

**Instructions of the Central Committee of the Chinese Communist Party on the Standards and Methods for Categorizing and Handling Industrial and Commercial Households During the "Five-Anti" Campaign
(March 5, 1952)**

To: All Central Bureaus, with forwarding to Sub-bureaus, Provincial, Municipal, and District Party Committees; also directly sent to Shandong, Qingdao, Nanjing, South China, Yunnan, and Xinjiang:

1. The Central Committee approves the Beijing Municipal Party Committee's proposed document "*Standards and Methods for Categorizing and Handling Industrial and Commercial Households during the 'Five-Anti' Campaign*", and considers it correct. Except for Articles 7 and 8, which are to be kept within the Party and not published, the remaining articles will be issued through the Government Administration Council. If the standards and methods formulated by local Party committees differ from this document, they should be revised accordingly. If some alterations are necessary due to special local circumstances, they must be submitted to the Central Committee for approval.

The guiding principles adopted in this document are: leniency in the past, strictness in the future (e.g., back taxes generally only go back to 1951); leniency for the majority, severity for the minority; leniency for confession, severity for resistance; leniency for industry, severity for commerce; leniency for ordinary commerce, severity for speculative commerce. All Party committees at various levels must adhere to these principles in the "Five-Anti" campaign.

2. Under the framework of the "Five-Anti" campaign, private industrial and commercial households are to be categorized into five types:
 - Law-abiding
 - Basically law-abiding
 - Half-law-abiding and half-law-breaking
 - Seriously law-breaking
 - Completely law-breaking

In large cities, the first three categories account for about 95% of all households, and the latter two about 5%. Although there may be minor differences between cities, the proportions are generally similar. Medium-sized cities, however, show greater variation.

3. These five categories include both bourgeois and non-bourgeois independent artisans and household commercial businesses, but do **not** include street vendors. Beijing has about 40,000 street vendors, who are to be dealt with in the future; for now, large cities can also temporarily refrain from dealing with vendors. However, it is best to include independent artisans and household commercial businesses in the current campaign. Beijing and Tianjin are already addressing them. Medium-sized cities are also encouraged to address both independent businesses and street vendors during the campaign.

There is a large number of independent industrial and commercial households that do not employ workers or clerks (though some have apprentices). In major and medium-sized cities, their numbers are substantial — in Beijing, about 38% of 50,000 such households (roughly 19,000) fall under this category. Many of them are law-abiding; many others are basically law-abiding but commit minor tax

evasion (referred to as “small problems”); and a few fall into the half-law-abiding/half-law-breaking category with larger tax evasions, some reaching up to one or two hundred million yuan.

Some household businesses, while employing no clerks, have many family members involved and conduct trade on a much larger scale than small capitalists with two or three clerks, thus evading more tax. Among Beijing's 31,000 bourgeois households, 17,500 (35%) employ three or fewer workers or clerks. We must both handle this large group of small capitalists and aim to process the similarly large number of independent industrial and commercial households, drawing conclusions about each. Doing so will benefit both the current "Five-Anti" campaign and future economic development.

These two categories generally do not pose major problems, and drawing conclusions on their cases is not difficult. Once resolved, we will gain broad public support. However, individual cities may find it more convenient to first conclude other categories before addressing independent households — this is acceptable.

4. Based on actual urban conditions, we have decided to revise the former classification of "law-abiding households" into two subcategories:
 - **Law-abiding households**, and
 - **Basically law-abiding households**.

The other three categories remain unchanged. In Beijing, among 50,000 industrial and commercial households (excluding street vendors), about 10% (5,000 households) are law-abiding. Around 60% (30,000 households) are basically law-abiding. About 25% (12,500) fall into the half-law-abiding/half-law-breaking category. Around 4% (2,000 households) are seriously law-breaking, and about 1% (500) are completely law-breaking.

The distinction is also made between those who have minor issues and those with greater tax evasion: for those who evaded less than one million yuan, their error should be pointed out, but they should be exempted from repaying; for those who evaded up to two million yuan, they should be required to repay only the amount exceeding one million. This approach could have great educational value.

5. Bribery of a serious nature must be dealt with strictly. However, bribery is widespread. In Beijing, after excluding minor rebates and cases of extortion (not counted as bribery), over 13,000 households remain involved in bribery — about 26% of all industrial and commercial households, more than one-quarter.

Of these:

- 169 households offered bribes exceeding ten million yuan;
- 172 gave between five and ten million;
- 195 gave between three and five million;
- 642 gave between one and three million;
- 3,661 gave between one hundred thousand and one million;
- 8,748 gave under one hundred thousand yuan.

