

**Dates of Meeting:**

October 10-12, 1953

**Type of Meeting:**

National conference on planned purchasing and marketing of grain  
(an enlarged meeting of the CCP Politburo?)

**Place:**

Beijing

**Attendance:**

Deng Xiaoping to preside, Chen Yun

**Major Agenda Items:**

Planned purchasing and marketing of grain

**Speeches and Reports:**

**Chen Yun:** "[On grain plan purchase and plan supply](#)," "Implement the State Monopoly on Purchasing and Marketing of Grain," October 10,: implement state purchases of grain in the villages and rationed distribution in the cities; strictly regulate merchants; readjust relations among regions and between the center and local areas.

"at present, the national grain issue is very serious, if we do not adopt a suitable means to solve, it will become more serious." "The main problem was that the grain purchased by the state was few, but the grain sold was too much, which has caused chaos in many regions. The grain shortage in some regions such as Northeast region, Beijing and Tianjin seriously affected the national stability and economic development"

"We are carrying two loads of explosive on both ends of a pole on our shoulder. At one end is a load of black powder and at another, a load of TNT, If we fail to get grain, there will be a fluctuation in the whole market and if we adopt the method of compulsory purchases, we will possibly meet objections from our peasants. We have to choose between these two alternatives, both of which are dangerous"

He gave a detailed report on the basic grain situation throughout the country, and offered eight different concrete plans for consideration to solve the grain problem. These eight different plans were as follows: 1) both requisition procurement and rationing, meaning requisition procurement in rural villages and rationing in cities; 2) rationing without requisition procurement, meaning only rationing in cities, but no requisition procurement in rural villages; 3) requisition procurement without rationing, meaning only requisition procurement in rural villages without rationing in cities; 4) no change, meaning free selling and free buying as was presently being done; 5) doing nothing until absolutely necessary, meaning to allow free buying to go on, instituting requisition procurement in grain producing areas only when there was no other real way out; 6) mobilization of subscription procurement, meaning handing down a quota and calling on everyone to offer to buy; 7) contract advance procurement, meaning signing advance procurement contracts for contract grain procurement; and 8) everyone going his own way, meaning each local government doing as it sees fit. Chen Yun recommended adopted of the first of these eight different plans. He said, "It appears that only the first of the foregoing methods can be implemented: both requisition procurement and rationing meaning requisition procurement in rural villages, and rationing in cities. None of the other plans is workable." As to how to implement "both requisition procurement and rationing"

of grain, Chen Yun offered four plans and policies at the national grain conference as follows: First, institute requisition procurement in rural villages. All rural villages, except places growing no grain and places not marketing any grain, should adopt requisition procurement. A fair price should be paid for requisition procurement.

Second, institute a fixed-grain ration in cities. Grain rationing should be instituted quickly in cities and towns throughout the country, coarse grades being supplied first and fine grades later. Speaking about the advantages of rationing, he said, "the greatest advantage is people's minds will be set at ease. It will also prevent the outflow of grain and halt grain hoarding in cities."

Third, rigorous control of private merchants. Essentially, the state is to deal in grain, private merchants only being allowed to run agent shops. He listed five targets practicing grain speculation as follows: First is privately owned grain processing plants; the second is grain shops; the third is privately owned grain mills; the fourth is grain merchants involved simultaneously in various aspects of grain dealing; and fifth is grain dealers. None of these five categories should be allowed to deal in grain.

Fourth, readjustment of internal relationships. Internal relationships as used here means relationships between the central government and local governments, and among local governments in grain control. Two "defects" are to be changed through readjustment, namely changing the defect of local governments having no enthusiasm and taking no responsibility during the previous centralized control, and the need to change defects that occur following assignment of responsibility.

The central government should do central planning, and local governments should bear responsibility level by level.

