

"DEMOCRATISATION" AND "ENTERPRISATION" IN THE CHINESE
INDUSTRIAL ENTERPRISE (1949-1953) -
A Socio - political perspective.

William Brugger

November 1971.



ProQuest Number: 11010410

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



ProQuest 11010410

Published by ProQuest LLC (2018). Copyright of the Dissertation is held by the Author.

All rights reserved.

This work is protected against unauthorized copying under Title 17, United States Code
Microform Edition © ProQuest LLC.

ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 – 1346

ABSTRACT

In 1948 the twin policies of "democratisation" and "enterprisation" were put forward for application in Chinese industrial enterprises in the liberated areas. This essay explores the meaning of these two policies in the period of New Democracy down to the first year of the first Five Year Plan (1949-53). "Democratisation" is examined in terms of the establishment of factory management committees and the Democratic Reform Movement which sought to remove "feudal elements" from factory management. We note that a switch occurred from a representative to a participatory definition of democracy. The term "enterprisation" is examined in terms of the establishment of a unified command structure within industrial enterprises, the adoption of a Soviet model of incentive and planning and the conclusion of intra-enterprise contractual agreements. Finally, an attempt is made to specify the roles of enterprise Party and union organisations.

The essay notes that throughout the period there occurred a contradiction between policy and resources which was most marked with regard to technically and politically competent personnel. This lack of necessary resources made elements of the Soviet model unrealistic in a Chinese context and sometimes resulted in patterns of organisation and incentive which were not at all in accordance with the prescriptions of that model.

The adoption of the Soviet model was further complicated by the rural tradition of the Chinese Communist Party and constant reference is made in this essay both to Yen-an in the

1940s and to later periods when older views on organisation and incentive reasserted themselves and when it was seen that many of the problems that began to occur in this early period demanded radical solution.

The focus of this essay is political (concerned with power) and sociological (concerned with roles and structures) and relies heavily on secondary sources for economic analysis.

CONTENTSIntroductionPart One "Democratisation"Chapter 1. Democratisation of Management

The Tientsin Talks

Different Patterns of Reform in North East China and Elsewhere

The Structure and Function of Take-over Organs

Formal Structure of the Factory Management Committee

Formal Duties of the Factory Management Committee

The Veto Power of the FGM

Formal Structure of the Workers and Staff Congress

"Self Examination"

The Congress and the Labour Union

The Process of Democratisation; a Case Study - The Tientsin Third
Textile Mill

The Failure to Implement the Democratisation of Management

Chapter 2. Democratic Reform

The Gang Boss System

Democratic Reform in the North East

Maintaining the Status Quo

The Yang Ch'uan Case

Control from Above or Mobilisation

The Situation in the Spring of 1951

Other Targets of the Democratic Reform Movement

Alternative Strategies for Democratic Reform

Leadership of the Movement

The First Stage of the Movement

The Second Stage of the Movement

The Third Stage of the Movement

Democratisation and Democratic Reform in Cultural Revolution
RetrospectPart Two "Enterprisation"Chapter 3. The Movement to Establish New Records - Laying the
Basis for Enterprisation

The Basic Economic Accounting Unit

Rationality

Genesis of the Movement to Establish New Records

Rationalisation Proposals

Norm Determination

The Appearance of Labour Models

Chapter 3 (cont'd)

Wages and Incentives

A System of Internal Contracts

The Responsibility System and Planning Network

Spontaneity and Discipline

Individual and Group

Conclusion

Chapter 4. Unity of Command

Principles of Organisation

Functional Integration

The Dimensions of Stratification

Functional "Overlay" Patterns

An Advocacy of the Functional Principle

The History of the Soviet Organisational Model

One-Man Management

The Superimposition of the Soviet Command System

Multi-Headed Leadership in the Construction Industry

Multi-Headed Leadership in the Iron and Steel Industry

The 1953 Reforms in the Construction Industry

The 1953 Reforms at the Anshan Iron and Steel Works

The Movement to Establish a Responsibility System

Staff-Line Tension

The Chief Engineer and the Responsibility System

The Command System at Shop Level

The Foreman

The Bureaucratic Cycle

Conclusion

Chapter 5. Incentive and Work Motivation

The Elimination of the Supply System

Grading Blue Collar Workers

The Evaluation of Cadres

Piecework

Democracy and Piecework

Norm Manipulation

Production Competitions

The Individual Hero

"Protect the Model Workers"

Conclusion

Chapter 6. Planning and Accounting

The Establishment of Control and Planning Organs

The Scope and Duration of Plans

Planning and the Participatory Conception of Democracy

Priority of Targets and the Growth of Conservatism

Controls and the Growth of Illegality

The Economic Accounting System

Economic Accounting at Team Level in the Construction Industry

Conclusion

Chapter 7. Internal Contracts and Compacts

Annual Collective Contracts

Monthly and Bi-monthly Collective Contracts

Collective Contracts at Sub-factory Level

Collective Contracts at Supra-factory level

Simple Pao-kung Contracts

Shih-kung Contracts

The Political Implications of the Pao-kung System

The Joint (Co-ordination) Contract

Contracts and Compacts

The Korean War Donation Drive

Early Patriotic Compacts

The Wu San Factory - An Example of the Integration of the Patriotic Compact and the Planning Apparatus

Conclusion

Part Three Party and Union - the Co-ordinatorsChapter 8. The Party Branch

Party Monopoly of Power

The Growth of Vertical Channels of Command

Bureaucratism

The Case of the Penhsi Coal Sorting Department

The Expansion of the Party

Complacency of Old Cadres and their Resentment of the New

The Three Anti Movement

The Movement to Establish a Responsibility System

The Structural Liaison Function

The Control Function

The Propaganda and Education Function

Formal and Informal Structure

Conclusion

Chapter 2. The Labour Union Branch

Union Membership

The Formation of Union Branches

"Tools of Management"

Union Rectification and Economism

The Role of the Union Branch After the Three Anti Movement - The
Wu San Model

Conclusion

Conclusion

The Contradiction Between Policy and Resources

Selection and Creation in the Education Process

Which Soviet Model?

Conflict Resolution and Conflict Development

Models of Rationality

Management Committees and Revolutionary Committees

The Soviet Model as an Aberration

Appendix 1. Some Examples of Wage Point Formulation

Appendix 2. A Model Collective Contract (summary)

Appendix 3. Two model Patriotic Compacts

Brief Biographical Data

Selected Bibliography

ABBREVIATIONS

1. ACFL - All China Federation of Labour (Chung-hua Ch'üan-kuo Tsung-kung-hui)
2. ACFTU - All China Federation of Trade Unions (Chung-hua Ch'üan-kuo Tsung-kung-hui) (after 1953)
3. CC - Central Committee (Chung-yang Wei-yüan-hui)
4. CSMAC - Central South Military and Administrative Committee.
5. CCP - Chinese Communist Party (Chung-kuo Kung-ch'an-tang)
6. CQ - China Quarterly
7. CKYTH - Chung Kung-yeh T'ung-hsüan (Heavy Industry Bulletin)
8. CKKCT - Chung-kuo Kung-ch'an-tang (CCP)
9. CKKJ - Chung-kuo Kung-jen (The Chinese Workers)
10. CKKY - Chung-kuo Kung-yeh (Chinese Industry)
11. CYWYH - Chung-yang Wei-yüan-hui (CC)
12. CB - Current Background
13. ECMM - Extracts from China Mainland Magazines
14. FGM - Factory General Manager (Ch'ang-chang)
15. GAC - Government Affairs Council (or Government Administration (Cheng-wu-yüan) Council.
16. JMJP - Jen-min Jih-pao (Peoples Daily)
17. JPRS - Joint Publications Research Service
18. KPHTL - Kan-pu Hsüeh-hsi Tzu-liao (Study Materials for Cadres)
19. KJJP - Kung-jen Jih-pao (Workers Daily)
20. KYP - Kung-yeh-pu (Industrial Department)
21. KMT - Kuo-min-tang
22. NCNA - New China News Agency (Hsin-hua-she)
23. NE - North East (Tung Pei)
24. NEPG - North East Peoples Government (Tung Pei Jen-min Cheng-fu)
25. NWMAC - North West Military and Administrative Committee
26. PFLP - Peking Foreign Languages Press
27. PLA - Peoples Liberation Army (Chung-kuo Jen-min Chieh-fang-chün)
28. SW - Selected Works (Hsüan-chi)
29. SCMP - Survey of the China Mainland Press
30. SCMM - Selections from China Mainland Magazines
31. SWB - BBC Summary of World Broadcasts Pt III
32. TPJMCF - Tung Pei Jen-min Cheng-fu (NEPG)
33. TPKY - Tung Pei Kung-yeh (North East Industry)
34. URS - Union Research Service
- 35.. WFTU - World Federation of Trade Unions

CHARTS AND DIAGRAMS

1. Factory Management Committee and Workers and Staff Congress.
2. NEPG Industrial Department Temporary Bonus Scale for Rationalisation Proposals, 5th April 1950.
3. Fifteen Grade Scale (Monthly) for White Collar Workers in Lushun and Talien, early 1950.
4. Single Line Organisation, Functional Organisation and Staff-Line Organisation.
5. Work Site Organisation on the Single Line and Shih-kung Principles.
6. The Multi-headed Tiao-tu System.
7. The New Organisation Adopted at the Anshan Iron Smelting Plant (1953).
8. Shop Organisation at the NE 7th Rubber Factory Before and After the Campaign to Strengthen Shop Work.
9. Workshop Organisation at the Fushun Steel Works.
10. Organisational Tendencies in the early 1950s and middle 1960s.
11. The Relative Increase in the Numbers of Graduates in Economics and Engineering.
12. Incentive Tendencies in the early 1950s and in 1958.
13. NEPG Industrial Dept. Machine Industry Management Bureau Scheme for Discussion of Enterprise Plans.
14. Management and Union Parallel Structures.

INTRODUCTION

Marxian theory stipulated that, following the Socialist Revolution, the workers were to be masters of society. The Chinese Civil War of 1946-49 was not seen as constituting a socialist revolution, the preferred term being "liberation" (chieh-fang) and the period which followed was seen not as one of socialism but of "new democracy" (hsin-min-chu-chu-i). New democracy was to be a transitional stage between the democratic revolution and the building of a socialist state. During this period industry designated as "bureaucratic capitalist" (kuan-liao tzu-pen ti) and industry owned by the imperialist powers was to be taken over by the state, but a sizeable private sector was allowed to remain in existence. The state-owned sector of the economy was to "exercise leadership" over the private sector and assist its socialist transformation. The recent publication of attacks on Liu Shao-ch'i's Tientsin Talks of April-May 1949 have revealed that there was a considerable polemic over the duration of this transitional period though, since it is impossible to determine to what extent the charges made against Liu were Cultural Revolution rationalisations, we are unable to determine its extent.¹

The term "bureaucratic capitalist" implied that it was virtually impossible to separate industry which was in fact state owned from the property of those large capitalists who were members of, or who had close ties with, government.² To all intents and purposes the bulk of industry taken over by the state following liberation and which fell into the category "bureaucratic capitalist" was state owned before

takeover (chieh-kuan). Such concerns accounted for more than one third of industrial output in 1949.³ On the eve of liberation, the Kuomintang government Resources Committee (Tzu-yüan Wei-yüan-hui) controlled 90% of the country's iron and steel output, 33% of its coal, 67% of its electrical power, 45% of its cement and all its petroleum and non-ferrous metals. The China Textile Construction Company (Chung-kuo Fang-chih Chien-she Kung-ssu) controlled 37.6% of spindles in the country and 60% of weaving machines.⁴ Other forms of ownership that were to be included in the state sector were foreign concerns, most of which were taken over in the early 1950s⁵ and industries temporarily taken over from the Manchukuo regime following Japan's surrender.⁶ In this essay we are concerned only with that sector and more specifically the large industrial concern in that sector.

