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THE QUESTION OF THE INTEGRATED FINANCIAL PLAN

[This is a full translation of an article by Ko Chih-ta appearing in the Ta Kung Pao, 29 December, 1959, page 3.]

In socialist construction, the national economy forms a large and complicated integral system. In order to administer the national economy properly, it is necessary not only to bring about equilibrium in individual plans, but also to achieve an integrated equilibrium among the various plans. The faster the national economy develops, the more important this work of integrated equilibrium becomes.

The establishment of a sound system of integrated financial planning and the strengthening of an integrated equilibrium of funds constitute therefore an important subject in achieving integrated equilibrium in the national economy.

What is integrated financial planning?

Integrated financial planning is a reflection of the planning which involves the whole body of activities of financial funds. It includes the following: revenue and expenditure in the State's budget, the extra-budgetary revenue and expenditure, the financial revenue and expenditure of the enterprises, the receipts and expenditure of bank credit, the receipts and expenditure of cash plans.

Moreover, the part of the accumulation of the people's communes expended on capital construction and the part expended on consumption must be included also. All these plans form the whole body of financial planning.

The State budget occupies a very important position in the system of integrated financial planning. It constitutes the pivot in the mobilization and distribution of funds. The principal share of the funds in the integrated financial plan is raised and distributed through the State's budget. This is due to the fact that the amount of accumulation and the amount required by the various departments of the national economy are different.

Some departments require more and some less. Some need more at a particular but less at another. In order to develop both industry and agriculture to meet the people's needs while, at the same time, give priority to the development of heavy industry, it is necessary to have financial budgeting. In this way, certain amount of funds may be drawn from some departments and allocated to others to guarantee the prior development of these links in the national economy.

Financial receipts and expenditure of the enterprises are important to the system of integrated financial planning. They form the basis of the receipts and expenditures in the State budget; some 90 percent of the receipts and expenditures in the State's budget come from state-operated enterprises.

A large share of the State budgetary expenditure used to meet the capital construction and working capital needs of the enterprises. The financial plan of the enterprises represent the combined manifestation of their financial operations relating to capital construction, production, labor, cost, price, commodity supply, and marketing plans.

The financial plan of the enterprises is based on these plans. In formulating financial plans of the enterprises, we must establish proper financial relations between enterprise units or departments and the State and guarantee the fulfillment of tasks prescribed by the State with regard to profits. Moreover, we must give an accurate accounting and use rationally the funds required for the fulfillment of the targets of the various plans.

Bank loans are an integral part of the system of integrated financial planning. It is through the banks that the State absorbs idle funds in society. These funds are used to meet the planned requirements of reproduction (tsai Sheng-ch'an) expansion. From time to time, some government offices and departments of the national economy will have funds which are left temporarily idle (financially inexpedient to withdraw).

While some enterprises may need funds in the process of production and commodity circulation. When one unit has idle funds and another needs funds, it is necessary to balance funds through bank credit. Bank credit planning formulated on the basis of the national economy plan. It not only regulates the direction and amount of bank credit funds.

The norms of the credit plan are closely related to the production and financial plans of the State budget, government departments, and the important goals set forth in the national economy plan. Through the extension of bank credit, settlement of accounts and receiving of deposits these relations are established. The credit plan is comprehensive; through the plan the State may mobilize idle capital, supplement the need for funds to develop industrial and agricultural production and increase commodity circulation, and control the fulfillment and over-fulfillment of production plans of socialist enterprises and the commodity circulation plans.

The cash plan serves to reflect through the banks, the over-all cash receipts and expenditures within the national economy. The difference between the supply and actual utilization of funds set forth in the credit plan is equal to the difference between receipts and expenditures in the cash plan. If the supply of funds embodied in the credit plan is greater than what is actually utilized the difference is equal to the contraction in money in circulation during the same period.

On the other hand, if in the credit plan the supply of funds is less than what is actually utilized the difference is equal to the increase in money in circulation during that period. Through the cash plan, the volume of money in circulation can be regulated systematically to

meet the needs for national economic construction together with the maintenance of stable prices.

The financial plans mentioned above set forth both the source and the uses of monetary funds. Each of the plans in its own way, mobilizes and distributes funds, and performs the basic tasks of socialist expanded reproduction and of satisfying the requirements for the livelihood of the people. The State budget is a basic financial plan while the financial receipts and expenditures of the enterprises form the basis of the receipts and expenditures in the State budget.

