

Decision of the Government Administration Council of the Central People's Government on the Delineation of Administrative Authority between the Central and Local Levels in Fiscal and Economic Work

(Adopted at the 83rd Government Administration Council Meeting on May 4, 1951)

Following the promulgation by the Government Administration Council on March 3, 1950 of the *Decision on the Unification of State Fiscal and Economic Work*, more than a year has elapsed. During this period, owing to the uniform and strict implementation of that decision by governments at all local levels, adjustments to industry, commerce, and taxation, and the enthusiastic support of the people nationwide, major advances have been achieved in the state's fiscal and economic work. The facts have demonstrated that last year's measures to unify fiscal and economic administration were entirely necessary and correct.

However, China is a country with a vast territory and a large population, with transportation still relatively underdeveloped, and it is presently in a period of profound revolutionary transformation. The fiscal and economic departments of the Central People's Government must therefore concentrate their efforts on grasping overall national fiscal and economic principles, policies, and plans, and on leading key tasks. Under these conditions, it is now both necessary and feasible—while continuing to ensure the principles of unified leadership, planning, and administration of national fiscal and economic work—to delegate to local governments certain administrative powers in fiscal and economic affairs that are suitable for local management. This approach both facilitates adaptation to local conditions and strengthens unified national leadership in fiscal and economic work. To this end, the following decisions are hereby adopted:

- 1.** In accordance with the spirit of the already implemented three-tier fiscal system and the division between central and local industry, all central fiscal and economic departments shall, on the basis of the principles set forth in this decision, gradually and appropriately delineate within their respective systems the administrative responsibilities of the central and local levels, according to which functions must be centralized and which should be decentralized. Specific measures shall be formulated and, upon approval by the Fiscal and Economic Commission of the Government Administration Council, promulgated for implementation nationwide.
- 2.** Prior to convening important specialized meetings, central fiscal and economic ministries, commissions, and banks must notify in advance the people's governments (or military and administrative commissions) of the major administrative regions of the important matters to be decided at such meetings and solicit their opinions. The people's governments (or military and administrative commissions) of the major administrative regions shall carefully study these matters and promptly submit their views. Resolutions adopted at specialized meetings shall, as a rule, be communicated to the people's governments (or military and administrative commissions) of the major administrative regions. Where these regional authorities hold differing opinions, they must promptly submit them to the Government Administration Council for review.
- 3.** For enterprise units scattered across various localities but directly administered by central ministries, commissions, or banks, the people's governments (or military and administrative commissions) of the major administrative regions shall designate appropriate local authorities to supervise, guide, and assist them, in order to ensure the implementation of unified national policies, principles, plans, and major systems. All political work within such enterprises shall fall under the leadership of the local authorities designated by the major administrative region governments (or military and administrative commissions). The leadership personnel of these enterprises must regularly submit business and work reports to the appropriate local authorities. Military industrial

enterprises, however, shall submit such reports only to the local authorities designated by the central government. For enterprises entrusted by the center to local management and certain important locally managed enterprises, local authorities shall submit necessary business and work reports to the relevant central departments and follow their guidance in matters of business policy and technology. The production plans and capital construction plans of important locally operated enterprises must be approved by the relevant central departments and the Fiscal and Economic Commission of the Government Administration Council.

4. Over the past year, the vast majority of personnel in enterprises directly administered by central departments have respected the leadership of local authorities. However, a small number have one-sidedly emphasized the independence of their operations and failed to obey or respect local leadership. Such behavior is harmful to work and is erroneous. It must be recognized that the capabilities of individual fiscal and economic personnel are limited. Although they have achieved certain successes in past fiscal and economic work, the principal reasons for these achievements—apart from correct central leadership—have been the concerted efforts of governments at all levels nationwide and the enthusiastic support of the people. Without this great collective force, progress would not have been possible. It must further be recognized that state fiscal and economic work is extremely complex and arduous and concerns the vital interests of the state and the entire people. Given the limited experience of fiscal and economic personnel, only by obtaining the supervision, guidance, and assistance of governments at all levels and of the people as a whole can difficulties be reduced and progress accelerated. Therefore, all personnel in enterprises scattered across various localities and directly administered by central departments must submit to the supervision and guidance of local authorities and seek their assistance; they must not pursue independence.

5. After the delineation of administrative authority between the central and local levels in fiscal and economic work, local authorities must adopt a cautious, responsible attitude and give due consideration to the overall situation in managing affairs within their scope of responsibility. Many measures in national fiscal and economic work must be formulated from the perspective of the whole and of long-term interests; the interests of a particular locality or a particular moment must be subordinated to overall and long-term interests. Accordingly, except where changes are genuinely necessary and have been approved by the relevant central authorities, local authorities must ensure the full implementation of the business policies, plans, and major systems determined by central departments. Local authorities shall regard leadership in political work and supervision, guidance, and assistance in business operations for centrally administered enterprise units within their jurisdictions as regular and permanent responsibilities.

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