Although the period of New Democracy was not described as a "socialist" period, according to Leninist theory the workers could still be considered as "masters" (chu-jen-weng)⁷ and the factory democratisation movement which followed liberation was held to be an attempt to allow them to exercise and be conscious of that function.⁸ The Sixth All China Labour Conference resolved in August 1948 that the two main tasks facing industrial concerns were "democratisation" (min-chu-hua) and "enterprisation" (ch'i-yeh-hua). These corresponded to democratic and centralist components in the theory of "democratic centralism" (min-chu chi-chung-chih). In the early days of liberation it was felt that one had only to juxtapose

these two elements for a synthesis to work itself out, though by 1957 Mao Tse-tung felt constrained to spell out the potential antagonistic nature of these two components.⁹

The Chinese conception of democracy can be looked at in two different ways. Firstly it is contrasted with centralism and defined in a situation where decision making is extended further down an organisational hierarchy. Secondly it is contrasted with "bureaucratism", and may be defined as relatively broad participation in the making and execution of decisions.¹⁰ One may further break down this second definition into on the one hand a stress on direct mass participation in the making and execution of decisions at the basic level and, on the other, a stress on a representative definition of democracy. It was the representative definition of democracy that held sway during the management democratisation movement (Kung-ch'ang Kuan-li Min-chu-hua Yün-tung) of 1948-51 and this representative definition was replaced gradually by a participatory one during the democratic reform movement (Min-chu Kai-ko Yün-tung) of 1951. During the process of decentralisation of late 1957 it was to be the first (organisational) definition that was stressed.

In the first two chapters we shall discuss these two movements. Organisationally, the term "democratisation of management" consisted of the formation of factory management committees (kung-ch'ang Kuan-li wei-yüan-hui) with worker representation and these were to be the supreme policy-making organs within factories. The term "democratic reform" was the

process whereby "feudal" and "counter-revolutionary" elements were flushed out of management positions in preparation for organisational reform. We shall note that these movements took place at a much earlier stage in North East China than elsewhere, due to the fact that the North East was liberated earlier and was faced with a task of industrial rehabilitation more rapid than elsewhere.

The bulk of material used in the middle portion of this essay relates to North East China for three reasons. Firstly, our focus is on large industrial enterprises in the state sector, most of which were located in the North East. Secondly, the documentation for the North East is better than for anywhere else and thirdly, the North East (and more specifically the joint Sino-Soviet concerns in Lushun and Talien) served as a model for the rest of the country during this period. Wherever possible, however, an attempt was made to select examples from elsewhere by way of contrast. Secondly, as many examples as possible are taken from the iron and steel and the construction industries, since the former and more particularly the Anshan complex was probably the most advanced industry from the point of view of Soviet-type organisation and the latter was the one industry where old forms of organisation proved the most intractable.

The basic level industrial unit was the "enterprise" (ch'i-yeh). Although this term existed in pre-liberation Chinese usage, it was employed in our period of study in its Soviet sense. It referred to a unit of one or occasionally several

factories united economically under the "economic accounting system" (ching-chi ho-suan-chih). From the standpoint of economic administration, it may be defined as that unit of industry which maintained its own bank account and which exercised a certain degree of autonomy in the use of funds either allocated by the state or borrowed from the state banking system. From the standpoint of political administration, the enterprise was that unit of administration at which "basic level" Party and mass organisations (labour union, etc.) were established.

The New Democratic period was one in which enterprises were being formed and, in using this term, one should constantly be aware of the dichotomy between natural and prescribed organisational forms. One might suggest that the dichotomy between the natural village and the administrative village had its urban counterpart, although this parallel should not be taken too far, since in terms of personnel the enterprise was usually co-terminous with the natural factory except in the case of huge vertically-integrated corporations (kung-ssu).¹¹ Like the term "commune" the term "enterprise" was used very loosely. It could mean an ideal form of organisation, a prescribed organisational form which temporarily fell short of that ideal or the actual existing industrial unit.

The term "enterprisation" included the establishment of a conception of "rationality", a discrete command structure, a definite pattern of work motivation and incentive, a unified planning and accounting system and a system of contractual

agreements between workers and management. In chapter three we shall discuss the efforts made to implement "enterprisation" during the Movement to Establish New Records (Ch'uang-tSao Hsin Chi-lu Yün-tung) which began first in the North East in the autumn of 1949. The main aim of this movement was to establish norms by means of production competitions (sheng-ch'an ching-sai). According to these norms a system of planning and accounting could be established and a "rational" wage system determined. A secondary function served by this movement was to give Party branches and labour union branches, then in the process of formation, a chance to define their responsibilities. In chapters four to seven we shall discuss the political and sociological implications of each of the main elements of "enterprisation" as laid down during the New Record Movement, and how they were implemented in the period down to 1953.

In this analysis the perspective is essentially political and sociological. Consequently the discussion of economic problems that occurs in this essay does not constitute original research and is taken largely from secondary sources. Little attempt is made to discuss problems of business management or the effect of the total system on optimal resource allocation patterns. Little reference too is made to legal problems. The enterprise was defined as a "juridical person" that could sue and be sued, but since our focus is on internal policy, the only contracts that will be discussed are internal labour agreements. What the essay is particularly concerned with is to what extent the conception of democracy changed during the period 1949-53, the extent and causes of

bureaucratism, changes in the structure of command within the industrial enterprise, the ideological effects of changes in incentive policy and the functions of the Party and labour union within the enterprise.

In the last two chapters we shall discuss the role of the Party and labour unions in an atmosphere of growing centralism, in the hope that some light might be shed on the radical reaction against centralism that took place in 1957-8. Many writers have attempted to describe the events of the middle 1950s as a deviation from the Soviet model. In the light of recent developments, one might wonder whether one should not consider the imposition of Soviet patterns as deviant. In that this essay deals with the imposition of those patterns which in Mao's opinion were necessary but dampened creativity,¹² I shall attempt to make a contribution to that end.

NOTES TO INTRODUCTION

1. See for example Chin-tai Ko-ming Li-shih -so, Hung-wei-ping Chan-tou Kung-ying-chan: (The Fighting Supply Station of the Red Guards of the Modern Revolutionary History Institute): "Liu Shao-ch'i ti Tzu-ch'an-chieh-chi Chien-kuo Kang-ling" ("Liu Shao-ch'i's Bourgeois Programme for Setting up the State") originally published in Chin Chün Pao (Advance the Troops) and reprinted in Chiao Yi-fu (ed) Hung-wei-ping Hsüan-chi (Selections from the Red Guards) Vol 1 Hong Kong: Ta-lu Ch'u-pan-she July 1967, pp 28-37
2. For a discussion on the precise nature of bureaucratic capitalism see Hsü Ti-hsin: Kuan-liao Tzu-pen-lun (On Bureaucratic Capital) Shanghai: Hai-ven Shu-tien 1949
3. Donnithorne, Audrey China's Economic System London: George Allen and Unwin 1967 p 145
4. Hsüeh Mu-ch'iao : Chung-kuo Kuo-min Ching-chi ti She-hui-chu-i Kai-tsao (Socialist Transformation of China's National Economy) Peking: Jen-min Ch'u-pan-she April 1964 (revised edition) p 16
5. Many of these firms had never really recovered from the war and were squeezed out fairly easily by various forms of pressure. One last woollen mill remained under British management until 1959. Donnithorne (op cit) p.145
6. SCMP No. 50 January 18th 1951 and No. 52 January 20th 1951.
7. The idea of a bourgeois-democratic revolution under proletarian hegemony was put forward by Trotsky in 1905. Later in that year Lenin began to echo this idea interpreting "revolutionary democratic dictatorship of workers and peasants" in terms of proletarian hegemony. See:-
d'Encausse and Schram Marxism and Asia Allen Lane The Penguin Press 1969 pp 19-20
8. Hua Pei Ti-i-chieh Chih-kung Tai-piao-hui-i (North China First Congress of White and Blue Collar Workers) : "Kuan-yü tsai Kuo-ying Kung-ying Kung-yeh Ch'i-yeh-chung Chien-li Kung-ch'ang Kuan-li Wei-yüan-hui ti Shih-shih T'iao-li" :("Effective Regulations of the First North China Congress of White and Blue Collar Workers Concerning the Establishment of Factory Management Committees and Factory Congresses of White and Blue Collar Workers in State-owned and Publically-owned Industrial Enterprises") in Lao-tung Ch'u-pan-she Pien-shen-pu: Ch'i-yeh Kuan-li Min-chu-hua (The Democratisation of Enterprise Management) Shanghai: Lao-tung Ch'u-pan-she July 1951 pp 5-10
9. Mao Tse-tung "Kuan-yü Cheng-chüeh Ch'u-li Jen-min Nei-pu Mao-tun ti Wen-t'i" ("On the Correct Handling of Contradictions Among the People") 27th February 1957 in Mao Tse-tung Chu-tso Hsüan-tu Chia-chung-pen (Selected Readings from Mao Tse-tung's Works) pp 448-499
10. Schurmann H. Franz Unpublished manuscript on industrial management in China 1. 16

11. In the ideal form of Soviet organisation described by Cheng Hung-su, the enterprise consisted of more than one factory presided over by a director (Chinese translation: ching-li) whereas each constituent factory was presided over by a Factory General Manager (FGM) (Chinese translation ch'ang-chang). In fact, in China, most enterprises were single factories and were presided over by an FGM.

See Cheng Hung-su "Su-lien ti Ch'i-yeh Kuan-li shih Tsen-yang T'iao-cheng ti" ("How Soviet Enterprise Management was Put in Order") CKKY Vol 2 No 2 June 1950 pp 21-25 and CKKY Vol 2 No 3 July 1950 pp 7-13.

The term kung-ssu could mean a pre-liberation "company", a company in the private sector after liberation or a "corporation" (state or locally run). Corporations were likewise presided over by a director (ching-li).

12. Mao Tse-tung: "Min-chu Chi-chung chih" (Democratic Centralism) Speech to 7000 cadre Conference, January 1962 in Mao Chu-hsi Wen-hstian (Selections from Chairman Mao) no publication details.
Red Guard source p 74.

CHAPTER ONE DEMOCRATISATION OF MANAGEMENT

In this chapter it is noted that the pattern of take over (chieh-kuan) in North East China differed somewhat from the rest of the country. This was probably due to physical reasons rather than policy differences, though there was certainly a policy dimension which was highlighted during the Cultural Revolution. From early 1949 until 1951 existing factory structures were maintained as far as possible and "democratic reform" postponed until factory management committees, Party branches and labour union organisations were fully operational. This chapter will examine the functions of take over organs which were sent down by the provisional organs of local government set up following the liberation of various areas (military control commissions) and will discuss the formal procedure for establishing factory management committees and congresses of white and blue collar workers. The experiences of the factory management committee of the Tientsin Third Textile Mill were held up as a model and are narrated at length. In general, factory management committees were not very effective even in the North East which was acting as a general pacemaker for Chinese industrial organisation. Finally in May 1951 a decision was taken to force the pace of democratic reform and not to wait until management committees were fully operational. As a result of this switch, democracy began to be defined increasingly in a participatory as opposed to a representative sense.