The receipts and expenditures in departmental financial plans cannot be separated from bank credit plan and cash plan. All these plans are inter-related. In order to maintain the inter-relationship among the plans, it is necessary to formulate an integrated financial plan on the basis of these plans.

The meaning and function of the integrated financial plan

The integrated financial plan charts the financial balance of the national economy plan. It constitutes an important link in the integrated equilibrium of the national economy. Under socialist conditions, the exchange and circulation of commodities, the estimation and distribution of goods must be expressed in monetary terms owing to the existence of commodity production and monetary economics.

Therefore, in formulating the national economy plan, it is necessary to express planned goals in monetary terms as well as in real terms. It is necessary to estimate both the balance of goods as well as the balance of funds. Material and financial resources must be considered and allocated together. Our purpose in formulating an integrated financial plan is to give not only an over-all picture of the State's financial condition so as to guarantee fully the requirements for the rapid development of the national economy but also to adjust

the financial, the human and the material resources of the nation through an integrated balance of the whole financial and material resources.

The integrated financial plan is similar to the State budget in many ways; all the items contained in the State budget are reflected in the integrated financial plan. However, in its content, the integrated financial plan possesses certain characteristics that are different from the State budget. They are:

(1) The State budget is a basic presentation of the national economy plan in terms of funds while the integrated financial plan is an over-all presentation of the national economy plan in terms of the State's funds. The latter includes receipts and expenditures in the budget as well as extra-budgetary revenue and expenditure funds retained by enterprises, (funds for major repair, locally raised supplementary funds, etc.). It includes financial funds and credit funds.

(2) The State budget is generally made on an annual basis, it reflects the yearly plan of national economy in terms of funds. The integrated financial plan takes in not only the yearly plan but long-term plans as well. Thus it reflects the long-term balance of financial funds.

(3) The State budget is a legal document approved annually by the State. The integrated financial plan is an important accounting document for the purpose of balancing financial resources and examining national economy plans.

During the First Five Year Plan, while formulating the national economy plan the National Planning Commission worked out an integrated financial plan. The plan did produce certain effects. However, the extra-budgetary funds of the State's were not very large then. The work of balancing the State's funds was achieved principally through the State budget and the credit plan. Moreover, the formulation of the integrated financial plan was done only in the planning office; it was not well carried out.

Following the great leap forward in the national economy in 1958 and 1959, the improvement in the financial

control system, and the implementation of the enterprise profit retention system, not only the financial revenue and expenditure and the credit revenue and expenditure [of the State?] were greatly increased, but also the financial resources of local and enterprise units.

Extra-budgetary funds in 1959 amounted to about 18 percent of the State budgetary funds. Of this amount, the part used for capital construction amounted to about 10 percent of the capital construction investment in the 1959 budget. If such large amounts are not included in the State's plan and given an over-all consideration and allocation, we cannot obtain a full account of the whole financial operation of the State.

The expenditure of extra-budgetary funds and the planning of resource be out of joint which would affect, to a certain extent, successful planning in the supply of resources. Thus, in order to obtain a fuller and more accurate account of the State's financial funds and to enable the financial operations of the State to correspond to the national economy plan, it is necessary to establish a sound system of integrated financial planning, formulate carefully an integrated financial plan and strive for the integrated balance of the State's financial funds. In this way, budgetary and the extra-budgetary funds, financial and credit funds, and the financial resources at different levels as well as these of various departments and enterprises can all be included in the plan.

This will give an over-all account of the State's financial funds and adjust the financial resources of the national economy to the [supply of?] human and material resources.

From our work in the past few years, we come to realize that in addition to the mobilization and distribution of funds, the integrated financial plan has the following functions:

(1) When the integrated financial plan is taken in combination with other plans, it reflects the various goals set forth in the national economy plan and their important proportional relations. The principal proportional relations are those between industry and agri-

culture, light industry and heavy industry, output for means of production and consumption goods, accumulated funds and consumption funds, national construction and people's livelihood, the total social purchasing power and the supply of commodities. From the integrated financial plan, we can tell whether these proportional relations are, on the whole, well adjusted or how they can be adjusted properly.

(2) By formulating an integrated financial plan, we can combine all the financial funds of the State, balance them and bring about an over-all allocation. We can also combine financial plans and commodity plans to bring about an integrated balance. Hereafter, through the integrated financial plan, we can study the financial support from the State to the people's communes and obtain a clearer picture of the accumulation, distribution, and use of funds by the communes.