For Chen Yun, the ideal scenario was compulsory procurement in the countryside and food rationing in cities. These in attendance at the politburo meeting discussed alternative policy schemes proposed by the Ministry of Grain and the Central Financial Committee. The first was food rationing in cities without compulsory procurement in the countryside, a policy welcomed by rural cadres. However, Chen warned, if the farmers knew that food was rationed in cities, they would sell grain to urban private merchants for better prices and state could purchase even less. The second scenario was compulsory procurement in the countryside but no food rationing in cities. The urban cadres preferred this proposal, but Chen explained that if cities were not rationed, farmer would come to urban areas to buy grain back. That would cause the state to lose grain that it had obtained from the farmers through coercive requisition; The third option was to wait and seeing without immediate action. However, market investigation showed no improvement and Chen predicted that the chaos would continue, which would make a policy change more difficult in the future. The fourth option was "not dig a well until one is thirsty." Although the current economic indications had not showed distress signs yet, Chen disagreed with this passive attitude and argued that the state had to initiate a new policy if it acknowledged the necessity of dealing with the food shortage next spring; The fifth scenario was persuading farmers to subscribe to a higher quota of procurement as the state did in 1951. "It proved this method unsuccessful," Chen Yun said. " Even in 1951, the government had to use every coercive means to acquire grain." The sixth suggestion was to work out purchase contacts with farmers. Chen told the participants of the meeting that the state had no time to negotiate contracts with farmers and he also doubted that any contracts would meet the state's demands. The last one was letting each province and city decide its own requisition strategy. Chen always opposed decentralizing power in the fields of state finance and national economy. "Most likely, this will lead to protectionism of local governments," Chen warned. "And if one region refused compulsory procurement, other regions would follow suit." [15] Chen rejected all seven options and persuaded the attendees to accept his policy that the government would decide how much grain peasants should sell to the state and how much food an urban dweller could consume. This policy, known as the UGPM, enabled the state take complete control of the acquisition and sale of grain.

**Deng Xiaoping:** pointed out that the four policies of rural requisition procurement, city and town rationing, rigorous market control, and centralized control are interrelated and indispensable. He also stressed that only resolute implementation of this method could genuinely consolidate the alliance between workers and peasants, guide the peasants in moving toward socialism, and insure implementation of state construction plans.

**Tan Zhenlin:** concluded that requisition procurement and rationing were imperative under the circumstances. Sales of grain in excess of purchases, and the grain shortage situation in East China had unfolded from north to south, being most serious in Shandong Province. This shortage situation had crossed the Long-Hai Railroad, and unless action were taken, it would descend upon the region south of the Chang Jiang "like a million ferocious lions." The basic difficulty lay in peasant reluctance to sell, and mischief making on the part of private grain businesses. In the realm of grain control, he approved central government centralized control and centralized allocation; local governments being responsible for requisition procurement, storage, and supply and marketing, responsibility being taken level by level.

**Li Xiannian:** began by outlining the attitude toward requisition procurement and rationing of all the provinces in the south central region. He said, "At first, Hubei and Hunan supported it; Guangdong and Guangxi were hesitant; Henan vacillated, and Jiangxi's attitude was not clear. Later on, Henan and Jiangxi also supported it, with only Guangdong and Guangxi, where procurement is still no problem, and which are newly liberated areas, wanting to hold off for half a year.

However, Li Xiannian maintained that requisition procurement and rationing in other provinces would inevitably have a ripple effect on grain markets in Guangdong and Guangxi; therefore, it would be best to go along with it. Finally Guangdong and Guangxi agreed. Next, Li Xiannian analyzed the current grain situation in the south central region. Hunan, Henan, and Jiangxi maintained output, Guangdong, Guangxi, and Hubei increasing output. Grain output for the region as a whole rose 4.2 percent over 1952, and the overall situation was good. However, with the new grain year, the situation in which sales exceeded procurement continued to develop, grain becoming scarce. The reasons for this were, first, as the peasants standard of living rose, grain consumption increased; second, grain merchants hoarded; and third, though middle peasants had surplus grain, they stored it

to wait for higher prices. Consequently, he believed it was necessary to take administrative action, to intervene in distribution, and to institute requisition procurement and rationing in order to turn around the grain situation.

**Li Jinquan:** , the delegate from the southwest region, fully supported the Central Committee's policy of requisition procurement and rationing. With regard to grain markets, he maintained that the state should use fixed quota requisition procurement, not a surplus grain collection system. The state controlled only between 80 and 90 percent of surplus grain; the remaining 10 to 20 percent of surplus grain was in the hands of the peasants. Furthermore, historically the peasants were in the habit of supply each other's needs, so a complete cutoff all of a sudden, completely closing free markets, might not be possible. A limited amount of free trade in grain should be allowed. On the private trader issue, Li Jinquan believed that not allowing private merchants to deal freely in grain was an effective way of halting grain speculation, and he completely agreed with it.

