

The Central Committee approved and forwarded the opinions of the All-China Federation of Cooperatives on the policy towards capitalists

To all Central Bureaus and their Sub-bureaus, and to the Party Committees of Provinces, Municipalities, and Districts:

The All-China Federation of Cooperatives has raised the issue of policy towards capitalists, and the Central Committee believes that their policy is correct. Their opinions are hereby sent to you for dissemination among cooperative cadres, but should not be printed or published in newspapers or periodicals.

May 3rd 1951

Regarding the policy towards capitalists

Under the leadership of the state-owned economy and after the adjustment of the public-private relationship, the national economy has greatly improved. Under this correct policy, cooperatives should differentiate between industrial and commercial capitalists. The policy towards the former should be one of unity, while competition with the latter is inevitable.

Uniting industrial capitalists is necessary for the nation's industrial development, but this requires control over them in terms of raw material supply and product distribution. In other words, under the principle of unity, appropriate struggle must be waged with them to achieve this goal. This principle can be realized when cooperatives organize the vast peasantry and, in cooperation with state-owned commerce, effectively organize the supply of raw materials and the distribution of industrial products.

Under this policy, cooperatives can enter into contracts with industrial capitalists for the supply of raw materials and the sale of finished products. This allows cooperatives to develop long-term plans for raw material sales and obtain relatively inexpensive and high-quality goods; for industrial capitalists, having reliable and stable customers enables their production to become more regular, thus ensuring reliable profits. Therefore, unity is necessary for both sides. When industrial capitalists, cooperatives, and state-owned trading agencies are largely organized through contracts for the supply of raw materials and the sale of finished products, it facilitates the state's overall economic planning, gradually leading the national economy towards a planned economy. To ensure the smooth implementation of this policy and prevent industrial capitalists from taking advantage of loopholes, the state-owned economy and cooperatives need to maintain unified action and avoid confusion. When state-owned enterprises and cooperatives place orders with the same factory, they must be consistent; when cooperatives place orders independently with factories, the level of cooperative that can enter into a contract is determined according to the scope of their product sales. That is, for nationwide orders, the national federation of cooperatives will enter into contracts; for regional orders, regional cooperatives will enter into contracts; for provincial orders, provincial cooperatives will enter into contracts; and so on.

Commercial capitalists seek to exploit middlemen, while cooperatives seek to reduce this exploitation; struggle is inevitable. During the New Democratic stage, merchants have room for development for a certain period. Simultaneously, cooperatives develop from small to large, initially replacing small merchants (and initially their lower classes), and then gradually replacing other merchants. To achieve this goal, cooperatives rely not on anything else, but on their own organized, planned, and superior management techniques. Through competition, they develop their strength

from small to large, ultimately organizing the working people universally and cooperating with state-run trade to control the majority of commerce. In other words, the strategy should be gradual replacement. By clarifying this policy, the tendency to prioritize both public and private interests will prevent hesitation in boldly developing cooperatives.

The rural economy recovered quickly. In terms of the promotion of local products, for a certain period of time, due to the insufficient strength of state-owned trade and cooperatives, it was still necessary to give full play to the enthusiasm of private merchants in promoting local products. Therefore, for a certain period of time, it was also necessary to utilize merchants who were conducive to the exchange of goods.

By uniting industrial capitalists and competing with commercial capitalists, commercial capital can be diverted to industry. Currently, merchants still wield considerable power, but with the leadership of the state-owned economy and its support and assistance to cooperatives, the basic masses in the post-land reform rural areas are in a dominant position, ensuring that cooperatives can achieve this policy. The realization of this policy is entirely beneficial to our country's organized and planned economic development.

All China Federation of Cooperatives

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