

**RECORD OF CONVERSATION Between the Head of the Group of Soviet Specialists in the PRC, P.N. Pigolkin, and the Deputy Chairman of the Financial and Economic Committee of the State Administrative Council of the PRC, Li Fuchun
March 2, 1953**

On March 2, 1953, at his request, I visited Li Fuchun.

During the conversation, Li Fuchun expressed hope that the issues raised by the Chinese government delegation would soon be resolved, as all matters of interest had already been discussed with the USSR State Planning Committee (Gosplan). The training sessions with Chinese advisers and experts on plan formulation were also concluding that day. Now, they were awaiting the official response, which was highly anticipated in Beijing.

Li Fuchun stated that on February 9 and 10, 1953, he had sent telegrams to Beijing outlining the essence of the comments made by the USSR State Planning Committee, which had been communicated orally to him by the Chairman of Gosplan, Comrade M.Z. Saburov.

In response to these telegrams, Li Fuchun received a letter from Comrade Zhou Enlai, along with Jiang Shufang, the Head of the General Planning Department of the PRC State Planning Committee, who had been specially sent to Moscow.

The letter informed Li Fuchun that the preliminary verbal comments of the USSR State Planning Committee had been reviewed, and the committee's recommendation to reduce the average annual growth rate of industrial output to **13.5–15%** was accepted, with the expectation that the plan would be over-fulfilled.

At the same time, the letter expressed the opinion that the expected average annual growth rate of industrial output would not fall below **20%**.

The comments of the USSR State Planning Committee on the five-year plan draft for specific sectors of the PRC economy were discussed by the PRC State Planning Committee, the Central Financial and Economic Committee, and the leadership of ministries and agencies of the PRC. These bodies agreed with the verbal conclusions and recommendations of the USSR State Planning Committee regarding the five-year development plans for various sectors of the PRC economy.

Furthermore, Li Fuchun was instructed to clarify the following issues with the USSR State Planning Committee:

1. Due to imbalances in steel production and rolled metal capacity during the five-year plan, could an agreement be reached with the Soviet side to **reduce the delivery time of the second blooming mill for the Anshan Metallurgical Plant by one year**? This would expand rolled metal production capacity and reduce the need for Soviet imports by the end of the five-year plan.
2. Given the slightly lower pace of industrial development in the PRC, the demand for electricity in the first five-year plan is also decreasing. It has been calculated that **an increase of 1.9 million kW in power capacity** is required over five years.

By 1957, all power plants in China should generate **15 billion kWh** instead of the originally projected **19.752 billion kWh** in the initial version of the plan.

Out of the **1.9 million kW** of new power equipment planned for the five-year period, **China needs to request 1 million kW from the USSR**. Specific projects should be considered based on the submitted priority list.

3. The **design and equipment supply for the Lanzhou oil refinery** should be arranged so that its production capacity can be expanded by **1 million tons in 1957–1958**. This means the plant should be capable of processing **2 million tons of crude oil by 1953**.
4. The **design and construction of the Harbin Turbogenerator Plant** should be planned for **greater capacity** than specified in the priority list submitted to the Soviet side (**600,000 kW of turbogenerators**). Additionally, it should be **equipped to produce steam turbine units for shipbuilding**.

Li Fuchun stated that, at this time, these issues would not be officially raised with the Soviet side **until an official response on the overall five-year plan project is received**.

The letter also noted that Beijing had reviewed the **recommendation of the USSR State Planning Committee to first develop directives for the first five-year plan**, and this recommendation was deemed acceptable.

The letter to Li Fuchun was signed by **six members of the CPC Central Committee**, including Zhou Enlai, Chen Yun, Bo Yibo, Gao Gang, and others.

At the end of the letter, it was stated that Jiang Shufang was instructed to **verbally inform Li Fuchun** about the progress in drafting the PRC five-year plan in Beijing and, after reviewing the situation with Li Fuchun, return to Beijing.

Li Fuchun mentioned that, according to Jiang Shufang, Beijing was currently working on a **draft directive for the first five-year plan** of the PRC's economic development, incorporating the verbal comments made by Comrade M.Z. Saburov, Chairman of the USSR State Planning Committee.

It was expected that **in early April 1953, an expanded CPC Central Committee plenum** would approve the draft directive for the first five-year plan, and **in early 1954, the National People's Congress** would approve the law on the first five-year plan.

At present, the PRC State Planning Committee, the Central Financial and Economic Committee, ministries, and agencies—together with Soviet advisers—were actively working on refining the five-year plan for the entire economy and its individual sectors. However, as Li Fuchun stated, this work would remain **unfinished** until an **official conclusion on the draft five-year plan was received** and it became clear **what share of China's economic construction the Soviet Union would take on**.

The Soviet response on this matter was eagerly awaited in Beijing.

At the end of our conversation, I told Li Fuchun that, as he knew, the USSR State Planning Committee had thoroughly examined all the available materials on the **draft of the first five-year economic construction plan of the PRC**, and he would **likely be informed of its official conclusion soon**.

Li Fuchun expressed **deep gratitude** to Comrade M.Z. Saburov, Chairman of the USSR State Planning Committee, and his deputies for their **objective analysis** of the materials and for organizing **training sessions for Chinese advisers and experts** in Gosplan USSR.

P. Pigolkin