The Tientsin Talks

From the beginning of the final civil war (1946) through to the establishment of the Chinese People's Republic (October 1949),

the policy of the Chinese Communist Party towards taking over industrial units may be characterised by a continuous move from radicalism to a moderate policy with rank and file cadres tending to be somewhat more radical than centre. The recent publication of attacks on Liu Shao-ch'i's Tientsin Talks of April-May 1949¹ will probably provoke considerable debate on how best to periodise these four years. It has been argued recently in the Chinese press that the policies announced by Liu in Tientsin ended the previous moderately radical policy in favour of a "revisionist" policy which favoured the national capitalists in the private sector² and precluded fundamental rearrangement of factory management in the public (local government) and state sector³ and, as such, was a violation of the policy enunciated by Mao in his report to the second session of the Seventh Central Committee (March 5 1949)⁴

This essay will argue that the implementation of reform in the spring and summer of 1949 was much less radical than in the earlier period and that the Tientsin Talks occupied an important place in the development of policy, but I am not convinced on the basis of available evidence that the Tientsin Talks constituted a total break with previous policy. The Tientsin Talks were the culmination of an increasingly moderate policy that can be traced from the end of 1947 when it became clear that from then on cities would be occupied permanently.⁵ Reporting to the Central Committee of the Party at that time, Mao made it clear that excessive radicalism was to be curbed.⁶ Throughout 1948 a number of articles appeared in the press urging cadres to concentrate on increasing production, condemning the importation of "agricultural socialism" (nung-yeh she-hui-chu-i) into the industrial sector and opposing

"guerillaism", "left adventurism" and a general leftist orientation⁷. The Talks were but the culmination of this process.

This is not to say that I reject the charge that Liu's Tientsin Talks were opposed by Mao. Some scholars have tended to question the Cultural Revolution assertions of disagreement on the grounds that Mao said much the same thing as Liu⁸. We have seen, however, instances where both Mao and Liu have attacked their own deeply held beliefs in conformity to Party policy (for example, the attack on the Lo Ming line in 1934 and Liu's defence of imbalance in 1958) and this question can only be left open. Suffice it to say that it was Liu Shao-ch'i who made the most extreme anti-radical speeches in the spring of 1949 and this affected the subsequent take-over of factories.

It was not, however, purely policy considerations that accounted for the different process of take over in areas liberated before and after the spring of 1949.

Different Patterns of Reform in North East China and Elsewhere

Fighting in cities in the North East was considerably more severe than in cities south of the Great Wall. The result was that a considerable amount of industry was destroyed in that region and many factories were not operational upon liberation.⁹ In addition, the occupying Soviet troops had removed a large amount of industrial equipment after Japan's surrender, as indeed had Chinese Communist Party led troops guilty of left deviation.¹⁰ Most senior management had been transferred south by the Kuomintang military authorities before the People's Liberation Army entered

the cities and those that were left were under suspicion as Kuomintang appointees promoted to replace Japanese managers when Manchukuo industries were taken over by the state after the war with Japan.¹¹ The increasingly mild policy reflected in the resolutions of the Sixth Labour Conference of August 1948¹² did not prevent the North East Bureau of the Party issuing a directive to the effect that KMT members should not be employed in senior management positions for the time being,¹³ though it would seem that the acute shortage of senior managerial personnel was due to reasons more physical than political. Accounts of the take-over of industries in Shenyang¹⁴ do not seem to be very different from accounts of the subsequent take-over of Shanghai industries.¹⁵ The main difference would seem to be that in Shenyang there were not so many managers that could be retained and Shanghai was not faced with such a large scale programme of industrial rehabilitation.

The North East People's Government (NEPG) and administrations in older liberated areas were required, therefore, to appoint new people to many senior management positions. Middle level management was largely retained,¹⁶ but senior posts were often filled by promoted personnel or, more likely, people transferred from outside the industrial sector.¹⁷ There were consequently a large number of inexperienced people in senior positions. Press articles time and again bemoaned the fact that cadres were being despatched at random to serve as managers and accountants.¹⁸ They sometimes brought with them "the line of the poor peasant and hired hand" which paid no attention to costs and raised wages at will.¹⁹ Insufficient attention was paid to the training and promotion of middle level cadres and in some cases the restoration of production meant that the

proportion of skilled workers to unskilled workers had gone down.²⁰

Tientsin was perhaps one of the last major cities where take-over proceeded according to the earlier North East pattern. It was an anomaly in that the actions of lower level cadres seem to have been much more radical than those in Shenyang which had been liberated some months before.²¹ Nevertheless the picture painted by Liu Shao-ch'i in his (alleged) report to labour unions reveals, in an extreme form, the kind of problems faced by Communist Party cadres in a situation where senior management had fled south. According to Liu, the "bureaucratic capitalists" had vanished and the Communist Party cadres transferred from the countryside to replace them were sometimes less literate than the workers.²² The extant document may well be corrupt and should be understood in a context where Liu was trying to persuade workers and labour union officials not to hold FGMs in awe, nevertheless there is sufficient evidence from the North East to show that the experience of newly appointed FGMs was often of a very different kind from that required by modern industry. I have, however, seen no description of senior management in the North East as semi-literate.

The influx of new inexperienced senior management in the North East and parts of North China liberated before the spring of 1949 had three important consequences which will be examined in this essay. Firstly, their inexperience resulted in an enormous influence exercised by the joint Sino-Soviet enterprises in Lushun and Talien which were under Soviet occupation and where, in fact, senior management was largely Soviet; this will be discussed in

Chapter Three. Secondly, there was a tendency for some enterprise Party branches to take over the functions of technical management who were no more experienced than they; this will be discussed in Chapter Eight. Thirdly, since the North East and some other old liberated areas were starting the task of restoring production with large numbers of new personnel, these areas were able to combine the two movements which comprised the democratisation process - the "democratisation of management" and "democratic reform".

Democratisation of management consisted of the formation of factory management committees with worker representation and democratic reform was the process whereby "feudal" and "counter-revolutionary" elements were flushed out of management positions and new management structures created. These two movements could go hand in hand because there were not many retained personnel in senior positions. Further south in places like Shanghai, the situation was very different.

Throughout 1948, the policy of restoring production grew more and more important and after the moderate line was reiterated in the spring of 1949, even greater efforts were made to ensure the cooperation of former managers in the state sector. This is not to say that no reform was attempted in factories in the south, for many accounts were published dealing with the struggles against secret agents and saboteurs. "Yellow" (KMT) labour union officials were a special target since they were frequently identified with the Chün-t'ung (KMT military secret service).²³ Nevertheless, policy remained extremely mild, which meant that the internal

organisation of factories south of the Great Wall remained much the same as it was prior to liberation.²⁴

The Structure and Function of Take-over Organs

The cities were liberated by military force (for example, Shenyang), by diplomacy (Peking) or by a combination of the two (Shanghai), not by popular uprising. In areas where there was a fairly strong Communist Party organisation, such as Shanghai, worker picket organisations (kung-jen chiu-ch'a-tui) were formed by the Party underground to prevent sabotage by retreating KMT troops and the removal of equipment and personnel to areas still held by the KMT.²⁵ In Shanghai, for example, the Party underground set up a People's Peace Preservation Corps (Jen-min Pao-an-tui) consisting of some 60,000 people (of whom 60% were workers).²⁶ This corps maintained discipline whilst the fighting was still going on and undertook policing and patrolling duties.²⁷ Picket organisations assisted in disarming hostile units, confiscated weapons, unearthed hidden material, persuaded KMT units to change sides and generally acted as intermediaries between the People's Liberation Army (PLA) and enemy troops stationed in factories.²⁸

This was presumably how their predecessors saw their function in 1927 and 1945. On those two occasions worker picket organisations were formed in haste but soon suppressed by their erstwhile allies. This time they were to be absorbed into the Party and union structures which they were instrumental in creating. Picket organisations were to appear in 1951 during the Democratic Reform Movement²⁹ and again during the Cultural Revolution where they were said to be employed by power holders (tang-ch'dan-p'ai) to neutralise Red Guard criticism.³⁰

The duties of the worker picket organisations were not confined to serving a quasi-military function. They also supervised the distribution of rations and tried to keep production going³¹. Some industrial units such as the Shanghai Power Company boasted that its workers remained on duty under enemy gunfire and that the supply of electricity was not interrupted for one day³² and others resumed operations to the sound of gunfire³³. It is impossible to assess how much more disruption of Shanghai industry would have been caused had there been no worker picket organisations; suffice it to say that, in the opinion of Jao Shu-shih, the newly appointed secretary of the East China Bureau of the Central Committee, their function was indispensable to the smooth transfer of power³⁴.

Shanghai was relatively fortunate. There had not been such widespread disruption of industry as had occurred in some places in the North East and the worker picket organisations had been relatively disciplined. In Tientsin the situation had been very different. According to Liu Shao-ch'i, worker organisations had often disregarded Party policy, taken over factory management themselves and set up industrial cooperatives which very soon went bankrupt³⁵.

The smoothness with which take-over was effected depended very much upon the efficiency of local Military Control Commissions (chün-shih kuan-chih wei-yüan-hui). The function of these bodies has been succinctly described by Doak Barnett as similar to receivers in bankruptcy³⁶. In Peking the Control Commissions were assisted by a Joint Administrative Office consisting of KMT officials and Communist Party representatives. The KMT members of this office were required to reveal the assets of the former government³⁷ and those of

organisations designated as "bureaucratic capitalist", whereupon the Military Control Commission made an inventory and prepared to hand over control of these assets to the newly formed local people's government³⁸.

The worker picket organisations did not take over the management of factories themselves, though they often formed take-over assistance groups (pang-chu chieh-kuan hsiao-tsu)³⁹ which cooperated with formal take-over groups (chieh-kuan tsu) sent down by local Military Control Commissions⁴⁰. Factory based take-over assistance groups were required to mobilise the workers to assist the formal take-over groups in stock taking (ch'ing-tien)⁴¹. Factories formed stock-taking committees (ch'ing-tien wei-yüan-hui) which contained a number of worker delegates⁴². For example, the First Woollen Mill (formerly owned by the China Textile Construction Company) in Shanghai elected one man for every shop of 50 workers (thirty delegates) and the Sixteenth Mill elected one delegate for every thirty workers (72 delegates)⁴³. These stock taking committees were ideally to contain worker activists, white collar workers and old skilled workers who were all enjoined to solicit and accept the opinions and suggestions of rank and file workers⁴⁴. Once formed, the stock taking committees divided out work according to technical criteria, making sure that specialists were engaged in checking items within their speciality⁴⁵.

When stock taking was completed, military representatives (appointed by the original take-over group) and representatives of the take-over assistance groups were required to jointly affix their seals to a stock-taking record which was submitted to the local Military Control Commission⁴⁶. In Shanghai the Military Control

Commission had designated a financial and economic committee to supervise this and other economic items and this sub-committee was empowered to send down work teams to factories that required extra help⁴⁷.