**Liu Lantao:** believed that implementation of a grain requisition procurement and rationing policy was an expression of the CPC general line during the transition period. He said that in the north China region, wheat procurement was only 56 percent fulfilled during the 3 month period, July, August, and September, while marketing plans were greatly exceeded. In Beijing and Tianjin, grain sales during these same three months amounted to half of plan for the entire year; market speculation was rampant; and parity prices and market prices were out of kilter. Thus, action was urgently awaited to stabilize the situation. Li Lantao was completely confident of victory in carrying out a grain requisition procurement and rationing policy. He believed that national laws, fair prices, and a definite limit on the amount of fixed procurement, as well as the whole CPC acting with full force would both get the grain and win over the peasants so long as policies were carried out honestly.

**Ulanhu:** said that the grain situation in Inner Mongolia was better rather good. State assigned requisition procurement quotas could be overfulfilled. The main problems were: first, too low procurement prices. They should be raised to support the producers' interests. Second was transportation difficulties. A compulsory delivery distance should be set, the state paying a transportation fee for deliveries exceeding the obligatory delivery distance.

**Decisions:**

consensus on the rationale of compulsory procurement in the countryside and food rationing in cities. In view of specific circumstances in their own regions, they unanimously agreed that institution of requisition procurement and rationing was the best plan for straightening out the conflict between grain production and demand. 13-10-1953

**Remarks:**

This conference was convened by the CC CCP

On 19 November 1953, the State Council issued "The Order on Grain Plan Purchase and Supply" and the "Tentative Method of Grain Market Management."

See 2-10-1953

In early October 1953, an emergency meeting on the grain crisis was convened in Beijing to discuss the operation of a nationalized grain market. For the first week, the whole discussion did not touch on the general line or on cooperativization plan. Aware that the party would take away all the peasants' surplus grain from the current year plus their savings of the past,<sup>115</sup> the CCP leaders foresaw that peasants would resist the policy. There would be bloodshed.

It was very clear to them that this was a political movement. However, to the party's dismay, the objections first came from within the party. On the provincial level, there were already complaints about abuses even before the final decision was made.<sup>116</sup> At county and district levels, discontent was stronger and deeper.

This was a serious matter. The cadres opposing the new policy were regarded as the backbone of the party. Li Jingquan, who took charge of the trial introduction of the nationalized grain market in Sichuan province and who was known for his loyalty to Mao Zedong, suggested combining the nationalization of the grain market with the propaganda for the general line in order to persuade those old cadres. Shifting attention to the bright future, it would be easier to overcome the present difficulties, Li Jingquan reasoned.

Mao agreed. By adding the grain policy to the general line, it was possible that the whole party would embrace it and implement it. In propaganda, peasants should be told about socialism, about industrialization, and their Soviet future.

<sup>117</sup> So in November, the propaganda for the unified purchase and sale of the grain market was placed in the context of studying the general line. Now, to express the discontent with the nationalization of the grain market had a much more serious implication: "Are you questioning the Chairman's line?"

During the study of the general line, two major points were emphasized, first, to urge peasants to sell more grain to the state; second, to draw a line between capitalism and socialism, thereby leaving cooperativization as the only correct path to follow. The nationalization of the grain market paved way for cooperativization. As in the Soviet Union, the state grain monopoly was designed to siphon off whatever surplus there was and use it for industrialization.

Producers' collectives could be used to enforce the purchasing program. Toward the end of 1953, the agricultural cooperativization movement, heading toward collectivization, was formally launched in China.

*Xiaoja Hou "Get Organized" 188-189*

115. *Dangdai zhongguo liangshi gongzuo shiliao* [Historical documents on contemporary China's grain work] (Beijing: Internal circulation, 1989), 150–67.

116. Li Xiannian, the head of South China Bureau, briefly mentioned that Guangdong and Guangxi province both resisted the policy, Henan province was wavering, and Jiangxi vaguely opposed. Only Hunan and Hubei provincial leaders supported the policy. *Dangdai zhongguo liangshi gongzuo shiliao*.