The function of the integrated financial plan in local areas is similar to that at the national level. In addition to the two points mentioned above, the integrated financial plan has other functions in local areas. From the plan, we can estimate: (1) the amount of funds allocated by the State and the amount raised by the locality for investment in capital construction, (2) the amount allocated by the State and the amount of loans raised for working capital needs of the enterprises, (3) agricultural loans and capital construction of the people's communes, (4) local monetary circulation, (5) differences in allocation from the local budget and the central budget, from local credit funds and central funds. Finally, from the plan, we can perform the balancing of the whole local fund plan and the commodity plan.

Some comrades do not regard the integrated financial plan as indispensable; they have doubts about the plan. We must realize that the function of the integrated financial plan in the national economy is an objective one. Whether it can fulfill its function depends on whether we can utilize it to the fullest extent and how well we do our job in this field.

If we utilize it to the fullest extent and do a good job, the function of the plan would be more fully developed; otherwise, its function would decline. As we

failed to do an adequate job in this field in the past, some comrades did not understand the function of the plan. We can be sure now that as the plan progresses, they will understand its function more clearly.

Some problems concerning the strengthening of the integrated financial plan

The principle in the formulation of the integrated financial plan is to include all financial funds on the basis of the General Line for building socialism, the system of democratic centralism and the principle of "the whole nation as one scheme." We must have united leadership and guarantee the proper allocation and rational use of financial, human, and material resources.

We must have also divided responsibility. We must develop fully a positive attitude in the localities and departments in order to carry out construction task with greater, faster, better, and more economical results. In this way, centralized planning may be adjusted to suit local conditions, central forces may be combined with local forces, and centralized leadership with mass movements.

With all the financial funds included in the State's plan, an integrated balance of over-all financial and material resources can be achieved. This will bring about a mutual adjustment of the financial, material and human resources in the national economy plan. Thus, we can concentrate our resources and guarantee the fulfillment of the State's plan and key constructions.

We may also utilize fully our remaining strength to complete constructions needed in various areas and departments. This meets the requirements in financial work of carrying out more production construction when there is more revenue and more expenditure. It also meets the requirements for the rapid development of the national economy.

What is the scope of the integrated financial plan? For the present, plan should include the budgetary and

extra-budgetary revenue and expenditure of the State, receipts [repayments?] and extension of bank loans, cash receipts and expenditures, and the financial receipts and expenditures of the enterprises.

As to the financial receipts and expenditures of the people's communes, at present we can only estimate the accumulation used for capital construction and production and attach the estimated figure to the integrated financial plan in a supplementary note. For the time being, various financial receipts and expenditures of the people's communes are not included in the integrated financial plan.

Foreign exchange receipts and expenditures of the State also lie within the sphere of the integrated financial plan. Since they are settled by the bank, it may be balanced in the credit plan. An explanation is called for at this point: extra-budgetary receipts and expenditure are complicated subjects; so we deal with them only gradually. At present, we include only the principal items in the plan. It must be pointed out that extra-budgetary funds are financial resources used by various localities and departments. They supplement the State's budgetary funds.

In the past few years, various localities and departments have used extra-budgetary funds to mobilize the masses to operate various medium and small enterprises and various welfare measures that the people need. They [extra-budgetary funds] serve an important purpose in settling special problems in accordance with local conditions and continue to do so. We are positive that it is a mistake to try to incorporate all extra-budgetary funds into the budget.

As extra-budgetary funds have greater dynamic character and more flexibility, methods of control must be different from those for budgetary funds. The allocation and use of extra-budgetary funds are decided by various localities and departments. The amounts, however, must be reported to the planning and financial departments; the funds must be controlled in accordance with prescribed regulations. The planning and financial departments must make no decision on the allocation and uses of the funds, but

they do retain the right to speak out and to supervise the use of the funds.

In formulating the integrated financial plan, attention must be paid to the division of labor and cooperation. The integrated financial plan is established on the basis of a number of related plans. If the task is to be performed properly, it is necessary to have division of labor, cooperation and the joint effort of all the departments concerned as well as the leadership of the Party committees at various levels and the support of the masses.

To do the work well, the financial department must propose control measures over extra-budgetary funds so as to control both budgetary and extra-budgetary funds. When local authorities report their budgets to the central government, both budgetary and extra-budgetary revenue and expenditure must be included. The only difference is that the extra-budgetary portion need not go through the process of approval.