In addition to the above duties, the stock-taking committees also concerned themselves with restoring damaged stock and often emergency repair teams were formed⁴⁸. The Woosung Gas Works was cited as a model of stock taking. The works had been seriously damaged by retreating Kuomintang troops (evidently this was not one of the most successful examples of the work of the Peace Preservation Corps). These troops had burned the motor of the ammonium sulphate plant, broken the dying chamber and appropriated several hundred household gas meters. The workers worked night and day for 35 days and restored the damage⁴⁹. It was during this emergency repair stage that retained management and newly formed worker organisations such as the stock-taking/emergency repair groups had their first experience of cooperation, under the watchful eye of a military representative who had been left behind by the original take-over group. One is immediately reminded of the factory revolutionary committees which were formed during the Cultural Revolution following the dissolution of groups very similar to the worker picket organisations (and often going under that very name)⁵⁰.

The provision for a military representative in the new managerial organisation paralleled the organisational framework at municipal level. At that level Military Control Commissions had been established as temporary bodies until local level government and Party organisations were fully operative⁵¹. Within the

industrial unit the military representative was the structural equivalent of a Party secretary and remained as interpreter of Party policy until a formal Party secretary was appointed. The post of military representative was primarily a political rather than an administrative appointment. He was to supervise the implementation of Party policy rather than take administrative decisions himself⁵². At a time when horizontal (local) links were probably stronger than vertical (ministerial) links, his connection with local military control commissions was of great significance. In Chapter Eight we shall note that when horizontal links were strong there was a tendency for basic level Party secretaries to take over many of the functions of management. In 1950 Teng Tzu-hui, Deputy Chairman of the Central South Military Administration Committee, warned against military representatives abusing their position in a similar way⁵³. Listing the duties of the military representative, Ch'en Po-ta, who at that time was Deputy Chairman of the Party's Propaganda Department, made it quite clear that he was not only seen as a structural equivalent of a Party secretary, but also as his functional equivalent. The military representative was not only to supervise the conduct of management but was also to serve as a policeman and an educator. He was to conduct research into technical and financial problems, eliminate waste, help organise labour union branches and consumer cooperatives and was to promote activists and cadres from among the white and blue collar workers⁵⁴.

Faced with this rather impressive catalogue of the military representative's duties, it is perhaps strange therefore that the few accounts I have seen which describe the activities of military representatives do not reveal them as very dynamic and revolutionary

characters, in striking contrast to later literature which is lavish in its praise of good Party secretaries. It is even more strange that Li Li-san, who in the early 1950s was Minister of Labour and first Vice Chairman of the ACFL, was to remark that the military representative's power was simply that of ultimate veto.⁵⁵ One can only conclude that the policy of maintaining the status quo south of the Great Wall severely circumscribed the formal power given to military representatives. As a quasi Party secretary without a Party organisation within the factory, his only power derived from his links with local military control commissions who were probably unwilling, in this early period, to precipitate conflict with retained management. In the North East the situation was a little different in that by 1949 many of the military representatives had been replaced by formal Party secretaries and the functions of military control commissions were being handed over to local government. I offer the above only as a hypothesis since no conclusion may be reached until we are in a position to evaluate Teng Tzu-hui's warning that military representatives should not take everything on to their own shoulders; one should bear in mind, however, that Teng was talking about the Central South region which in terms of organisational development was some one or two years behind the rest of the country, as our subsequent discussion of the Democratic Reform Movement will show.

There are few references to the operation of Party branches at factory level during the take-over period. Where underground branches did exist they were instrumental in forming picket groups. For example, the Party committee of the Men-t'ou-kou Colliery outside Peking organised a picket group to take over the Kuomintang police station attached to the mine and in April 1949 less than five

months after liberation it was able to organise a mine labour union branch and a factory management committee⁵⁶. There were also many factory Party cells in Shanghai⁵⁷ before liberation but it would seem that factories which had Party cells were exceptions and in most cases the function of political leadership and control was, at least formally, exercised by a military representative and he continued to exercise this function until the creation of effective factory Party organisations.

Formal Structure of the Factory Management Committee

The period of military control was to be only a temporary one. Municipal military control commissions were required to hand over authority to municipal people's governments once they had full control over enemy assets. Similarly, take-over personnel (such as the military representatives) at lower levels were required to gradually to hand over authority to structures equivalent to the people's governments. At factory level these were the factory management committees. People's governments were set up soon after the military control commissions and coexisted with them for some time as authority was transferred⁵⁸. Similarly, provision was made for the early establishment of factory management committees upon which a military representative would sit as an ex officio member.

Provision for the establishment of factory management committees was made by the Sixth Labour Conference in August 1948⁵⁹ and detailed regulations appeared in 1949 governing their formation⁶⁰. The various regulations and directives are summarised below.

In addition to the military representative, the following personnel were to be ex officio members, the FGM (or in the case

FACTORY MANAGEMENT COMMITTEE AND WORKERS AND STAFF CONGRESS

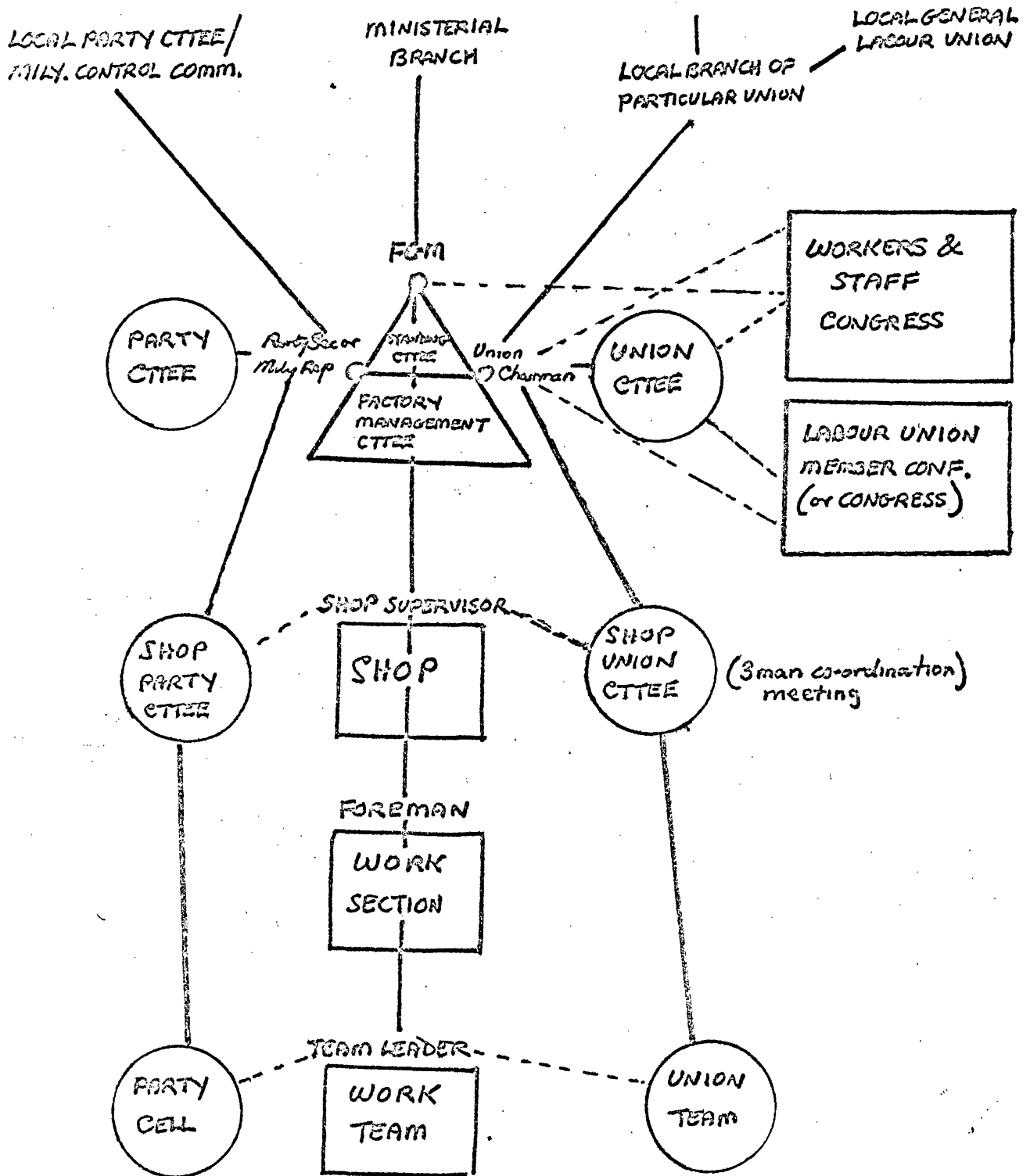


FIGURE 1.

of corporations the director (ching-li), the Chief Engineer (or principal engineer), the labour union chairman (once the labour union organisation had been formed) and the deputy FGM or director (who was often also Chief Engineer). The remaining members (from five to seventeen) would be elected from a meeting of all white and blue collar workers (ch'üan-t'i chih-kung ta-hui) or in the case of large enterprises a congress of white and blue collar workers (chih-kung tai-piao ta-hui) (hereafter Workers and Staff Congress) which would be convened by the labour union. The elected members were to submit to reelection once every six months⁶¹.

The FGM was to be chairman of the factory management committee and also of its standing committee which would consist of the chairman of the labour union and the military representative (ex officio) and one other member elected by the factory management committee. In large factories and where there were branch factories, management sub-committees might be organised, their method of organisation being the same as general committees. The general committee was to meet once every two weeks and branch committees once every week. Standing committee members were required to be in constant communication with each other⁶².

Formal Duties of the Factory Management Committee

The factory management committee was defined as the "administrative organisation exercising unified leadership within the factory or enterprise, under the leadership of higher organs".⁶³ Its task was to relate the directives and production plans of higher organs to the concrete situation in the particular factory

and to discuss and decide all important questions concerning production such as plans, operations, management systems, production organisation, appointment and dismissal of personnel, salaries and welfare. It was required to carry out periodic investigations into how economic plans and its own resolutions were being implemented and make summaries of work done.⁶⁴

The standing committee was to handle day to day work concerning all the above matters in the spirit of decisions taken by the factory management committee. Branch committees were to have no decision making power beyond the application of the decisions of the general committee to their particular branches. There were, however, required to put forward suggestions on any topic.⁶⁵

The Veto Power of the FGM

The principle of unified leadership demanded that all decisions taken by a factory management committee would only become effective when they were promulgated as administrative orders by the FGM or director. If a decision were taken by a majority of the committee which the FGM considered to be against the best interests of the factory or not in accordance with higher directives, then he had the right of veto but was required to report the reasons for his veto to a higher level for ratification. Similarly, if a majority of the factory management committee considered that the FGM had acted wrongly in applying his veto or if they disagreed with the report which he was required to submit to each of its meetings, they likewise could submit their views to a higher level. Pending a directive from the higher level, committee members were required to abide by the decision of the FGM. If a matter of urgency arose which the FGM did not have

time to submit before the factory management committee, he might act without reference to the committee provided that he subsequently inform that body for its approval⁶⁶. Such a formulation gave the FGM considerable leeway to disregard democratic procedure. His arbitrary actions would be checked so long as the higher level valued the principle of democratic decision making, so long as there was adequate contact between basic and higher levels in a ministerial chain of command and so long as there were effective political control personnel within the factory who were willing and able to supervise the FGM's conduct. As one might expect, concern was expressed about the potentially undemocratic nature of the FGM's veto and handbooks for labour union workers went to great pains to assure the sceptical that there was really no danger⁶⁷. Democracy was to be "democracy under centralised leadership" for only this way could will and action be unified. The FGM was the highest responsible person in the factory and since "the higher levels understand the whole picture better and represent the views of the majority, this power of centralism is built upon a democratic foundation"⁶⁸. The veto was justified on the grounds that it would prevent confusion arising when the FGM and management committee were at odds. If the FGM's decision were wrong, one could expect the higher level to rectify it⁶⁹. It was soon to be discovered that such a faith in bureaucracy was a trifle naive.

