

The Study on the Stock Cooperative System of Chinese Rural Town Enterprises

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Summary

The stock cooperative system of Chinese rural town enterprises originated in actual practices in the background of particular political and economic conditions of Chinese villages after the reform and open policy started.

The fundamental idea of that system is the simultaneous practice of both the combination of labor and combination of capital. Because that system was expected to make the property rights of enterprises clear as well as to meet the socialist demands, the application of that system to rural town enterprises was positively promoted under the government guidance in whole country.

However, the fundamental idea of that system had been forced to amend in course of legislation by the compromise with actualities. The stock cooperative system should not be seen as ones on the basis of the cooperative system, as is generally thought. Further, because the way to change assets of enterprises into stocks was regarded most important and stockholders' rights of common benefits (participation to management) were disregarded as a matter of fact, the contents of legislation became insufficient from the point of view of separating enterprises from politics and effectively managing enterprises. As the result, the stock cooperative system has not been established as the system to assure enterprises to develop steadily.

The late state of affairs in relation to the stock cooperative system shows that system is not suitable to the steady development of enterprises. It would be necessary to study further how to legislate that system.