Next it is necessary for the banks to formulate their credit plans in such a way that the credit plans may come closer to actual conditions. They must also establish cash receipts and expenditure plan and strength its control. The enterprise departments and units must make an effort to do a good job in formulating financial revenue and expenditure plans so that they reflect the actual economic activities of the enterprises.

When these plans are so formulated, the integrated financial plan would have a more reliable foundation. The departments of statistics are requested to supply financial and banking data for the integrated financial plan.

We must carry out the work of achieving the integration and balancing of the various plans under the integrated financial plan. As mentioned above, the integrated financial plan consists of: the State budgetary and extra-budgetary revenue and expenditure, credit receipts and expenditures, cash receipts and expenditures, financial receipts and expenditures of the enterprise departments and a part of the receipts and expenditures of the people's communes.

The integrated financial plan is not merely a sum total of these plans. The plans are mutually integrated and balanced. Some of these plans are wholly included in the integrated financial plan: for instance, the revenue and expenditure of the State budget, credit receipts and expenditures, and cash receipts and expenditures.

In other cases, only a part of the receipts and expenditures are included; for instance, only that portion of the accumulation by people's communes used for capital construction investment and for production is included. Some receipts and expenditures are related to certain items in the integrated financial plan: such as appropriations in the integrated financial plan for working capital needs of enterprises are related to enterprise loans under the credit plan, appropriations in the State budget for credit funds are related to funds under the credit plan.

Some receipts and expenditures are not shown in the integrated financial plan but are attached to related plans: for instance, the difference in the balance of the integrated financial plan is the difference between the issue and return of currency in the cash receipt and expenditure plan. When the planning office formulates the integrated financial plan, it must make an estimate for each one of these plans so that the plans may be mutually related and balanced.

The integrated financial plan is based on the financial plan. Therefore, the examination of the integrated financial plan must be carried out through the budgetary and extra-budgetary revenue and expenditure, the enterprise financial plan, the credit plan, and the cash plan. However, this does not lessen the responsibility of the planning offices and the financial and banking offices in the execution of the integrated financial plan.

The planning offices at various levels must study and analyze the implementation of the financial budget, enterprise financial plan, credit plan, the cash plan, and the expenditure of extra-budgetary funds and report to the Party and government leadership the conditions in the mobilization and use of all the funds in the national

economy. They must perform the work of fund mobilization and distribution. While carrying out the annual plan and adjusting the national economy plan and the financial budget, the planning offices must undertake at the same time a corresponding adjustment in the integrated financial plan on the basis of the conditions of the national economy so that an integrated balance may be achieved.

BASIC EXPERIENCES IN THE GREAT LEAP FORWARD IN FINANCIAL WORK

[The following is a translation of excerpts from a speech by Mr. Chen Hsi-yu, Vice-President of the People's Bank of China, at the National Conference of Advanced Workers in Financial Work for Exchange of Experiences, appearing in Ta Kung Pao, 29 November 1959, page 2]

The National Conference of Advanced Groups and Advanced Workers in Financial Work for the Exchange of Experiences has been in session for twelve days. It has been a very successful conference. Under the direct leadership of the Ministry of Trade and Finance, of the Central Committee of the Chinese Communist Party, and the Office of Trade and Finance of the State Council, and with the combined effort of all the delegates, the conference has accomplished its tasks and is about to adjourn satisfactorily.

Over six hundred delegates from the financial front all over the country have brought to the conference their advanced experiences in banking. have not only brought together the vast reserve of advanced experience in financial work but also welded together the will and the strength of hundreds of thousands of workers in the financial field for the defense of the general line.

We are now about to take home with us the fruits of the conference so that they may take and blossom root everywhere. We shall combine our strength and the strength of the whole people, raise the red flag of the Party's general line for the building of socialism, follow the way pointed to us by the Party, welcome our new and greater tasks, and fight for a new and greater victory!

Many delegates have spoken at the conference, at special meetings, and group sessions. These speeches brought out eloquent facts which have fully proven the correctness of the Party's General Line for building socialism and the correctness of the whole policy of "walking on two legs." These facts have indicated the great victory of the Great Leap Forward and refuted the slanders and errors of the rightist opportunists. They have given the comrades at the conference a vivid and penetrating General Line education.