Formal Structure of the Workers and Staff Congress

The regulations of early 1949 stipulated that in addition to a factory management committee, there was also to be organised a Factory Workers and Staff Congress in factories employing over 200 people. This body was to be convened by the Chairman of the labour union and was to meet once or twice per month, preferably on a public holiday or in the workers' spare time, each session

not lasting more than half a day. Delegates to the congress were to be elected from each basic unit (production teams, shifts etc.) and each delegate was to be directly responsible to the unit he represented. Elections were to be held annually unless a delegate was recalled by his constituents. In particularly large factories, the congress might divide into two levels, delegates to the higher level being elected from the lower level⁷⁰.

"Self Examination"

The congress was not authorised to make authoritative decisions and its resolutions had to be ratified by the factory management committee and promulgated by the FGM before they took effect⁷¹. Its main function was to expose the FGM to a fairly large representative body which would listen to his report and offer criticisms and suggestions concerning his management of the factory. FGMs were frequently required to make a public "self-examination" (chien-t'ao), the importance of which should not be under-estimated. Managers were considered as "intellectuals" (chih-shih fen-tzu), preoccupied with questions of "face" and the management-worker gap was, to a far greater extent than in the West, reinforced by class and cultural distinctions. In the past workers and management were often very carefully insulated from contact by the gang-boss system (pa-t'ou chih) (which will be discussed in the next chapter). Managers were not used to direct contact with the workers and many of them felt, therefore, that a system which demanded the FGM report to a factory congress would harm their prestige, especially if they were required to make "self-examinations"⁷². The official view considered questions of "face" a characteristic of a petty-bourgeois outlook and that the process of "self-examination" would enhance the prestige of the FGM for the workers

would treat a sincere self-examination with respect and "regard the FGM as a member of the same family".⁷³ One cannot but observe that workers and FGMs often came from very different kinds of family and the official view confused petty-bourgeois "liberalism" (in Mao's sense of the word) and the legacy of a traditional shame culture.

One may argue that China is experiencing a process of transition from shame culture to guilt culture. In the former the fear of public humiliation acts as an incentive to prescribed conduct. In the latter there is an active desire to confess one's faults in public in order to lighten the burden of guilt unshared. In this early period "intellectuals" such as factory managers were greatly afraid of public humiliation and for this reason attempts were made to expose such managers to the criticism of workers. So long as this criticism is constructive, the fear of humiliation may be lessened and one can proceed to develop inner-directed patterns of motivation more conducive to economic development.⁷⁴

The function of self confession was not only to lay the foundation for psycho-cultural change, but was also the first step in a process which sought to transform "organisation", which is characterised by a network of interconnected roles and structures, into "community", which is characterised by a network of interconnected human relations.⁷⁵ The closure of the elite-mass gap lies at the core of Mao's view of

community,⁷⁶ and if one wishes to effectively close this gap there must be a free flow of information throughout an organisation.

Prior to liberation, management was not concerned with explaining policy to workers and later, as a result of the obsession with secrecy that characterised the period of China's First Five Year Plan, many crucial policy decisions were not communicated to them. In the early New Democratic period, however, any attempt to hide economic secrets from factory workers was strongly opposed. Fears were expressed by management that once workers knew about the current state of enterprise profits they might ask for higher wages and some managers advocated concealing certain information from factory management committees for reasons of security. At this stage any such advocacy was denounced⁷⁷.

The Congress and the Labour Union

The communication function of the congress would probably be better served if the congress were not tied to any formal organisation since formal organisational ties tend to produce formalised procedure. In the Soviet Union, for example, the establishment of formal ties between workers' councils and labour unions resulted in the latter swallowing up the former, only to be devoured themselves by the State⁷⁸.

In China the regulations of early 1949 governing the establishment of management committees and congresses indicate that a very close connection between the labour union and the congress was envisaged. The labour union committee was to organise the congress and was obliged to carry out all its resolutions (unlike the

management committee which was only required to listen to its advice) and the labour union committee was not empowered to alter the resolutions of the congress without the permission of a higher level labour union organ⁷⁹.

Reading the resolutions of early 1949, one might have supposed that the worker and staff congress was a part of the labour union structure and its relationship to the union committee was much the same as a Party Congress to its Central Committee. This, however, was not the case. In reply to a query as to whether the congress had the right to elect the union committee and to amend the factory labour union constitution, a handbook for labour union cadres entitled One Hundred Questions on the Workers Movement declared that the congress should not have that right which properly belonged to a Labour Union Member Conference⁸⁰. The congress was to be organised by the labour union but remain outside the union structure. This distinction was probably stressed because when the regulations governing worker and staff congresses were drawn up in early 1949 most of the country had no basic level labour union organisations and, indeed, much of the country had not been liberated. It was probably in recognition of this fact that the One Hundred Questions (published in December 1949) stated that congresses should be organised jointly by the FGM and labour union Chairman⁸¹ rather than the labour union Chairman alone as was laid down in the regulations of May 1949. Furthermore, congress delegates were frequently not union members which irked labour union committees who were required to carry out congress resolutions. In reply to a question on this point, the One Hundred Questions could only reply that if some congress delegates were not union

members, they ought to be, since the very fact that they had been elected showed that they had the confidence of the masses and were ideal labour union material⁸². Within a few years of liberation, however, over ninety per cent. of people eligible for union membership⁸³ had joined and this could no longer have been a source of tension. By that time, however, the congress system was all but defunct.

The Process of Democratisation: a Case Study - the Tientsin Third Textile Mill

The above description of the formal institutional structure of the "democratisation" process tells us very little about how "democratisation" worked in practice. The following account deals with one textile mill in Tientsin from liberation (January 1949) through to early 1950 and, although the situation in Tientsin as a whole was hardly typical, the process of "democratisation" in the Third Mill was fairly smooth and its experiences were propagated for other factories to study.⁸⁴

On the 15th January 1949 the PLA occupied Tientsin and a take-over group was immediately assigned to the mill, which had formerly been owned by the Chinese Textile Construction Company and was therefore subject to confiscation. No details are given as to who comprised this group though it may be assumed that it was sent by the local Military Control Commission. It proceeded to impose controls over the top management and consolidate control from the top down; the impression one gets from the account is that top management remained unchanged though it became subject to military supervision. The take over group formed a work team (kung-tso-tsu) whose task was to mobilise workers to elect delegates who would assist the take over group in stock taking.

which was completed in two days⁸⁵.

Production recommenced on the third day but due to a shortage of raw materials the machinery could only run from three to four days per week and it was not until April that all the machines could be operated for a full week. The atmosphere in Tientsin during the first three months after liberation was quite revolutionary. No attempts were made at the Third Mill, however, to effect any radical reorganisation, and no changes were made in jobs or wages. Nevertheless, the revolutionary atmosphere in Tientsin did have some effect upon the workers. They expressed dissatisfaction with their jobs and wages and wished to engage in struggle with the white collar workers. The white collar workers, for their part, (presumably fearful of what was going on elsewhere in the city) considered that the question of wages and jobs was just being used as a means for fomenting strife between white and blue collar workers to secure their replacement by former blue collar workers. Needless to say, tension and bad labour discipline affected production and caused waste⁸⁶.

In April 1949, Liu Shao-ch'i visited Tientsin and delivered his Tientsin Talks. With regard to policy in the public sector, his major theme was the need for unity between white and blue collar workers. Whatever truth there was in the charges that Liu sought a "capitalist restoration", after his speeches there was less stress on instant democracy within Tientsin factories and tension between white and blue collar workers at the Third Mill lessened. As a result of Liu's speeches, the Tientsin General Labour Union put forward a mild policy for the democratisation of

factory management within the city and the only elements that continued to be prosecuted were former "yellow" labour union officials. It became clear that management was to be subjected to "democratic control" through a factory management committee which was formally set up on 25th April⁸⁷. This was not long after Liu's arrival in Tientsin. It was before his authoritative speech to labour union cadres⁸⁸ and I have only found reference to one of Liu's Tientsin speeches which antedates the establishment of the factory management committee (that of 24th April)⁸⁹. I suspect that the account gives too much credit to Liu Shao-ch'i, especially since it states that changes in personnel organs were effected, a worker and staff congress set up and a labour union preparatory committee organised after Liu's speech and before the establishment of the factory management committee⁹⁰.

The account is very vague about how the management committee was elected. Elections were supervised by the take-over group whose work had finished in the middle of January and since it is difficult to imagine that this group was still in the mill, I can only assume that the members of the management committee were the very people who had been elected to help out the take-over group in the three days after liberation, especially since the account tells us that at the time of election some workers had not much idea as to what a factory management committee was even after three days' propaganda⁹¹.

The take-over group had very little idea about the nature of factory management, how to conduct elections or how to conduct preparatory work prior to the elections⁹². Furthermore, the formation

of the management committee was undertaken before the detailed regulations on the formation of factory management committees in North China were promulgated⁹³. I assume that all the take-over group had to go on were the vague formulations of the Sixth Labour Conference and perhaps some concrete examples from the North East where factory management committees were already in operation.

The inexperience of the take-over group, together with a distrust of white collar workers on the part of blue collar workers resulted in the majority of elected members consisting of unskilled workers with no technical knowledge. Some members were clearly unsuitable on political grounds; for example, the delegate of the cloth mill, Liu Tso-hsiang, proved his unsuitability when discussing wages by proposing to increase his own bonus. Other members did not say anything at all fearing, on the one hand, to say anything which the leadership might find "incorrect" and, on the other hand, to say anything which would incur the anger of their constituents. Still others concerned themselves with petty trifling questions⁹⁴. The picture, presented here, reveals a combination of fear and indecision remarkably similar to the early stages of land reform in the rural sector.

Because of its manifest incompetence, the FGM did not treat the committee very seriously. He either failed to carry out conscientiously the committee's resolutions or exercised his veto. The military representative, for his part, tended to side with the FGM. The FGM vetoed a majority proposal for the establishment of a cooperative store. He refused to entertain a proposal calling for the abolition of the system whereby workers were searched when leaving the factory, even though such a system had long been attacked

in Communist Party propaganda and refused to authorise the release of labour to the labour union for the construction of an air raid shelter at a time when North Chinese cities were being bombed⁹⁵.

Then something happened to change the FGM's mind, though the text does not make it very clear exactly what this was. His changed attitude was ascribed to the persistence of the Party, the military representative and the labour union. I am not clear exactly what was meant by the Party in this context since no reference is made to the appointment of a Party secretary; the subsequent account, however, does indicate that there were some Party members in the mill so presumably some cell organisation existed. The management committee now felt sufficiently confident to make proposals concerning the training of workers for participation in management and the promotion of skilled workers to supervisory posts. Acting on a committee proposal, Party members and the labour union preparatory committee organised an eight term training class in which six hundred and forty-five workers enrolled. The curriculum stressed the fostering of a new labour attitude and the role of the workers in management and the graduates of this class were to form the backbone (ku-kan) for a subsequent movement to increase production. The first skilled worker to be promoted was a certain Yü Shih-hui who had "dealt a blow to a management that had no confidence in the masses" by carrying out improvements on twenty-three machines. He had formerly been underpaid and discriminated against. Now, as a shift leader, he secured for his department the first "red flag commendation" in the factory and became one of Tientsin's first thirteen model

workers⁹⁶.

