

## Chen Yun, "Policies and Tasks for Financial and Economic Work in 1952"

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[This is a report to the Party Central Committee drafted by Chen Yun in the name of him, Bo Yibo and Li Fuchun.]

### 1. Estimation of last year's work and the policy of this year's financial work

Last year's financial work supported the War to Resist U.S. Aggression and Aid Korea and stabilized the domestic market. This is an achievement. The downside is that there is considerable corruption, waste and bureaucracy in the financial system. Due to lax management of financial expenditures, waste in capital construction and management of industry, trade and other economic sectors is very serious.

In 1952, the Korean War may be over, but one should be prepared to procrastinate. The budgetary budget plan should be based on the possible delay of the peace talks and the ability to continue to deal with the war.

The focus of financial and economic work should be shifted to managing expenditures without slackening income; and shifted to industry, agriculture, and transportation without slackening fiscal, financial, and market management. The familiar skills of financial and economic cadres are no longer enough. Unfamiliar tasks, such as industrial construction and economic planning, are placed before them, and they must learn quickly and hard.

### 2. Financial work

(1) The city's various taxes must be worth 63 trillion yuan, and the expected amount will be 70 trillion yuan. The income of state-owned enterprises must be 35 trillion yuan, and it is expected to be 40 trillion yuan. The agricultural tax is 26.4 billion catties, which is calculated and collected according to the rate. Other income is carried out according to the draft estimates.

(2) Establish a complete provincial-level finance, focusing on trial-run county-level finance. All provincial revenues, including excess tax retention, local grain and local taxes and surcharges, local enterprise revenues, agency production revenues, local balances, and all provincial expenditures, must be included in the provincial annual budget estimates and final accounts. There can be no income and expenditure other than the budget and final accounts, and there can be no accounts outside the account.

(3) After the "Three Antis" movement, the production of agencies at all levels should be unified with state-owned enterprises and companies at the same level. Like state-owned enterprises and local state-owned enterprises, their revenues and expenditures are under the unified control of the financial department at the same level. Included in the financial budget and final accounts of the same level, the specific method will be determined separately.

(4) Strengthen financial supervision. We request all localities to transfer a large number of cadres above the county level to establish financial supervision agencies at the central, regional and provincial levels, focusing on assessing whether the use of financial resources is appropriate and effective. The operating expenses of the administrative departments of the central government are used in various places, and the Ministry of Finance of the Central Committee transfers them to the financial agencies of the major regions (from the major regions to the provinces and cities) on a regular basis for unified management and distribution. Regional, provincial and municipal financial authorities are responsible for review, issuance and supervision.

(5) Begin to establish military banks and implement currency management.

(6) Focus on piloting the independent accounting system.

### 3. Allocation of materials

Determine the allocation and balance plan of the following twelve kinds of materials, which are under the control of the central government, namely: pig iron, steel ingots, steel, wood, coal, cement, miscellaneous copper, electrolytic copper, tungsten, antimony, tin, and newsprint.

### 4. Grain Allocation and Purchase

(1) Due to the expansion of the area of commercial crops, farmers eat more after the land reform has improved their lives, and the food situation is generally tight. However, it is now estimated that the increase in production last year could reach more than 15 billion catties. The grain that the country has in hand and can be used in the market will increase by more than 7 billion catties this year compared to last year. Therefore, it is only necessary to manage the grain carefully and not panic. psychology. In addition to agreeing to purchase 7.1 billion catties of grain in the Northeast (the more the better), all localities should strive to complete and exceed the grain purchase plan of the Ministry of Trade and Economics, and allocate it according to the plan of the Central Finance Commission. All areas that should transfer grain must transfer as much, and all areas that need grain should not ask for more. The right to make flexible allocations to the market must be assigned to the Central Finance Commission. As long as the dispatching is done in a unified and prudent manner, the grain market in major regions of the country can be stabilized.

(2) The sown area of commercial crops (cotton, hemp, tobacco, cane, soybean, etc.) should be stabilized at the level of 1951. The area sown with grain can only increase, not decrease. In order to prevent farmers from blindly expanding the sown area of cash crops, the Ministry of Finance and Trade, together with relevant departments, will announce the public grain burden of cash crops and the appropriate price comparison between cash crops and grain. At present, the public grain burden of economic crops is very low. For example, the public grain paid by cotton fields is only 6% of the harvest amount, and it is planned to increase to 10-15%. Its purpose is to prevent the blind expansion of economic crop area, and not to reduce the existing sown area.

(3) Since my country will not have enough grain in the next few years, and the urban population will increase year by year, the government must also have grain reserves (preparation for shortages and necessary foreign trade), so it is necessary to purchase grain. As long as the people fully understand the significance of the purchase, the price is fair and reasonable, and only a part of the farmers' surplus grain is purchased, the purchase is possible. At present, the preparatory work is being done first. During the summer harvest of 1952, we will adopt the method of mobilizing purchases by cooperatives and ordering purchases by local governments, focusing on trial operations to see the results. If the experiment is successful, we will expand the scope of procurement after the autumn of 1952 and gradually implement it throughout the country.