From the speeches, we can see that since the Great Leap Forward, our bank work has taken on new features. This is due to our reliance on the Party's leadership, to our promotion of the policy of let politics take command, and the policy of organizing mass movements, to the further strengthening of the political, production, and mass viewpoints, and to the promotion of mass campaigns in various branches of our enterprises.

We have produced not only positive results in promoting a great leap forward in industrial and agricultural production and in the circulation of commodities, we have reached beyond the bank business to cooperate with various departments of the national economy.

In both form and method, we have in our work advanced from business administration to the mass movement. Comrades engaged in financial work have also undergone a great change in spirit. The cadres have greatly improved themselves politically and ideologically. Among them, we have cadres like Comrade Hsu Hsueh-hui and Comrade Lu Kueilin who protected the property of the State at the risk of their own lives.

Among the heroic figures who possess a high degree of communist spirit, we have people like Comrade Yu Ch'i who shows great enthusiasm for his work as cashier, who places first the interest of the revolution, and who is a model in socialist construction. We have Lei Shun-e, Chang Ts'ui-e, Cheng Hsueh-mei, and Chin Hsuan-pang who are in close contact with the masses and are concerned, in every way, with mass production and mass living conditions.

There are also many technical innovators, production experts, note counting experts, outstanding statisticians, loan workers, savings workers, accountants, planners, foreign exchange and insurance workers and administrators.

The selfless work and the noble communist spirit of the cadres, staff members, and workers have brought about a change in our "bank work." Spiritual change has brought about a great leap forward in our work and the great leap forward has further elevated people's thought.

None of these achievements can be separated from the leadership of the Party committees at various levels. If

not for the Party's General Line for building socialism, if not for the Party's leadership in the struggle against the Rightists, if not for the correct and timely leadership and support given by the Party committees at various levels to bank work, these achievements would not have been possible. Therefore, all the victories that have been won in financial enterprise are victories of the General Line and of the leadership of the Party.

Summarizing the experiences presented at this Conference, I consider the following to be basic:

(1) Rely on the Party's leadership and maintenance of the command of politics for the service of the Party's central task.

The speeches at the Conference show that the great majority of the banks are able to see where the banks stand in the Party's central task and among the important problems of present economic life. In this way, they have made "bank work" an instrument for the fulfillment of the central task of the Party. They have integrated the accomplishment of bank work with the fulfillment of the central task of the Party. It is through the accomplishment of the central task of the Party that they accomplish the work of the banks.

Many of the speeches indicate that banks in various places are concentrating their work on industrial and agricultural production and the people's communalization movement. The work of the branch bank at Hsin-hsien in Shansi province may be taken as an illustration of financial work in rural areas. When the hsien Party committee decided to reorganize the people's communes, the branch bank immediately took charge of the financial aspects of the task and give effective support to the reorganization.

When the hsien committee issued a call to help commune members during the spring festival, the branch bank immediately gave aid to commune members to develop various enterprises, and increase their cash income and considered these as their major task. As funds were insufficient when spring cultivation began, the branch bank started a mass campaign to stimulate deposits and raise funds. When the hsien committee issued a call to open the production increase and economy campaign, the branch bank began immedi-

ately to promote urban and rural savings and to exercise strict control over loans without material collaterals. In this way, "bank work" became an effective weapon of the Party committee in carrying out its central task. Bank business also prospered.

The work of administering working capital also followed this pattern. For instance, when the provincial and municipal Party committees started the "nine contests" campaign in industrial enterprises, the branch banks in Nanking issued a slogan to dig up capital to help the industries achieve high production.

Thus they integrated the work of credit transfer. At that time they also fixed with the central work of the Party the working capital quotas of the enterprises. When the municipal committee decided to start the "Ch'ing Ts'ang Movement," the branch banks devote all their efforts to the movement to start a high tide.

The "Ch'ing Ts'ang Movement" guaranteed the success of the production plan and established a sound foundation for the rational use of working capital. When the Party issued a call for further strengthening of control over working capital, the branch banks initiated a system for the mass control of funds by helping the enterprises establish sectional accounting under centralized leadership, divided control of funds, and economic analysis conferences.

After the resolution of the Eighth Plenary Session of the Eighth Party Congress was announced, a mass campaign was started in the cities to oppose the Rightists, and mobilize our energies to fulfill the Second Five Year Plan ahead of schedule. A campaign was initiated in the factories to bring about production increases, quality, improvement, and waste reduction.