The management committee once again accepted a proposal that the search system be abolished and this time there was no veto. It delegated this task to the labour union which organised over two hundred "search exempt workers groups" comprising two thousand four hundred and ninety-nine workers. Those who were cleared as trustworthy displayed exemption certificates (or badges) (mien-chien-cheng), but by February 1950 there were still some workers who were subject to search and the article demanded that this situation be rectified. Following the organisation of these groups, four or five surprise searches were carried out and no stolen property was discovered⁹⁷.

In addition to the exposure of the FGM to the workers at the periodic meetings of the Workers and Staff Congress, the committee endeavoured to establish a regular system of "self examination" at lower levels in the factory. Workshop self examination meetings were organised at which technicians and other personnel guilty of alienating themselves from the workers were criticised. The first such meeting dealt with the case of a certain technician by the name of Liu Hui-t'ang who was charged with beating ordinary workers before liberation and of not having reformed in the period since. The workers wished to expel him from the factory but it was decided that he should be given a chance to confess and undergo criticism. Following his "self examination" his relations with ordinary workers underwent a change for the better⁹⁸.

The mildness of the treatment given to Liu cannot be contrasted

too strongly with the methods of land reform in the rural sector which, although milder than before, were much more severe than in the factories. At the Third Mill it was "responsible people" who launched the criticism and there was no attempt at total condemnation from all levels. One may also contrast this period with a later period (1951) when corrupt cadres were given short shrift in the Three Anti Movement which will be discussed in chapter eight. Even during this mild period, however, some dissident elements were expelled from the mill; for example, Chao Chen-chiang, a former KMT "thùg" (ta-shou) who took opium and had continued to attack workers after liberation⁹⁹. One might suspect that the difference between the above two cases stemmed from the fact that Liu was a technician and valuable to the mill whereas Chao was an ordinary worker, for Liu Shao-ch'i had demanded that every effort should be made to avoid struggles against technicians. We have insufficient evidence to confirm or deny this suspicion.

The management committee was required to conduct propaganda among white collar workers with the aim of developing their reliance on the masses.. Propaganda was later seen as mainly a Party and union function. At this stage, however, resolutions on propaganda were taken by the management committee which authorised reading lists for white collar workers. In addition, practice workshop self examination meetings were organised so that white collar workers would learn how to carry out criticism and self criticism before being exposed to the real thing. The reason for this kind of exercise (yen-hsi) was that white collar workers were still unsure of their position and feared to speak out¹⁰⁰.

We are told that the case of Chao Chen-chiang prompted the workers spontaneously to organise mutual aid groups to investigate problems concerning production and technology and, at the same time, the electrical supply plant and repair shop set up technical research groups¹⁰¹. We are not told, however, how exactly the dismissal of a rowdy worker was able to bring about a demand for technological improvements, nor is it at all clear why something that occurred spontaneously should be listed as one of the great achievements of the factory management committee. In the opinion of the military representative these mutual aid groups were to serve as a form of cell organisation (hsi-pao tsu-chih) for receiving mass opinions on the democratisation of management until labour union teams (the lowest level of labour union organisation) could be formed¹⁰². If the activities of these groups were confined to matters concerning production and technology, one might suspect that the military representative had a rather restricted view of what democratisation meant, and indeed what the function of labour union teams was to be once they were formed.

Despite the above achievements, at the end of August 1949, the mill leadership (undefined) were still concerned about the predominance of unskilled workers on the factory management committee and demanded that some skilled workers and personnel with managerial skill be elected. The text does not make it clear whether a new management committee was elected or whether extra members were elected to serve on the old committee. In any case, the first management committee of the mill had served some two months longer than the period stipulated by the regulations governing factory management committees which had been promulgated

whilst it was in office¹⁰³. The second management committee contained three new members, the newly promoted shift leader Yü Shih-hui, Ho Feng-kaio, a skilled fitter, and Chang Ching-yü, an old maintenance worker of thirty years standing. White and blue collar workers throughout the mill were reported to be happy with this choice which had been made after a lengthy period of propaganda and fermentation (yün-niang), unlike the election of the first committee¹⁰⁴.

From the convening of the first meeting of the second committee (9th September 1949) to the time the account was written (probably February 1950), twelve meetings were held, which was about the frequency stipulated by the official regulations. The most important task of these meetings was to collect and assemble the one hundred and thirty "rationalisation proposals" that were put forward. Ninety nine proposals were submitted to the nine meetings that were held between September and December and of these ninety five were adopted. They may be classified as follows:

Proposals concerning production planning	5
technical matters	9
management	54
personnel	12
welfare	13
other matters	6

The fact that over 80% of these proposals concerned management and technology as against 13% concerning welfare is taken by the author of the article to demonstrate how much the workers cared for production, though he subsequently criticised the committee for paying insufficient attention to welfare. The FGM did not exercise

his veto at all. Once these proposals had been accepted by the Management Committee they were submitted to the engineering personnel for testing and implementation¹⁰⁵.

The management committee was now strong enough not only to avoid the FGM's veto, but also to censure the FGM for what they considered high handed action. For example, at the twelfth meeting of the factory management committee, the FGM was censured for taking on extra labour without consulting the management committee or its standing committee. The employment of this labour was only put on the agenda of the committee after the action was taken. According to the formal regulations, the FGM might well have been within his rights if this could be defined as "emergency action". Nevertheless, he apologised to the committee and promised that such a situation would not occur again. Another worker complained that the FGM had employed a large number of trainees (shih-hsi-yüan) who, after their period of training, became white collar workers. This lessened the promotion chances of blue collar workers. The committee submitted this complaint to the military representative in his role as interpreter of Party policy and, after an investigation, he declared that the promotion rate for blue collar workers to staff status was not high enough¹⁰⁶. This example is of particular interest in that during the middle 1950s personnel matters were considered the prerogative of the Party, whereas in the early 1950s where the Soviet model was implemented, management tended to take the initiative in personnel matters. This appeal to the military representative, as substitute Party secretary, shows how matters of promotion were viewed prior to the adoption of the Soviet model.

Meetings of the Factory Management Committee were held every other Friday. On the Wednesday before each meeting, every member would hand his proposals to the secretary of the committee (it is not clear from the text who the secretary was) who would sort them out, tabulate them and hand a list to each member and to the chairman of each branch committee (chih-hui chu-jen). After receiving the list it was the duty of each committee member to go out among the workers and seek their opinions. On the Thursday evening the labour union chairman would convene a preparatory meeting which each elected delegate (though not the other ex officio members) would attend in order that everybody should have a clear idea of the implications of the proposals and thus prevent discussion at the main meeting becoming too trivial. The preparatory meeting could also be used to bring forward new proposals.¹⁰⁷ It does not take too great a stretch of the imagination to see how the preparatory meeting might be used to throw out proposals of too contentious a nature in order that more time at the main meeting could be spent getting through other proposals that stood a better chance of success and how a FGM could persuade the labour union chairman who convened the meeting to exercise what was to all intents and purposes a veto. To gauge how democratic the whole procedure was, we need to know not only what happened to proposals made to the main meeting, but also to proposals submitted to the preparatory meeting and no account of this is given. It would seem that a preparatory meeting would serve the interests of rank and file workers so long as labour union chairmen were prepared to take a stand against management. As far as we know, they were rarely prepared to do this in 1949. In chapter nine we shall consider the situation in 1951 when union chairmen were prepared to manifest a greater degree of independence.

The management committee's standing committee met for one hour every afternoon in what was referred to as a "head knocking session" (p'eng-t'ou-hui); a session where Party, management and union representatives put their heads together. It concerned itself mainly with solving problems handed to it by similar workshop level "head knocking sessions" where the detailed implementation of committee resolutions was worked out. In addition to these workshop meetings (che-chien hui-i) which were particularly useful in acquainting white collar workers with shop floor conditions, shop level "self examination" meetings continued to be held and a system of shop production conferences (sheng-ch'an hui-i) concerned with technical problems was instituted.¹⁰⁸

A meeting of the workers' and staff congress was held every month and its principal content were reports by the FGM and labour union chairman on production work and labour organisation. When first set up, some discussion was allowed at this meeting though later there was no time for this as meetings only lasted one hour. Self examination was now carried on at shop level meetings (which probably exempted the FGM) and detailed topics raised by the congress were discussed by labour union teams¹⁰⁹ (which had been formed by February 1950). This would seem to be the first stage in the fusion of the congress with the labour union organisation and the reinsulation of the FGM which became a feature of factory organisation during the First Five Year Plan period.

The great increase in production during the latter part of 1949 was attributed to this process of democratisation and the experiences of the Third Mill were considered relatively

successful. By February 1950, however, there were still considered to be a number of serious shortcomings. The management committee had paid insufficient attention to the problem of mobilising women workers to take part in management and no woman had been elected to the committee (though one was subsequently co-opted). The committee had not gone far enough in soliciting the suggestions of rank and file workers and had been dilatory in its transmission of resolutions (for example, the resolutions of the 11th session were passed on at the preparatory meeting for the 12th session). The FGM was still slow in carrying out committee resolutions and some workers still felt him not to be conscientious. Not enough cadres had been promoted to managerial posts (only two workers had been promoted to the position of foreman kung-t'ou). There was still some mutual antagonism between white and blue collar workers and welfare matters were not given sufficient weight.¹¹⁰

The Failure to Implement the Democratisation of Management

The fact that the Third Mill's modest catalogue of achievements should have been held up as a model suggests that the democratisation movement was not particularly successful and the suggestion is confirmed by the publication of a number of articles in early 1950 describing this lack of success and calling for an end to the policy of maintaining the status quo.¹¹¹

Although articles went to great pains to point out that such a policy had been correct, the time had come to reform the "disparate, irrational, anarchistic, disorganised and confused" structures which were not only a legacy of the past but also the result of piecemeal reforms since liberation.¹¹² In some cases organisational

systems were less unified than they were prior to liberation. Within the textile industry different systems of organisation existed within the same city and in the coal mines the old gang boss system remained. In many factories retained management who had achieved their positions through personal influence and bribery continued to maintain their position by these means¹¹³.

The time had come to step up the tempo of "democratic reform". At this stage, however, it was still hoped that representative bodies such as the factory management committees would be able to take the initiative in carrying through the necessary reforms and we conclude this chapter with a discussion of the operation of these committees throughout 1950 and early 1951.

The root cause of the lack of success of management committees noted in early 1950 lay in the fact that the principles of democratising management had been poorly propagated¹¹⁴. This was partly the function of management committees themselves¹¹⁵, but was more properly the function of Party and labour Union organisations¹¹⁶. We shall note in chapter eight that there was a tendency for Party committees to be complacent which led to a major Party rectification movement in the spring of 1950. The responsibilities of labour unions were far greater. As "transmission belts" between Party and masses, they were to solicit the opinions and suggestions of rank and file workers as to unpopular systems of management and to educate these workers on their role in management¹¹⁷. Many union branches, however, "lacked democratic spirit" and "were not able resolutely and correctly to represent the interests of the workers nor conscientiously to

organise and lead activists among the white and blue collar workers to take part in democratisation and struggle against bureaucratism"¹¹⁸. Such a situation is not surprising at a time when union branches were in the process of formation and were not as yet clear about what their functions ought to be. This will be discussed in detail in chapter nine.