### 5. Work problems

(1) Prepare to make necessary adjustments to wages within 1952 according to the conditions of living standards and labor productivity in various places. Taking into account the historical situation, temporarily do not emphasize the industrial order of wages (such as a certain industry is the first-class wages, a certain industry is the second-class wages, etc.). The wages of the same industry,

except for railways, do not emphasize consistency, but use the wage levels of various industries in the same area as the adjustment standard. For some areas where workers are unwilling to go but must be encouraged to go, after approval by the central government, regional subsidies can be used to encourage workers to work. The time for adjustment must be after the democratic reform and production-increasing and economical campaigns are carried out. Adjustment plans in various places must be approved by the Central Finance Commission. If some enterprises meet certain conditions (such as quotas), and the adjustment is to increase wages more generally, they can implement an eight-level wage system.

(2) A lot of waste has been exposed in capital construction. Experience has proved that it is bound to fail if you rely on hope and enthusiasm without necessary preparations and without your own capable cadres and engineers and technicians. All localities must earnestly implement the regulations of the Central Finance Commission for capital construction work. The local finance committees are responsible for summarizing the past capital construction work in their districts and reporting it to the central finance committee in February of this year.

(3) The movement to increase production and save money is also a movement for enterprises to improve their management level. At the end of June this year, all departments should, on the basis of the campaign to increase production and save money, determine the quotas for the main projects of their affiliated enterprises and report to the Central Finance Committee. One is to increase the knowledge of business personnel, and the other is to move forward on this basis.

(4) For the state-run factories and mines directly under the ministries of the central government, their production plans, corporate profits, control of depreciation and investment, allocation of raw materials and products, regulations on important management systems and major technical measures, as well as the adjustment of main leading cadres and technical cadres, should be Under the unified control of the central government. Its political leadership and administrative work are under the control of the major regions.

(5) The work of clearing up assets and approving funds that is ongoing across the country should be stepped up, and experience must be exchanged with each other.

## 6. Public-private relationship

(1) The implementation of processing orders for private factories, product price negotiation, and unified purchase of several products are policies that must be implemented at present. This kind of policy can be used to oppose the capitalists' profiteering and limit the factors in the capitalist economy that are not conducive to the national economy and the people's livelihood, and must be persisted. The number of unified purchase items should be increased according to the needs of the country. For example, machine-made paper, coloured cloth, and tires should all be purchased gradually within this year by the Ministry of Trade of the People's Republic of China. At the same time, it is necessary to ensure the reasonable profit of the private factory. If the labor fee and profit are low, it should be increased appropriately. The rationally operated parts of private industry should continue to be protected, and only those parts that break the law and profiteering should be restricted. Taxation policies for private industry and private commerce should still be different to encourage private industry that is beneficial to the national economy and the people's livelihood.

(2) Cooperatives must develop in a planned way. State-run retail stores and their retail varieties should be expanded to meet the needs of stabilizing the market. In grain management, the proportion of state-owned enterprises should be increased. Our policy towards private commerce must continue to expand and strengthen the leading position of the state trade in the dealing of

staple commodities in the wholesale market, and in the retail market it must maintain a steady force. It is inevitable to eliminate some middlemen who are not suitable for existence, which is beneficial to the overall situation of the people's economy. At the same time, after we have maintained a stable force in the retail market, we should give more retail space to private businesses.

(3) In terms of private business associations, it is necessary to correct the wrong practice of forcing the government to organize associations. Those who have played a certain role in joint ventures in the past do not need to develop now. As for the automatic organizers of private businesses, they should be closely watched. If they monopolize the market, they should be dealt with by economic struggle and administrative management. After the climax of the "three antis" in various places, the Ministry of Trade and Industry convened a meeting of industrial and commercial administration to discuss and communicate this policy.

(4) Employees who need to change jobs due to the elimination of middlemen should be assisted. State-owned enterprises, cooperatives, industrial and commercial administrative agencies, and labor departments jointly discuss ways to change jobs. At present, the following three types of people should be registered: the number and type of people who need to be newly recruited by state-owned enterprises and cooperatives, the number and type of people who need to change jobs in society, and those who were unemployed before liberation but have not yet registered. For the unemployed, regardless of whether their unemployment period was before or after liberation, we should adopt a responsible overall policy. However, when introducing their occupations, they should be evaluated together with the public security organs to distinguish between ordinary unemployed persons and those under control.

#### 7. Issues requiring special attention in financial work in 1952

(1) Strictly implement the "three evils" and increase production and save money.

(2) Improve the financial system of the local and military, and strictly enforce financial discipline.

(3) Draw up construction plans, prepare cadres, and welcome the arrival of large-scale economic construction.

(4) Efforts to purchase grain and make overall arrangements for transportation.

In addition, the relationship between the Central Finance Committee and the major regions and ministries will continue to abide by the following three points: exchange information, negotiate major issues, and exchange experiences. The regional financial committees and the central financial and economic departments must write a summary report to the central government every quarter. Special reports for professional conferences will continue as usual.