The branch banks issued slogans "to introduce detailed accounting, allocate funds, uncover latent power, and support production." They helped the enterprises clear up their accounts and supported production. When the marketing season came, the branch banks issued a fighting slogan to "continue to oppose the Rightists and mobilize our energies to serve the market, support purchasing, send industrial goods to the rural areas, support the high production campaign in industries, and over-fulfill the

national economy plan ahead of schedule." They organized wholesale and retail trade in urban rural areas. They cooperated closely at every point.

In "savings work," the banks at various localities resorted to a combination of political and production campaigns. When the Party committee issued a call to carry out the "Four Changes" in the rural districts, banks in some localities immediately started the "Four Changes" savings. When the Eighth Plenary Session of the Eighth National Congress issued a call for production increase and economy, the banks immediately followed with a promotion of economy and savings.

In foreign exchange and insurance enterprises and in printing plants, the call of the Party for production increase and economy was also carried out. Thus, our enterprises have been closely integrated with the central tasks of the Party all year round.

State banks are institutions of the State. They are instruments of our people's democratic dictatorship. Our highest mission is to carry out the General Line and bring about the rapid progress of our socialist construction. We must rely, therefore, upon the centralized leadership of the Party committee and develop the special capabilities of the banks to serve the Party's General Line and policies in every way.

(2) Have confidence in the masses, rely on the masses, and promote mass campaigns.

The Great Leap Forward in 1958 and 1959 has made us realize that not only the banks must promote mass campaigns but also the satisfactory fulfillment of the banks' mission and the correct implementation of the Party's financial policy are possible only through mass campaign and by relying on the close integration between the mass campaigns within the banks and those outside the banks.

Experience of the Great Leap Forward shows that it is possible to promote "red flag contests" and lively mass campaigns in the various sectors of banks' activities. Contests may be quantitative or qualitative. In "savings work," contests may be held in the following areas: contact with the masses, service, propaganda work, investi-

gation work, integration with the work of street committees, office work, enterprise work, and assisting the masses organize their living, etc. In the control of working capital, contests may be held in these fields: appraisal of situations, study of problems, spirit of cooperation, and help to enterprises to strengthen their financial control and capital economy, etc.

Among the leadership personnel, there may be contests in policy implementation, contact with the masses, penetration of the lower level, cooperation with various circles, etc. In short, contests can be held in every branch of activity.

From the experiences presented by comrades at the Conference, we can see that many banks are already quite familiar with the task of integrating their work with the central tasks of the Party, issuing fighting slogans, and promoting "red flag contests." By integrating bank business with "red flag contests," the Party's will and the task of the moment are converted into conscious activities of the masses. As everybody joins the revolutionary mass campaign our task is fulfilled through the campaigns.

Socialist revolution and socialist construction are great mass movements by themselves. They advance from one revolutionary high tide and one construction high tide to another. Our financial enterprise is part of this great mass movement. This is an enterprise of the broad masses and it should be accomplished by relying on the wisdom and capacity of the masses.

Our task is to place our confidence in the unlimited strength of the masses, to develop fully the positivism and creative spirit of the masses in social enterprises, to instruct staff members and workers to readjust constantly the relation between the leaders and the led, to integrate the leadership with the masses through campaigns, to enable the mass campaign bank activities to develop more fully and permanently so that the banks work may leap forward constantly and catch up with the leap forward in the national economy.

(3) Internal and external integration and cooperation with various circles.

In the Great Leap Forward, we cooperated in a communist manner with the financial department, production department and the commodity circulation department. We have gone beyond the banking business; we have integrated our work with that of the other departments of the national economy. This is an outstanding change and improvement in bank work.

Since the Great Leap Forward, cooperation is stressed by all departments. The communist spirit of cooperation of the masses has been raised to an unprecedented level. However, as far as the banks are concerned, this internal and external integration and cooperation with all circles not only expresses the communist spirit of cooperation but is closely related to the nature of the banks' work. Banks control working capital. They do not use the working capital or engaged directly in production or circulation.

However, their work is closely coordinated with production and circulation. The concentration and distribution of working capital cannot take place apart from the processes of production, distribution, and consumption. The control of working capital is possible only when the units concerned with production, distribution, and consumption of goods and the broad masses strive together and cooperate. Capital income is created by the production and circulation departments. Capital expenditure passes through the hands of these departments.