In the absence of effective propaganda and a spirit of participation, "democratic" structures were just seen as rather tiresome committees that wasted everyone's time¹¹⁹. Not enough notice was given before meetings of management committees and inadequate preparatory work done. Having failed to solicit mass opinions and suggestions, delegates tended to represent no one but themselves and in such a situation, neither management nor workers took them very seriously¹²⁰. Not wishing to waste time listening to the comments of unrepresentative and uneducated delegates, the FGM and labour union chairman tended to devote more and more time at meetings to their own reports, often to the point of precluding any discussion at all¹²¹. In many cases sessions of the management committee became merely "meetings where responsible management passed on job assignments"¹²² or "audiences for management" (t'ing t'ing hui)¹²³. Many worker delegates, tired of just raising their hands and ratifying decisions taken previously by management, stopped attending meetings¹²⁴. Delegates, upon transfer to other departments or units frequently left vacant their seat on the committee and in one case, that of the power plant of the Peking Shih-ching-shan Iron and Steel Works, this process led to the management committee just consisting of one man - its head¹²⁵.

Management usually complained that although they warmly supported the policy of democratisation, they were too busy to waste time on discussions that were either too abstract or too trivial¹²⁶. In the North East where the political vocabulary of senior management had reached a level higher than their political consciousness, some very interesting political rationalisations were made. For example, some managers justified their bureaucratic attitude by saying that the workers were politically backward for they were guilty of viewpoints which were, on the one hand, "economist" (ching-chi chu-i ti) (i.e. they stressed only self interest) and, on the other "ultra-democratic" (chi-tuan min-chu ti) (i.e. they were undisciplined). Others claimed that as the representatives of the state they were the representatives of the working class and, as such, commanded the unquestioned obedience of the workers. One manager made play upon the word "democracy" which consists of two characters, min (people) and chu (ruler), by saying: "What is min chu. You are the min. We are the chu."¹²⁷ Some of these allegations were remarkably similar to those made during the Cultural Revolution some seventeen years later.

The attitude of management toward the workers and staff congress was, if anything, worse than their attitude towards the management committee. The management committee could, after all, serve the useful function of training managerial talent. All the congress did was embarrass management. In many cases congresses were convened at irregular intervals and sometimes not at all.¹²⁸ In Peking four month intervals between congresses seemed to^{be} the

rule rather than the exception¹²⁹. Congresses were frequently convened to pass on work assignments for a particular movement (such as the Movement to Establish New Records) and then did not meet again.¹³⁰ The congress was supposed to be a "bridge between the factory management committee and the masses" organised by the labour union. Presumably labour unions felt that one "transmission belt" was enough.

The above complaints about the attitude of management in the North East shows that even in this area, where the process of "democratisation" had commenced somewhat earlier than the rest of the country, factory management committees were not faring very well. According to statistics of the North East General Labour Union for January 1951, only 683 (39.3%) of the 1647 factories and mines under its jurisdiction had set up management committees and the majority of those that had been set up suffered from "formalism".¹³¹ Reporting on an investigation of over twenty committees in Shenyang, Chang Li-k'o, the chairman of the Shenyang General Labour Union, reported that the majority were organisationally defective. Some contained only half the required number of elected members. Standing committees and congresses were not performing their function and there was a general lack of democratic spirit. Chang attributed this failure to incorrect leadership on the part of the Party and a general lack of experience.¹³² And this was the first area to implement the democratisation policy and the one with the most experienced urban Party organisation.

In chapter eight it is noted that in the North East in the period immediately following liberation, some Party branches

usurped the functions of management. Where this occurred, (the Wu Erh Factory for example) the functions of a factory management committee were in fact served by an enlarged Party committee¹³³ in defiance of an instruction by Kao Kang, Secretary of the North East Bureau of the Party¹³⁴. In other cases, the standing committee of the management committee usurped the functions of the full committee on the grounds that the knowledge (and even the literacy) of members of management committees was of a very low level¹³⁵. Condemning this attitude, the Industrial Department of the North East People's Government stated that the general management level of cadres in industrial enterprises was also very low, and for that reason such cadres were to listen to the informed comments of worker members of management committees¹³⁶. Should one conclude from this that once the managerial skill of cadres was higher there would be no more need for factory management committees? Similarly, if factory management committees were schools for training managers, what would be their fate once the need for managerial talent was less acute.

Herein lies a crucial problem which is also relevant to that other organisational form that was described as a "school for management" - the labour unions. Was the factory management committee to train workers to become managers or to train workers with managerial skill to participate in management as workers. Ideally, it was both but in practice, as the case of Yü Shih-hui of the Third Mill shows, the former was a more probably outcome.

The short life of the experiment with management committees, however, does not permit us to come to any definitive conclusion

on this point. One year after the regulations governing the establishment of factory management committees in North China were promulgated, the ACFL noted in its annual report that "no remarkable record" had been achieved¹³⁷. Various remedial measures were advocated during 1950, such as setting up tripartite (Party, management and union) inspection systems to check up on the implementation of committee resolutions, provision for meetings of committees where no reports were made so as to allow for greater discussion, fixed meeting schedules etc.,¹³⁸ but without much success. The radical atmosphere of the spring of 1950 resulted in a partial democratic reform movement in North China and a union rectification movement throughout the country, but these movements, which will be discussed in later chapters, were not very successful since they involved only modest mass mobilisation. The policy in industry throughout these movements was to create representative structures within the factories which would decide on what measures should be taken for the reform of management structures; the various emulation movements of 1950¹³⁹ together with the restoration of production would ensure that such reforms would be carried out in an atmosphere of expanding production.

The success of the newly formed representative structures depended to a very large extent upon the effectiveness of Party and union leadership and propaganda concerning the democratisation process. On this score Party and union structures proved

themselves ineffective and this led first to the Party and labour union reforms of 1950 and later to the major reforms of 1951.

May 1951 saw a general radicalisation of the atmosphere in Chinese industry and the unfolding of a series of movements designed to force the pace of reform. The initiative in these new movements came not from the management committees but from the Party organisation¹⁴⁰. When a large scale mass movement was launched in South China in May 1951 to carry out once and for all the movement for democratic reform, formal leadership was assigned to the factory management committees and labour unions except where the FGM was a retained person and the union was felt to be "impure". In such cases democratic reform committees were to be set up¹⁴¹. These committees were usually under Party leadership and were the major form of organisation for the democratic reform movement of 1951. There were many retained managers in South China (and elsewhere) and many instances of union branches dominated by former gang bosses, as the democratic reform movement disclosed. In such circumstances the factory management committee was brushed aside. In the radical political movements of 1951-52 workers participated as individuals in effecting change rather than relying on elected deputies to carry out changes on their behalf. Management committees were not revitalised in the 1951 Democratic Reform Movement and very few survived the Three Anti Movement, for democracy was by then seen in a participatory as opposed to a representative sense.

1. See for example Chin-tai Ko-ming Li-shih-so (loc.cit)

Two of Liu's speeches have been published in full:-
 Liu Shao-ch'i: "Tsai Hua Pei Chih-kung Tai-piao-hui-i-shang Kuan-yü Kung-hui Kung-tso Wen-t'i ti Pao-kao" ("Report on Labour Union Work to North China Congress of White and Blue Collar Workers") May 1949 and "Tsai Kan-pu Hui-i-shang ti Chiang-hua" (Speech to Cadre Conference" May 1949. These speeches were originally published in Liu Shao-ch'i Wu-ko Ts'ai-liao (a Red Guard publication) (1967) and have been reprinted in Taipei: Chung-kung Yen-chiu Tsa-chih-she: Liu Shao-ch'i Wen-t'i Tzu-liao Chuan-chi (A Special Collection of Materials on Liu Shao-ch'i) December 1970 pp 200-207 and 207-220. This second speech was probably made after Liu left Tientsin (see Lieberthal) and it is difficult to assess the reliability of either of them.
 See also Lieberthal, Kenneth "Mao versus Liu? Policy Towards Industry and Commerce 1946-9 " CQ No 47 July/Sept 1971 pp 494-520

2. Chin-tai Ko-ming Li-shih-so (loc.cit)
3. (ibid)
4. (ibid) and Lieberthal (loc.cit)
5. CKKCT CYWYH : Tung Pei Chü (CCP.CC.NE. Bureau): "Kuan-yü Pao-hu Hsin Shou-fu Ch'eng-shih ti Chih-shih" ("Directive on Maintaining Newly Recovered Cities") 10th June 1948 in Liu Shao-ch'i et al : Hsin-min-chu-chu-i Ch'eng-shih Cheng-tse (New Democratic Urban Policy) Hong Kong: Hsin-min-chu Ch'u-pan-she August 1949
6. Mao Tse-tung "Mu-ch'ien Hsing-shih ho Wo-men ti Jen-wu" ("The Present Situation and our Tasks") December 25th 1947 in collection of articles of same title Chieh-fang-she November 1949 pp 20-41
7. For example:-
CKKCT CYWYH: Tung Pei chü directive 10th June 1948 (loc cit).
Hsin-min-chu Ch'u-pan-she: I-chiu-ssu-ch'i-nien i-lai Chung-kuo Kung-ch'an-tang Chung-yao Wen-chien-chi (Important Documents of the CCP since 1947) Hong Kong February 1949 pp 56-61.
 Mao Tse-tung: "On the Policy Concerning Industry and Commerce" 27th February 1948 (SW IV pp 203-5)
 Mao Tse-tung et al: Mu-ch'ien Hsing-shih ho Wo-men ti Jen-wu (op cit) pp 163-172.
8. For example Lieberthal (loc.cit)
9. Hsin-hua-she (Tung Pei) 23rd August 1948 "Tung Pei San-nien Kao-shu" ("An Outline Account of the North East in the Past Three Years") JMJP 26th August 1948 p 2
10. CKKCT CYWYH: Tung Pei chü directive 10th June 1948 (loc.cit). In the earlier period material had been stolen on the grounds that it belonged to the Chiang regime.

