inseparable from military victories. At the same time, because many regions are newly liberated areas, there may be some difficulties in the progress of work. However, due to the financial difficulties, the disconnect between revenue and expenditure authorities, and the instability of financial prices, it is required that we must have further unity. After the public grain and tax collection are unified and allocated to the Central People's Government, the expenditure of local funds may become difficult compared to before, but we should anticipate that this difficulty is much smaller than the difficulties that will arise from the continued lack of unity in national financial and economic management and the chaos of financial prices. Therefore, it is necessary to emphasize the principle of partial submission to the whole, and local submission to the central, preferring to endure some minor difficulties to prevent and avoid greater difficulties. Leaders at all levels must ensure that after public grain and tax are unified and allocated to the Central People's Government, all comrades at the local level should not only avoid a passive and irresponsible attitude but also have a more positive and responsible attitude towards future financial and economic work. This is our requirement and the responsibility of local comrades.