

STATE MONOPOLY OF THE PURCHASE OF COTTON YARN AND CLOTH

December 7, 1950

1. Beginning on the date of announcement of this decision, all cotton yarn and cloth manufactured by both publicly and privately owned cotton mills must be purchased exclusively by the State Cotton, Yarn and Cloth Company. Cotton mills should register their present stocks of yarn and cloth with the government, then offer them for sale to the Company. They may no longer market these goods themselves.

2. The State Cotton, Yarn and Cloth Company must offer the mills fair prices based on an accurate calculation of their production costs and including a reasonable percentage of profit.

3. Appropriate fees should be paid to both public and private cotton mills for the manufacture of yarn and cloth commissioned by the Company.⁹⁵

4. The cotton mills must make sure that the quality of their products is up to the standard set by the Company.

5. In each locality a conference should be held, presided over by the local government's bureau for industry and commerce and attended by representatives of the federation of industry and commerce,⁸⁷ the federation of trade unions, the State Cotton, Yarn and Cloth Company and the public and private cotton mills. At this conference regulations concerning state purchasing prices, manufacturing fees and standards of quality should be drawn up. These regulations will take effect upon approval by the Ministry of Trade.¹

6. The Ministry of Trade should consider total productive capacity and total demand for cotton yarn and the various cotton fabrics before it decides how the yarn is to be distributed and how the cloth is to be manufactured and sold.

Decision drafted by Chen Yun on behalf of the Financial and Economic Commission of the Government Administration Council. It was announced on January 4, 1951.

7. Local governments will be responsible for regulating the markets for cotton yarn and cloth by prohibiting speculation and hoarding. They will also be expected to help the State Cotton, Yarn and Cloth Company to distribute yarn and sell cloth efficiently. The Company should establish retail shops whenever and wherever necessary.