

March 13, 1957

**Memorandum, Chinese Foreign Ministry to the
Soviet Embassy to Beijing**

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Summary:

The Chinese government corrects perceived errors in a report compiled by the Soviet Far East Economic Committee on China's economic development.

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Translation - English

□The Chinese Government asserts that, although generally acceptable, the draft paper on a review of Far Eastern economic development, compiled by the [Soviet] Far East Economic Committee has made several errors on China's economic development.

□(1) The sentence that "[China's] agrarian collectivization has encountered peasants' opposition," under the section of "Speedy Advance toward Socialism" (page 1), does not correspond with reality. The speed of our country's agricultural collectivization, which has been fully explained by Liu Shaoqi in his report to the [National] People's Congress, completely refutes such an assertion. In discussing [China's] price problem, the draft paper deliberately distorts and obliterates our basic achievements which are clearly presented in Li Xiannian's^[1] report [to the People's Congress], and instead, exaggerates our isolated weakness and mistakes. Given this fact, therefore, the paper could not help but draw erroneous conclusions (page 20).

□(2) The draft paper has also made errors merely by comparing our published statistics which are, indeed, to serve different purposes. There are several such errors:

□1. The section titled "Speedy Advance toward Socialism" mentions that "[China] plans to raise the percentage of handicrafts [as an industry] in the nation's GNP up to 15.3 % in 1956, whereas the First Five-Year Plan has originally planned to have [the handicrafts] reach 9.4% in 1957" (page 4). In actuality, the former [figure] refers to a combined output of "handicrafts factories" and "handicrafts individuals" while the later [figure] only reflects the percentage of "handicrafts individuals' outputs" in GNP.

□2. The section on "National Income and Capital Accumulation" asserts that "[China] in one way or another exaggerates its [per capita] increase, given the [Chinese] statistics on the nation's per capita increase from 1953 to 1956, that is, 1953, 127 yuan, 1954, 137 yuan, 1955, 141 yuan, 1956, 154 yuan. This is because, according to Liu Shaoqi's report, the increase of industrial production during 1953-1956 is no higher than 90.3%, whereas the above listed figures seem to assume that the increase would be 104%" (page 5). The 90.3% increase mentioned in Liu Shaoqi's report covers all industrial increase including modern [heavy] and factory industries, and individual production, while Bo Yibo's^[2] reported 104% increase only refers to the increase of production by modern [heavy] and factory [machinery] industries.

□3. The section on "National Income and Capital Accumulation" also points out that the total of [China's] capital construction during 1953-1956 exceeds the five-year budget's 42.74 billion yuan by 1%, but State Planning Commission Chairman Li Fuchun's^[3] report [to the People's Congress] only states that [China] will by 1956 complete up to 87.6% of the planned capital construction (page 7). In fact, the amount of capital construction as designed by the five-year plan only includes the main part of economic and cultural [entertaining and educational] construction, whereas the total of [China's] capital construction during 1953-1956 covers much wider grounds.

□4. The session on "Development Plans" notes that the Second Five-Year Plan originally set 98.3% as the [overall] increase objective, but Premier Zhou [Enlai] in his report on the Second Five-Year Plan reduces this objective to 90.3% (page 23). There is indeed no reduction of the original increase objective. Because the former [figure] excludes the outputs of individual production whereas the latter includes the outputs of individual production, thus becoming 90.3%. Since there are detailed explanations and illustrations as to exactly what the above mentioned figures cover when these reports are publicized, there exists no excuse why such errors have been committed. Other than the above listed mistakes, [the draft paper] still contains minor errors which are of no significant concern [of ours].

^[1] Li Xiannian was a member of CCP Politburo and China's vice premier and finance minister.

[\[2\]](#) Bo Yibo was then alternate member of CCP Politburo and China's vice premier, chairman of National Economic Commission.

[\[3\]](#) Li Fuchun was then a member of CCP Politburo and China's vice premier, chairman of State Planning Commission.