The Central Committee originally stipulated that only about 4% should be subject to refund/fines, with 0.5% subject to arrest or prosecution (including a few executions). The total should not exceed 5%. In medium-sized cities, the proportion is even smaller — some as low as 3% or even less.

Given the widespread bribery, it would be inappropriate to punish only a few while sparing the majority; but punishing everyone would be excessive. Therefore, the Beijing proposal to add the clause “except in minor cases” to Article 6 is endorsed. In practice, Beijing plans to exempt the 8,700+ households who bribed less than one million yuan from fines, but will issue warning notices detailing their errors. This point also requires your attention.

6. In some major and medium-sized cities, Party committees are unclear about the status of different types of industrial and commercial households and lack clarity on strategy. Trade unions and government work teams (or inspection groups) are poorly organized and trained, leading to confusion when the “Five-Anti” campaign is hastily launched. These committees must take this matter seriously and rectify the situation quickly.

Moreover, inspections of industrial and commercial lawbreakers must be strictly controlled by the municipal Party committees and governments. No agency may unilaterally dispatch inspection teams, nor arbitrarily detain capitalists for questioning. In both the “Three-Anti” and “Five-Anti” campaigns, the use of physical coercion to extract confessions is strictly prohibited. Measures must be taken to prevent suicides; in places where such cases have occurred, immediate preventive measures must be implemented to ensure the campaigns proceed on a sound and orderly basis and achieve complete success.

7. For now, the “Three-Anti” and “Five-Anti” campaigns will not be conducted in counties, districts, or townships. The Central Committee will issue separate notifications regarding the timing and methods for rural implementation. If some counties or districts have already initiated pilot versions of the “Five-Anti” or “Three-Anti” campaigns, these must be strictly controlled and must not interfere with spring plowing or economic activity. Medium-sized cities should also not conduct the “Five-Anti” campaign uniformly or simultaneously; instead, it should be carried out in stages, under strict control. This has already been previously communicated; we now reiterate it once again.

The Central Committee

March 5, 1952

Here is the English translation of the documents titled “Appendix I” and “Appendix II” regarding the classification and handling standards for industrial and commercial households during the “Five-Anti” Campaign, as proposed by the Beijing Municipal Party Committee and approved by the CCP Central Committee in 1952:

[Appendix I]

Beijing Municipal Party Committee's Proposal: "Standards and Methods for the Classification and Handling of Industrial and Commercial Households During the 'Five-Anti' Campaign"
(Approved by the Central Committee on March 5, 1952)

1. Law-abiding Households

Those in which no illegal activity has been discovered, the individual has pledged there is no illegality, and upon investigation, no issues are found.

Treatment: Issuance of a “Law-abiding Household Notification.”

2. Basically Law-abiding Households

- **(a)** Those who, according to their confessions and government-held materials, have obtained illegal gains (mainly tax evasion or minor cheating in materials and labor) totaling less than 2 million yuan, and even if there is some concealment, the case is not serious in nature.
- **(b)** Those whose illegal gains exceed 2 million yuan, but whose offenses are minor and who have made complete confessions and rendered meritorious service.

Treatment: Require repayment of illegal gains exceeding 1 million yuan; no repayment for amounts under that. Issuance of a “Basically Law-abiding Household Notification.”

3. Half Law-abiding, Half Illegal Households

- **(a)** Those who have obtained illegal gains totaling under 2 million yuan through tax evasion, embezzlement of state assets, or cheating on materials and labor, and who have fully confessed. Their actions cause economic losses but no greater harm.
- **(b)** Those whose offenses are more serious but who have made full confessions and atoned through meritorious service.

Treatment: “Repay and compensate without punishment.” Issuance of a “Half Law-abiding, Half Illegal Household Notification.”

4. Seriously Illegal Households

- **(a)** Those who obtained illegal gains over 2 million yuan through tax evasion, embezzlement, or similar acts, and whose actions caused serious harm or who refuse to confess.
- **(b)** Completely illegal households who, while not extremely malicious, have confessed fully and rendered meritorious service—eligible for reduced punishment.

Treatment: Required to repay illegal gains and fined according to the severity of the case.

5. Completely Illegal Households (i.e., Extremely Serious Offenders)

- **(a)** Those who committed thefts causing extreme harm to national construction (especially in defense or military facilities) or public safety.
- **(b)** Organizers of collective thefts or major theft offenders.
- **(c)** Those who profited from stealing national economic intelligence and caused extreme harm to the country and people, or committed other especially egregious crimes.
- **(d)** Those who committed serious illegal acts and refused to confess or resisted the campaign.

