

Dates of Meeting:

24-12-1952

Type of Meeting:

43rd meeting of Standing Committee of CPPCC

Speeches and Reports:

Zhou Enlai: [Report to the 43rd Meeting of the Standing Committee of the CPPCC](#)

During the first five-year plan, there were twelve directives set for the state enterprises such as gross production value, the output of main products, wage and profits. By 1957, the directive was decreased to four and, in 1960, added up to six again. Only when they fulfilled the plan targets, they would enjoy some gains from the government. But they had no right to decide what to produce, how to produce and for whom to produce, they had no incentive to produce goods and services efficiently and effectively. On the other hand, they did not shoulder any responsibility for their productive or investment behaviours. They faced with the condition of soft budget constraints. The more project enterprises got, the further the head of enterprises would be promoted. Enterprises were little worried about returns of projects. As a result, enterprises' hunger for investment arose by soft budget constraints brought about an increasingly inflated demand for investment.

Decisions:

- the CPPCC, as one of the final acts of its first session, agreed to initiate work on an electoral law and a draft constitution with an eye towards convening the NPC in 1953