If we want to fulfill the task of controlling and utilizing working capital properly, if we want to fulfill the task of maintaining high speed development of production and commodity circulation, there must be cooperation and joint effort on the part of production and circulation departments. This is not possible if we do not rely on mass campaigns in the banking system and the circulation department, if we do not rely on the close integration between the mass campaigns in the banks and the mass campaigns in government offices, enterprises and the communes, and if we do not rely on the coordination between the mass campaigns on the various social fronts.

Therefore, the banks must develop a positive spirit within their own system and among their staff members and workers as well as among the broad masses. It must follow

the principle of internal and external integration and joint cooperation. Only when we coordinate our work and the work of the production and circulation departments can our work be established.

We cannot manage any part of our work properly apart from the rest. Integration and cooperation are necessary. The problem of working capital and the problem of production and commodity circulation must be considered together.

When we extend agricultural loans, it is not enough to consider only the problem of agricultural loans. We must also consider such problems as working capital, commodities, the means of production, and the processes of production. In considering the problem of savings, we must consider also the problems of production and consumption.

Savings is not just the business of the banks, it is also a business that belongs to the masses. The work requires the cooperation of the banks, government offices, the enterprises, and the street committees. It can be carried out only by strengthening the "three viewpoints" and further mobilizing the masses.

In order to strengthen the control of working capital and guarantee the rational distribution and economical use loan funds, it is necessary to consider production, distribution, and circulation aspects, to have cooperation between the enterprises and the government offices, and it is necessary for those who spend money to control money themselves.

Whether in supporting the Great Leap Forward in industrial and agricultural production or in controlling and using working capital to develop the savings institutions, all these are closely related to the masses. They can be accomplished only through the various systems, the workers of the various units and the broad masses.

Therefore, besides promoting cooperation between the enterprises and the banks and promoting mass campaigns, we must emphasize also integration of the mass campaigns in the banks with those outside the banks and the integration of the "red flag contests" in the banks with the political campaigns and production campaigns led by the Party at various times. This kind of internal and external

integration and cooperation is based on the fact that we have the common objective to build socialism. We have the common basis of the General Line and State planning. We are completely united on increasing our production and commodity circulation, strengthening our control over working capital and financial control.

Moreover, government offices, enterprises, and the communes are all engaged in promoting mass movements. Most important of all, we are all carrying out our work under the unified leadership of the Party. This kind of integration and cooperation is, therefore, not only necessary but entirely feasible.

All economic phenomena have their inner relations. Internal relations exist in the process of production, distribution, and consumption. They exist between accumulation and consumption, between commodities and funds. Thus departments concerned with these economic activities are also closely inter-related.

No work can be done properly if these objective relations are ignored. Objective economic principles do not change according to man's will. Only when we take these factors of mutual inter-relation into full consideration and propose corresponding measures can we succeed in our work.

(4) Propaganda and clarification of policies.

From the experiences presented by comrades at the conference, we can see that there is another prominent feature in our work; that is, we are engaged at all times in ideological and propaganda work. Comrades in branch offices, business offices, and branch credit departments report to the hsien and commune party committees regularly and perform propaganda work among commune members.

Comrades in loan departments report to and take instructions from Party committees and do propaganda work among the departments in charge of finance and enterprises. They also do propaganda work among the enterprise leadership, the comrades engaged in financial and accounting work, and the whole body of staff members and workers. Those engaged in savings work do propaganda work among

street residents, staff members and workers, and commune members. They also do propaganda work among enterprises and government offices.

We have noticed also that in carrying out their work, all the banks pay attention to propaganda work among our own cadres to make them understand the policies and objectives behind all our activities as well as the significance of our tasks so that later they can take action on their own.

Our socialist enterprise is the enterprise of millions of workers engaged in liberating themselves. Bank work is a part of this enterprise. This work has a "mass nature." It can be accomplished only through combined effort. Our policies, if fully explained and understood will be accepted and supported by the masses and by the departments concerned. Therefore, we must do ideological and propaganda work to explain the policies behind our work; ideological and propaganda work should take the lead.

Our bank workers must be propagandists and organizers. Only in this way can we mobilize and organize the masses, coordinate our work with the enterprises and governments offices concerned, carry out internal and external integration, achieve general cooperation and fulfill our tasks.

