

**Directive of the Central Committee of the Chinese Communist Party on Final Decisions,
Compensation and Refund Work Regarding the “Five-Anti” Campaign**

(May 9, 1952)

To all Central Bureaus, Sub-Bureaus, and please forward to the Provincial Party Committees, Regional Party Committees, and the Municipal Party Committees of Beijing, Tianjin, Shenyang, Jinan, Qingdao, Nanjing, Shanghai, Hangzhou, Wuhan, Guangzhou, Chongqing, Chengdu, Xi’an, and other cities where the “Five-Anti” Campaign has been carried out:

1. The report by Comrade Tan Zhenlin dated May 5¹, the report by the Hangzhou Municipal Committee dated May 6², and the report from the Shanghai Municipal Finance Committee dated May 6³ are all being forwarded to you. The Central Committee believes these reports are correct. All regions should study the issues raised in them carefully and follow their example.
2. In the course of the “Five-Anti” campaign, the working teams and workers have generally overestimated the amount of illegal gains by capitalists. When concluding cases, these figures must be reasonably reduced to reflect actual economic conditions. Generally, after making compensation and refunds, capitalists should still have a surplus. Comrade Tan Zhenlin reported that the total illegal gains originally calculated in Shanghai amounted to 100 trillion yuan, which exceeded the actual income of the capitalists in 1951. They now plan to reduce this figure to 40 trillion yuan, proposing a ratio of one-half or one-third. We believe one-half is too much, and one-third is a bit low, so a ratio slightly higher than one-third is appropriate. According to Comrade Bo Yibo’s report from Beijing, in the case of the Guangzhou New Pharmaceutical Industry, the initially determined illegal gains were 1 trillion yuan. After several rounds of voluntary reduction by us, the final figure was around 100 billion yuan, showing leniency beyond the capitalists’ expectations. This case likely corresponds to the ratio slightly above one-third. Municipal Party Committees should assess the overall situation and, following this general ratio, conclude cases. This will allow us to fully gain the political and economic initiative, quickly restore and develop the economy, win back the capitalists, revive their production enthusiasm, and prevent worker unemployment.
3. Regarding the timeline for compensation and refunds: except for a small number of cases where capitalists are both able and willing to pay early, and a very small number of cases requiring confiscation, the majority of capitalists should have their payment deadlines postponed uniformly to begin around September or October. Large amounts may be spread over several years, and some can be converted into public shares without requiring immediate cash payment. This is entirely necessary to invigorate the market and prevent unemployment. Fines should be imposed only on a very small number of people, and sentencing should be especially limited. The approach taken in Hangzhou has been very good.
4. All cities should follow Hangzhou’s example, where the provincial and municipal party secretaries personally reviewed a few major enterprises, established model cases, and worked to persuade cadres and workers (who must be seriously and appropriately persuaded). At the same time, the government should declare to all lawbreaking capitalists its leniency and serious attitude, demonstrating that the purpose of the “Five-Anti” campaign is not to grab money, but to reform society. Hangzhou’s experience is specific and vivid and is worth examining.

5. In addition, regarding the adjustment of urban commerce, particularly in processing fees and purchasing prices, a harsh policy should not be adopted. Cadres should be persuaded to actively engage in economic work and avoid a passive attitude. These are all very important. The Tianjin Municipal Party Committee has also suggested that processing fees should not be excessively strict, and all regions are urged to pay attention to this.
6. Worker supervision of production is imperative, but it should not be carried out too hastily. The Central Committee agrees that, for now, only a few model pilot programs should be conducted in select factories and shops. Broader implementation can begin gradually in the autumn or winter, once the capitalists have had time to recover.
7. The issue of workers' welfare must be addressed, but it should also be solved in accordance with the actual economic situation. The standard must not be too low, but it also absolutely must not be too high, lest we place ourselves in a passive position.
8. In conclusion, the victories of the "Three-Anti" and "Five-Anti" campaigns are enormously significant. There is no doubt that these just struggles must be carried out. Without them, we would fail. Now that we are at the stage of making final decisions in the "Three-Anti" and "Five-Anti" campaigns, we must conclude them well, adhering to the principle of being strict where strictness is due and lenient where leniency is due.

If you have any opinions on the above points, please telegraph us immediately.

Central Committee

May 9, 1952

Notes

Footnotes

1. Refers to the May 5, 1952 report by Tan Zhenlin, acting secretary of the East China Bureau of the CCP, to Mao Zedong and the Central Committee. The report acknowledged that while the "Three-Anti" and "Five-Anti" campaigns had achieved significant results, they had also caused side effects that needed to be remedied. These included worker unemployment, stagnant inventories, declining prices, and reluctance to take responsibility. It also noted that falling agricultural prices were affecting farmers' ability to purchase inputs for spring planting, and that depressed industrial prices hurt reproduction capacity. Capitalists were under heavy financial pressure and uncertain about how to proceed. To maintain capitalist enthusiasm for production and utilize private capital's positive role in the national economy, four issues needed resolution:
 - (1) Setting reasonable limits on compensation and taxes;
 - (2) Scheduling payments in accordance with market liquidity, so as not to disrupt working capital;
 - (3) Restricting worker supervision of production to pilot programs;
 - (4) Ensuring post-"Five-Anti" processing fees and purchasing prices allow for reasonable capitalist profits.
2. Refers to the May 6, 1952 report by the Zhejiang Provincial Committee on the situation in Hangzhou, submitted to the East China Bureau and Mao Zedong. The report highlighted three lessons from Hangzhou's experience in verifying and classifying key lawbreakers, stabilizing capitalists' production enthusiasm, and improving labor-capital relations:
 - (1) Leadership must personally engage and address key personnel's thinking;

- (2) Use various meetings to explain handling principles clearly to capitalists;
 - (3) Raise worker class consciousness through systematic policy education and improve worker welfare. The main problems still included strained labor relations and unresolved issues over capitalist profits.
3. Refers to the May 6, 1952 report by the Shanghai Municipal Party Committee to Chen Yun, Bo Yibo, Li Fuchun, the Central Financial and Economic Commission, and the East China Bureau. The report noted that since the start of the “Three-Anti” and “Five-Anti” campaigns, processing orders, procurement, and loans had stalled; basic construction was delayed; and consumption by government offices and society had dropped. Coupled with the off-season, this led to shrinking production and sales, tight money supply, and market stagnation. While production was gradually recovering thanks to renewed processing orders, economic conditions had not yet returned to normal. Main issues needing resolution included:
- (1) Restoring material circulation, the key to Shanghai’s economic recovery;
 - (2) Overcoming officials’ timidity after the campaigns, which was stalling operations;
 - (3) Boosting capitalist production enthusiasm, which had been dampened by “Five-Anti” refund burdens;
 - (4) Addressing unreasonably low processing fees and purchase prices during order placements.