

Directive of the Financial and Economic Committee of GAC on Strictly Prohibiting Government Agencies and Military Units from Engaging in Commercial Operations (April 22, 1950)

Article 6 of the GAC's "Decision on Unifying the State's Financial and Economic Work" stipulates that all military units and institutions are prohibited from engaging in commercial activities. Repeated reports from various regions indicate that some government agencies, military units, and schools continue to engage in commercial operations under the guise of production. Some even purchase large quantities of goods directly in the market without going through local state-owned trading agencies, and some even engage in speculative activities in disregard of government regulations. Such behavior often fuels price fluctuations and makes it more difficult for state-owned trading agencies to control market prices. To strengthen market management and eliminate unhealthy practices, we hereby reiterate the following regulations:

(1) State-owned trading agencies are unified leadership bodies responsible for regulating supply and demand. No government agency, military unit, or school may engage in commercial operations. Stores previously operated by government agencies, military units, or schools should be transferred to state-owned trading agencies, have their funds recovered, or be closed down on their own. Consumer cooperatives within government agencies, military units, or schools may only operate consumer businesses within their respective agencies, military units, or schools and must abide by cooperative laws and regulations.

(2) Mass cooperatives must accept the guidance and supervision of local industrial and commercial administration agencies or trade agencies when purchasing and selling supplies.

(3) When government agencies, military units, and schools purchase large quantities of supplies locally or elsewhere for supply needs, they must go through local state-owned trading agencies and may not purchase directly or through private merchants in the market.

(4) When local financial and economic agencies establish representative offices in other regions to purchase or sell supplies, they must obtain approval from the higher-level Finance Committee (when such agencies are established between major administrative regions, it is advisable to establish a unified agency). They must register with the local government and accept the guidance and supervision of the local state-owned trading agency. If no representative office is established, but only representatives are sent, they must also register with the local state-owned trading agency and obey its guidance and supervision. These representatives should, whenever possible, stay in government offices, avoid hotels, and refrain from accepting hospitality from private merchants. Any funds they bring must be deposited in a state bank.

(5) For any unit that violates the above provisions, the local government has the right to impose appropriate penalties such as requisition and confiscation, depending on the severity of the offense. In cases of serious consequences, the local government may freeze the unit's supplies or cash and report the matter to higher authorities for handling.

(6) To actively prevent the above-mentioned undesirable practices and appropriately address the procurement tasks of local and foreign agencies, military units, schools, and cooperatives, local state-owned trading agencies must proactively and responsibly convene regular meetings to understand the situation and make well-prepared and planned material supplies to meet the needs of various units and ensure the procurement of military supplies.

Upon receipt of these regulations, all localities are requested to notify their subordinates to implement them and to report the implementation progress and your opinions by telegram at any time.