

1953

Meetings

Dates of Meeting:

13-6-1953 - 12-8-1953

Type of Meeting:

National conference on financial and economic work

Place:

Beijing

Attendance:

This meeting was convened by the CC CCP under the supervision of the State Council. Zhou Enlai, in his role as premier of the State Council, chaired the conference, and Chen Yun, head of the Central Financial and Economic Group, was the main speaker. Gao Gang, as director of the State Planning Commission, and Deng Xiaoping, as a deputy premier, also attended the conference, while the lower levels were represented by a few dozen senior officials in the financial and economic fields.

Gao Gang presided over the forum. Despite Mao's personal dislike of Gao, in ideological terms they were very close and Gao did his utmost to discredit the position of Liu Shaoqi and his supporters

In the evening of August 1, Zhou reported to Mao that the conference was deadlocked because Bo refused to talk in front of fierce attacks. Mao suggested to Zhou: "Why don't you send for reinforcement [*banbing*] Invite Comrades Chen Yun and Deng Xiaoping back [to Beijing], let them take part in the conference.

Lin Biao (sick) and Peng Dehuai (Korea) are absent.

Major Agenda Items:

General Line for the Transition to Socialism

Five-year plan

Revising tax system

Speeches and Reports:

Li Weihai: speech June 23, 1953 "From the time of the creation of the People's Republic of China our country has entered into a transitional period, a time of gradual transition to socialist society. The general line and the general task during the transitional period consist of gradually achieving the basic industrialization of the country and gradually achieving the basic transformation of agriculture and handicraft industry as well as of capitalist industry and commerce in the course of a protracted period of time."

Mao Zedong: speech, "[ON STATE CAPITALISM](#)" July 9, 1953

Chen Yun: [Some ideas about financial and economic work](#) August 6, 1953

Mao Zedong: Speech, "[COMBAT BOURGEOIS IDEAS IN THE PARTY](#)" August 12, 1953: strong criticism of Bo Yibo's proposed tax plan; combat "erroneous Right opportunist tendencies" in the party; strengthen collective leadership; fight subjectivism and decentralization.

Tan Zhenlin, Liao Luyan, and a few others whose ranks were virtually equal to Bo's were very outspoken.

Deng Xiaoping remained at the background

Gao Gang: "on capital construction," June 29, 1953. In the speech ostensibly attacking Bo, Gao referred to many policy statements actually made by Liu Shaoqi in relation to policy towards the national bourgeoisie and agriculture cooperatives. Bo sought out Gao for a talk after Gao's speech, complaining that Gao's critique was too severe. Gao then showed Bo his speech with Mao's revisions on it. Bo then fell silent. This clearly reveals that Mao was the puppet master pulling the strings during the FEC, while Gao was only acting on the Chairman's whim. See remark 6

Cao Juru: Report, July 28, 1953 2.4 billion Yuan deficit see remark 7

Zhou Enlai: [Concluding remarks](#): the 1953 revision of the tax system was a mistake because it put a heavier burden on the public sector than on the private and on industry than on commerce; violated party policy of utilizing, regulating, and transforming capitalist commerce.

"For some time to come, the country's grain situation will be one in which grain output and increase in the amount of commodity grain lag behind the increase in the country's and the people's needs." He noted profoundly that, "Clearly the grain problem cannot be even slightly neglected. Nevertheless, one need not be negative and pessimistic, thereby causing artificial apprehensions. One has to recognize that despite the country's grain difficulties, there are always ways that they can be solved"

Li Fuchun: report on economic construction

Mao Zedong: [Combat bourgeois ideas in the party](#)

Decisions:

- The most notable change in personnel assignments at the conference was that Deng replaced Bo as minister of finance and subsequently assumed the deputy directorship of the Central Financial and Economic Group