Treatment: Subject to judicial prosecution. In addition to repaying illegal gains, they are to be fined heavily or sentenced to imprisonment. In severe cases, capital punishment and full or partial confiscation of property may be applied.

6. On Bribery

Those who only made minor payments in the course of fair trade or under extortion and had no illegal gains should not be considered as bribers. Those who did offer bribes but in minor circumstances should be fined. Those who refuse to confess should receive increased fines. Especially serious cases should receive harsher criminal penalties.

7. Principle of Sectoral Distinction in Punishment

In punishing seriously illegal and completely illegal households, a lighter approach should be taken with industrial enterprises than with commercial enterprises; ordinary commerce should be treated more leniently than speculative commerce.

8. Impact on Business Continuity

In principle, taxation, restitution, and fines imposed on half-lawful, serious, or completely illegal households should not severely impact ongoing business operations. Those unable to pay in one installment may be allowed to pay in installments. If large payments seriously affect operations, the sum may be converted into state shares and the enterprise transformed into a public-private joint venture. For enterprises that are wholly harmful or useless to society and can be replaced by the state, most should be closed through restitution and fines; confiscation is to be used only in exceptional cases. If there is no replacement available, forced closure or confiscation should be avoided.

9. Scope of Repayment

Illegal gains from tax evasion and cheating on labor/materials are only to be repaid for the year 1951. Any offenses before that year are exempt, unless the individual refuses to confess or the case is especially serious—in which case repayment for up to 1.5, 2, 2.5, or 3 years may be ordered. For all other violations, the start date for calculation is the founding of the PRC (October 1, 1949). However, for the concealment or embezzlement of enemy or puppet property, the start date is Japan's surrender (August 15, 1945). If the amount of concealed/embezzled enemy property is small and not significantly harmful to the state, no accountability will be pursued.

Published according to the original document provided by the Central Archives

[Appendix II]

Supplementary Notice from the Central Committee on the Classification Standards for the “Five-Anti” Campaign

(March 12, 1952)

To all Central Bureaus and to be forwarded to sub-bureaus and provincial, municipal, and regional party committees (with direct distribution to Shandong, Qingdao, Nanjing, South China, Yunnan, and Xinjiang):

The “Proposal by the Beijing Municipal Party Committee on Standards and Methods for the Classification and Handling of Industrial and Commercial Households During the ‘Five-Anti’ Campaign,” approved by the Central Committee on March 5, has been further discussed with all Central Bureaus, the Chinese People’s Political Consultative Conference (CPPCC), and the Government Administration Council. Today it has been published publicly. Aside from purely editorial changes, the following substantive revisions were made based on the principles of unification and allowing local adaptations:

1. In the category of "Basically Law-abiding Households," sub-item **(b)**'s requirement of "rendering meritorious service by informing" and in "Half Lawful, Half Illegal Households," sub-item **(a)**'s requirement of "complete confession" have both been **deleted**. This more lenient handling allows cities with a large proportion of offenders to bring over the majority to our side and narrow the scope of punishment. For example, under sub-item **(b)**, if the illegal gain is over 2 million yuan but minor in nature compared to local standards—e.g., less than 6 million yuan in Wuhan (which had calculated two to three years of tax evasion, while the regulation now limits it to just 1951), or under 10 million yuan in Shanghai—then the household can be reclassified as **Basically Law-abiding**.
2. The exemption threshold for repaying illegal gains in the "Basically Law-abiding" category is raised from **1 million to 2 million yuan**, which facilitates resolution for the majority and avoids the repayment burden for many (especially for independent craftsmen and family-run businesses). However, in cities where the circumstances are more serious (e.g., Chongqing), a partial repayment may still be required. Amounts above 2 million yuan must be returned to maintain the campaign's integrity. This compromise enables cities like Wuhan and Shanghai to classify more than **50%** of businesses as either law-abiding or basically law-abiding, while still requiring repayment from those with substantial gains.
3. In the "Serious Illegal Households" category, the previous standard of "over 2 million yuan" in illegal gains is replaced by "**substantial amounts**" to allow local flexibility and distinguish it from the "Half Law-abiding, Half Illegal" category.
4. In implementing this document, all regions must align with the spirit of the **March 12 editorial** in *People's Daily*, to ensure the complete victory of the "Five-Anti" struggle.

Central Committee

March 12, 1952

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Note: This document appeared in the March 12, 1952 issue of People's Daily under the title: "Beijing People's Government's Standards and Methods for the Classification and Handling of Industrial and Commercial Households During the 'Five-Anti' Campaign."