

1950

Meetings

**Dates of Meeting:**

13-02-1950 - 25-2-1950

**Type of Meeting:**

National Finance and Economy Conference

**Place of Meeting:**

Beijing

**Attendance:**

Chen Yun, Gao Gang

**Major Agenda Items:**

national financial revenue, trade, food, financial problems

**Speeches/Reports:**

**Chen Yun** [Financial and economic personnel should raise their political awareness](#), February 13, 1950

**Chen Yun**, "Resolution on unifying financial and economic works,"

**Other Decisions and/or Actions:**

- Instead of imposing an artificial market price on the "Renmin Piao" (People's Dollar) and thus aggravating the ruin of all those with fixed incomes, the Chinese government applied the sliding scale to all wages, salaries and bank accounts. A "parity index" called the FEN was set up, equal to the average wholesale price of eight pounds (six catties) of rice or millet in the six largest cities of China. The purchasing power of the bulk of the urban population, expressed in this "parity index," was stabilized, thus permitting an early commercial and industrial revival which limited the effects of inflation and speculation

**Remarks:**

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See 3 March 1950

*The struggle to stabilize market prices in Shanghai in the first years after liberation*

*Beijing RED FLAG in Chinese No 8, 16 Apr 83 pp 46-48*

1. Comrade Chen Yun went to Shanghai and in August 1949 held a national conference on financial and economic work, attended by responsible members from the five big regions. At this conference, he made a definite and concrete arrangement for the struggle to stabilize market prices. The struggle lasted for 10 months, from June 1949 to March 1950. Based on its key points and development, this struggle can be divided into two stages. The key of the struggle during the first stage was to control price increases. The main targets of the struggle were to resist the impact of the profiteering force and grasp leadership over market so that prices might fluctuate within a certain extent and prevent vicious inflation. The important means in this struggle included the use of the strength of political power, coupled with grasping enough quantity of main goods and materials such as grain and cotton yarns. The second hectic price increases were in November 1949. This period witnessed the most serious price increases and longest and tightest situation in Shanghai since the city was liberated. First of all, the prices of imported industrial raw materials and commodities such as hardware and chemical industrial products increased drastically, followed by soaring prices of cotton yarn in mid-October, while in November grain prices were also increased. During this period and taken as a whole, prices increased by 10 to 30 percent each day.