Remarks

1. Mao Zedong subsequently commented that this conference set forth "[THE PARTY'S GENERAL LINE](#)" (the General Line for Transition to Socialism, but that the leaders felt it was not yet time to propagate this throughout the entire party). He also later commented that at this conference some comrades did not speak appropriately, some were criticized, and some did not dare to speak at all. He vaguely linked this meeting with the Gao-Rao.
2. The dispute with Gao Gang and Rao Shushi seems to date back to this meeting, although little specific information is available on the nature of the dispute at this early stage. Gao initiated vigorous criticism of Bo Yibo's tax policies at this meeting. Gao Gang as chair of planning commission attacks Liu Shaoqi, Zhou Enlai, and others; and is repudiated
3. Bo Yibo came under criticism for Right opportunism but was defended by Peng Zhen, An Ziwen, and Liu Shaoqi (the latter basing this defence in part on Bo's steadfastness when he had been imprisoned by the Kuomintang).
4. Indirect criticism on Liu. He had given negative comments on the Shanxi proposals of April 17, 1951.
5. Participants representing various locales criticized the "excessive" and "rigid" control that the central government had been exercising through its policy of financial unification and its method of recovering all local balances at the end of the year.
6. Mao subsequently noted that after this meeting (and as a result of the discussions at the conference itself?) he had asked the major central and regional leaders to keep one another and the Central Committee, as well as the local administrations, informed. He made this remark in the context of lamenting the decrease in centralism that characterized the party after it gained control over China's major cities in 1949.
7. The June 1953 Politburo meeting [15-06-1953](#) set the stage for this conference, and the July 18, 1953, National United Front Work Conference [18-07-1953](#) also dealt with problems of integral importance to the questions at issue here.
8. Deng Xiaoping's speech to the Eighth Party Congress stated that this conference ended on August 11, but the date of Mao Zedong's speech cited above implies that the closing date was in fact August 12.
9. Gao made two major speeches at FFC, and the second one came under attack later. This speech, however, was carefully prepared: it was first drafted by Gao's subordinates such as Ma Hong and then revised and approved by Mao.
10. Mao launched a strong attack on Po within the Party, criticizing in particular his new tax system which included certain concessions to the private sector. Arguing that this system "would have led inevitably to capitalism," Mao characterized Po's errors as "mistakes of principle" which showed that "To some extent he has been corrupted both politically and ideologically." However, the Chairman implied the matter was not simply one of policy sponsorship by claiming Po had failed to make adequate reports to the Central Committee.
11. The seriousness of these strictures notwithstanding, the approach adopted was educational with Po's case used to stimulate criticism of similar laxness towards the bourgeoisie in several spheres of work. Furthermore, no formal disciplinary action was taken against Po. In September, however, Po was relieved (*mien chih*) as Minister of Finance, although he continued to serve in other important economic posts and gained major new responsibilities in this area when the central government was reorganized a year later. While, as rectification principles advise, Po had not been formally punished and his talents continued to be used, his loss of a key post suggests the dangers of policy advocacy even in a period of high leadership cohesion. But in the last analysis, the exceptional nature of Po's case together with the mildness of the measures taken indicate the viability of rectification norms during the consolidation years. *Politics & Purges in China: Rectification and the Decline of Party Norms, 1950-1965. Contributors: Frederick C. Teiwes - author. Publisher: M. E. Sharpe. Place of Publication: New York. Publication Year: 1979. Page Number: 114/5*
12. (This meeting) which appears to be the first major instance of political manoeuvring by Kao, Jao and others linked to them. Kao himself was absent from at least part of this conference

having been dispatched to Moscow to attend a special meeting concerning Hungary's resistance to new Soviet economic policies. The information available on the conference itself focuses on the activities of two East China officials with career links to Jao Shushih, regional Third Secretary T'an Chen-lin and Shanghai Fourth Secretary Ch'en P'ei-hsien. T'an, allegedly known as the "big gun," and Ch'en, the "little cannon," reportedly circumvented established Party norms by conducting activities outside the conference sessions. Both T'an and Ch'en reportedly held "secret talks" with Kao and Jao; e.g., when Kao returned from Moscow he sought out T'an privately rather than first report to the Party Center. T'an, moreover, visited conference participants at night in their guest houses, lobbying or support and spreading rumors. He assertedly built up Kao as "Young and capable" and Jao as an "outstanding Marxist of China" while attacking other Party leaders by claiming "there are sinister ministers around the Center." Ch'en also allegedly spoke unfavorably about leading central comrades. The activities of these officials were not all covert, however. Ch'en openly raised policy grievances at the conference by attacking state banks for "gobbling down all private banks in Shanghai" and arguing that "the workerpeasant alliance is breaking up." It may also have been at this conference that T'an and Ch'en allegedly authored an open letter to Mao asking that he "take a rest" (to be discussed subsequently), a move which could not be regarded as conspiratorial. As for Kao and Jao themselves, apart from their alleged consultations with T'an and Ch'en, the only charge made was Mao's vague 1955 statement that they "worked hand in glove" during the conference.

13. The financial and economic conference thus apparently involved both policy criticisms, legitimate under existing rules, and unacceptable factional activities. *Politics & Purges in China: Rectification and the Decline of Party Norms, 1950-1965*. Contributors: Frederick C. Teiwes - author. Publisher: M. E. Sharpe. Place of Publication: New York. Publication Year: 1979. Page Number: 170/171

14. Land reform had failed to usher the country into an era of prosperity. Trade was in dire straits. The state was running a huge deficit, with its expenditure twice as big as its income. One cause of the deficit was foreign trade. Since Beijing dramatically oriented its exports away from the West towards the Soviet Union, it had become dependent on Stalin to earn foreign currency. The tragedy of liberation