All the basic ideas mentioned above are shared by all the banks in their work. These experiences are inter-related. In sum, we must strengthen our ideological work, fully mobilize the masses, practice internal and external integration, achieve general cooperation, carry out the Party's General Line and its central work at various times and struggle for the rapid development of the national economy under the leadership of the Party. This is the general policy of our banks. This is the path that we must follow to achieve the mission the Party has given us. If we follow this road, our work will progress.

We have found this road through the struggle between proletarian and bourgeois ideas. The bourgeois class still exists in China today. It will not be possible to destroy completely the bourgeois viewpoint of the world, the bourgeois political influence and the bourgeois and

petty bourgeois habits and influence for a long time to come. They will continue to manifest themselves stubbornly in many ways.

Therefore, the struggle between the path of the proletariat and that of the bourgeois, i. e., between socialism and capitalism will continue. This struggle will be reflected in the work of the bank. In our work, we shall come across all kinds of confusing ideas and rightist tendencies. We should be adequately prepared mentally to deal with this situation. We must constantly raise our own socialist awareness, and rely closely on the leadership of the Party. We must pay attention at all times to the thoughts of our confused comrades and maintain our alertness in our struggle against rightist opportunists and rightist sentiments and ideas.

The Eighth Plenary Session of the Eighth National Congress has singled out the rightists as the greatest ideological enemy. We must enter this struggle resolutely; we must achieve complete in order to strengthen our ideological battle front for the leap forward in 1960.

The national economy in 1960 will continue to leap forward on the basis of the Great Leap Forward in 1958 and 1959. The call of the Party's Eighth Plenary Session of the Eighth National Congress for an anti-rightist campaign, for further exertion, for production increase and economy movement not only enables the national economy to continue to leap forward but also opens up a wide avenue for a Great Leap Forward in 1960.

The tasks of the bank work in 1960 are as follows: to continue promotion of mass movements, to raise and accumulate capital, to control and utilize working capital properly, to support industrial and agricultural production and commodity circulation, to support technological reforms in agriculture on the basis of the anti-rightist and morale building campaign and the Great Leap Forward education:

If we want to fulfill the various tasks of "bank work" in 1960, we must promote mass campaigns, integrate the work of banks with the various departments of the national economy, achieve cooperation, promote the "red flag" campaign, and coordinate the "red flag" campaign in the banks

with those outside the banks. The mass movement in banks consists mainly of integrating the leadership with the masses and integrating the campaigns with bank business.

The relation between the higher and lower levels must be adjusted constantly so that the tasks formulated by the leadership and their calls would become the activities of the masses themselves. In organizing our business, we should organize, at the same time, the "red flag" campaign so that our business would become the content of the campaign and the campaign would promote our business.

Present conditions are very favorable. Our country is in the midst of a continuous Great Leap Forward. The year, 1960 will arrive in a little over thirty days. We must continue to intensify our work in the bloom season, support industrial departments to over-fulfill the 1960 production plan, the agricultural by-products purchasing campaign, the communes in establishing various enterprises, the "five winters" campaign (winter cultivation, winter repair work, winter reform, winter accumulation and winter control) and complete this year's tasks and make preparations to further the Great Leap Forward next year.

Under the leadership and training of Party committees at various levels and through the mass campaigns in the financial system, many advanced groups and personnel have appeared in various departments of banks since the Great Leap Forward.

The Central Bank has issued a call to all bank staff members and workers to strive to raise the level of their awareness, strengthen their political training, and catch up with advanced units and model personnel. If we do all this, there will not be any difficulty that we cannot overcome and our enterprise shall be victorious always!

This is an era when heroes come forth in great abundance. Under the illumination of the Party's General Line, more advanced groups and personnel will emerge among our fighters.

Chairman Mao taught us that "arrogance makes us backward and humility makes us progressive." All the advanced groups and advanced workers must be humble in learning. They must always be humble and cautious, avoid pride and

impetuosity. They must strive to learn from Marxism-Leninism and from the ideas of Mao Tse-tung. They must improve constantly their thoughts, elevate the level of their awareness, learn a thorough knowledge of their business, raise their technique, and strive to be a fighter, "red and expert."

The prospect of our socialist enterprise is very bright. We have full confidence in our coming victory. Let all the staff members and workers on our financial front, together with the people of the whole country under the leadership of the Party, raise higher the red flag of the General Line for building socialism, of the Great Leap Forward, and of the people's communes. to achieve a new victory in the Great Leap Forward of our national economy this year and continue to leap forward and struggle next year, and in the years to come!