11. CKKCT CYWYH: Tung Pei ch'ü: "Kuan-yü Kung-ying Ch'i-yeh-chung Chih-yüan Wen-t'i ti Ch'eh-ting" ("Resolution on the Question of White Collar Workers in Publically-run enterprises") August 1st 1948 JMJP 7th August 1948 p 2.
12. Chung-kuo Ti-liu-chieh Ch'üan-kuo Lao-tung Ta-hui : "Kuan-yü Chung-kuo Chih-kung Yü-tung ti Tang-ch'ien Jen-wu ti Ch'eh-i" ("Resolution on the Current Tasks of the Movement of the Chinese White and Blue Collar Workers") 8th August 1948 in Lao-tung Ch'u-pan-she, Pien-shen-pu: Ch'i-yeh Kuan-li Min-chu-hua (op cit) pp 1-3 and JMJP November 10th 1948 p 3.
13. CKKCT CYWYH: Tung Pei ch'ü August 1st 1948 (loc.cit)
14. Shenyang (no author): "Shen-yang ti Chieh-shou ho Hui-fu Kung-tso ti Ch'eng-kung Ching-yen" ("The Successful Experiences in Take-over and Rehabilitation Work in Shenyang") in Hsin-hua Shu-tien: Chung-kuo Jen-min Chieh-fang-ch'ün Ju-ch'eng Cheng-tse (Policy for the PLA Entering Cities) (no publisher no date, presumably 1949) pp 104-5
15. Shanghai (no publisher stated) Chieh-fang-hou Shang-hai Kung-yü Tzu-liao (Materials on the Shanghai Workers' Movement after Liberation) (May-December 1949) Hong Kong reprint, no publisher no date; referred to hereafter as Shanghai materials.
16. CKKCT CYWYH: Tung Pei Ch'ü August 1st 1948 (loc cit)
17. See for example Liu Shao-ch'i "Report on Labour Union Work" May 1949 (loc cit)
18. JMJP 12th September 1948 p.1 "Cheng-tun Ch'i-yeh, T'i-kao Sheng-ch'an" ("Rectify Enterprises and Raise the Level of Production")
19. (ibid)
20. JMJP 17th September 1948 "An-tung Chao-k'ai Ch'ang-chang Hui-i" ("Antung Convenes a Conference of FGMs")
21. Compare Shenyang (Note 14) with Liu Shao-ch'i: "Report on Labour Union Work" (loc.cit)
22. Liu Shao-ch'i: "Report on Labour Union Work" (loc cit)
23. Chang Li-chih : "T'ien-chin Chung Fang San Ch'ang Shih-hsing Kuan-li Min-chu-hua ti Ching-yen" ("The Experiences of the Third Chinese (Textile Construction Company's) Textile Mill in Tientsin in Implementing the Democratisation of Management") in Li T'ao and Lin Keng: Hs'eh-hui Kuan-li Ch'i-yeh-chung ti Chi-ko Wen-t'i (Some Questions on Learning How to Manage an Enterprise) Tientsin; Tu-che Shu-tien April 1950 pp 1-9
See also Chu Hs'eh-fan : "Kuan-yü Kuo-min-tang T'ung-chih-ch'ü ti Chih-kung Yü-tung" ("On the White and Blue Collar Workers' Movement in Areas under KMT Control") excerpts in Chieh-fang-she: Chung-kuo Chih-kung Yü-tung ti Tang-ch'ien Jen-wu (The Current Tasks of the Movement of Chinese White and Blue Collar Workers) Shanghai June 1949 pp 15-29

24. Chung-hua Ch'ian-kuo Tsung-kung-hui: "I-nien-lai ti Kung-tso Pao-kao" ("Report on the Work of the Past Year") May 1st 1950
CKKJ No 4 May 15th 1950 pp 18-21
25. Shanghai materials (op cit) pp 14.12 et passim
26. (ibid) p 1
27. (ibid)
28. (ibid) pp 3-4
29. KJJP 30th August 1951 & Shanghai Ta Kung Pao 17th July 1951
(SCMP 140 22-23 July 1951 p 29)
30. Kikuzo Ito and Minoru Shibata: "The Dilemma of Mao Tse-tung"
CQ 35 July-Sept 1968 pp 58-77
See also URS Vol 56 No 11 5th August 1969
31. Shanghai materials p 1
32. (ibid) p 12
33. (ibid) p 2
34. Jao Shu-shih : "Tsai Shang-hai Ko-chieh Jen-min Tai-piao-hui-i-shang ti Pao-kao" ("Report to Congress of Representatives from All Circles in Shanghai") 8th August 1949 in Shanghai Materials p 35
35. Liu Shao-ch'i: "Report on Labour Union Work" May 1949 (loc cit)
36. Barnett Doak: China on the Eve of Communist Takeover New York Praeger 1963 (2nd ptg 1966) p 340
37. (ibid)
38. (ibid)
39. Shanghai materials p 17
40. JMJP 3rd June 1949 p 1 : "Ta Shang-hai Chieh-kuan Shun-li"
("Takeover in Greater Shanghai has proceeded smoothly")
- 41-47. Shanghai materials pp 17-19
48. (ibid) p 21
49. (ibid) p 20
50. On Cultural Revolution "worker pickets" see Kikuzo Ito and Minoru Shibata (loc cit). Factory Revolutionary Committees are described in Wheelwright and McFarlane: The Chinese Road to Socialism New York Monthly Review Press 1970. They point out that in some factories army representatives are full time and in other they are just workers who are also reservists (p 132)
51. Barnett Doak: China on the Eve of Communist Takeover (op cit) p 340
52. Teng Tzu-hui: "Chung Nan Kung-ying Kung-K'uang-yeh Chin-hou San Ta Jen-wu yu Ch'i-yeh Kuan-li Min-chu-hua" ("The Three Major Tasks Facing Publicly-run Industry and Mining in the Central South and the Democratization of Enterprise Management") KPHHTL No 9 May 1950 p 23

53. (ibid)
54. Ch'en Po-ta: "Pu-yao Ta-luan Yüan-lai Ch'i-yeh Chi-kou" ("Do Not Throw Into Confusion Existing Enterprise Structure") in Hsin-hua Shu-tien: Chung-kuo Jen-min Chieh-fang-chün Ju-ch'eng Cheng-tse (op cit) pp 17-29
55. Schurmann unpublished manuscript I - 4-5 cites Li Li-san: How to Manage a Factory Hong Kong 1949 pp 23-25. I have been unable to check the original.
56. Pei-ching Shih-fan Ta-hsüeh, Li-shih-hsi (Peking Normal University, History Dpt.): Men-t'ou-kou Mei-k'uang Shih-kao (Draft History of the Men-t'ou-kou Coal Mine) Peking Jen-min Ch'u-pan-she September 1958 p 49
57. See Liu Ch'ang-sheng: (ed) Chung-kuo Kung-ch'an-tang yü Shang-hai Kung-jen (The Chinese Communist Party and the Shanghai Workers) Shanghai Lao-tung Ch'u-pan-she August 1951 88 pp
58. Barnett Doak: China on the Eve of Communist Takeover (op cit) p 339-40
59. Chung-kuo Ti-liu-chieh Ch'üan-kuo Lao-tung Ta-hui: "Resolution on the Current Tasks....." (loc cit)
60. Hua Pei Ti-i-chieh Chih-kung Tai-piao-hui-i: "Effective regulations... (loc cit) Supplemented by national regulations. Cheng-wu-yüan, Ts'ai-cheng Ching-chi Wei-yüan-hui: "Kuan-yü Kuo-ying Kung-ying Kung-ch'ang Chien-li Kung-ch'ang Kuan-li Wei-yüan-hui ti Chih-shih" ("Directive on the Establishment of Factory Management Committees in State and Publically-run Factories") 28th February 1950 in Lao-tung Ch'u-pan-she, Pien-shen-pu: Ch'i-yeh Kuan-li Min-chu-hua (op cit)
- 61-66. (ibid)
67. KJJP She: Kung-yüan Wen-t'i i-pai-ko (One Hundred Questions on the Labour Movement) Vol 1 March 1950 (1st edn Dec 1949) pp 48-9
- 68-69. (ibid)
70. Hua Pei Ti-i-chieh Chih-kung Tai-piao-hui-i: "Effective regulations (loc cit)
71. (ibid)
72. KJJP She "One Hundred Questions...." pp 47-8 Question 75
73. (ibid)
74. The relationship between inner direction & economic development is taken from McClelland David C The Achieving Society Princeton Van Nostrand 1961 & Riesman The Lonely Crowd Doubleday 1953. The idea originally derived from Max Weber's Protestant Ethic.
75. H.F. Schurmann. Ideology & Organisation in Communist China, University of California Press 1966 Chapter IV discusses this transformation. He uses the dichotomy between 'organisation' and "institution" expounded by Selznick, Philip Leadership in Administration New York Harper & Row 1957 pp 5-21.

76. This is best expounded in Mao Tse-tung : "Kuan-yu Cheng-cht'eh Ch'u-li Jen-min Nei-pu Mao-tun ti Wen-t'i" (loc cit)
77. KJJP She "One Hundred Questions..." pp 46-7 Question 74
78. Carr E.H. The Bolshevik Revolution Vol 1 Penguin Books (Pelican) 1966 p 219
79. Hua Pei Ti-i-chieh Chih-kung Tai-piao-hui-i: "Effective regulations...." (loc cit)
80. KJJP She "One Hundred Questions...." pp 45-6 Question 72
81. (ibid) p 45 Question 70.
82. (ibid) p 46-7 Question 73.
83. By 1952 90% eligible for membership had joined.
Chung-hua Ch'üan-kuo Tsung-kung-hui Wu-i Wai-pin Chao-tai Wei-vüan-hui (ACFL Reception Committee for Foreign Guests Visiting China on May 1st): Chieh-fang-le ti Chung-kuo Kung-jen (The Liberated Chinese Workers) Peking Kung-jen Ch'u-pan-she August 1952 (3rd ptg) (1st ptg April 1952) p 4.
- 84-87. Chang Li-chih (loc.cit)
88. 5th May 1949 Lieberthal (loc cit)
89. Directive on Work in Tientsin. (24th April 1949) Chin-tai Ko-ming Li-shih-so (loc cit)
- 90-92. Chang Li-chih (loc.cit).
93. Hua Pei Ti-i-chieh Chih-kung Tai-piao-hui-i: "Effective regulations...." (loc.cit)
94. Chang Li-chih (loc.cit).
95. Bodde Derk Peking Diary (Abelard Schuman 1950) reprinted New York Fawcett World Library 1967 p 178.
- 96-102. Chang Li-chih (loc.cit)
103. Hua Pei Ti-i-chieh Chih-kung Tai-piao-hui-i: "Effective regulations...." (loc.cit).
- 104-110. Chang Li-chih (loc.cit)
111. For example JMJP 7th February 1950: Hst'eh-hsi Kuan-li Ch'i-yeh" ("Learn How to Manage an Enterprise"). This editorial became required reading for all enterprise personnel and was reprinted many times.
- 112-114. (ibid)
115. Chang Li-chih (loc cit). The Third Textile Mill Committee was required to carry out propaganda amongst white collar workers on relying on the masses and to approve documents for study.
116. JMJP 7th February 1950 ("Hst'eh-hsi Kuan-li....(loc cit) On the propaganda function of the Party and unions see chapters 8 and 9.

117. JMJP 7th February 1950: "Hsteh-hsi Kuan-li....."(loc cit)
118. Pei-ching-shih, Tsung-kung-hui, Wu chin Kung-tso Wei-yüan-hui: "Kuan-ch'e Kung-ch'ang Kuan-li Min-chu-hua" ("Implement the Democratisation of Factory Management") in Lao-tung Ch'u-pan-she, Pien-shen-pu: "Ch'i-yeh Kuan-li Min-chu-hua" (op cit) pp 22-7
119. Chang Li-k'o: "Ju-ho K'o-fu Ch'i-yeh Kuan-li Min-chu-hua-chung ti Hsing-shih-chu-i" ("How to Overcome Formalism in the Democratisation of Enterprise Management") in Lao-tung Ch'u-pan-she, Pien-shen-pu: "Ch'i-yeh Kuan-li Min-chu-hua" (op cit) pp 33-42
120. Pei-ching-shih, Tsung-kung-hui, Wu chin Kung-tso Wei-yüan-hui (loc cit)
- 121-122. (ibid)
123. Chang Li-k'o: "How to Overcome Formalism" (loc.cit)
124. Pei-ching-shih, Tsung-kung-hui, Wu chin Kung-tso Wei-yüan-hui (loc.cit)
125. (ibid)
126. Chang Li-k'o: "How to Overcome Formalism" (loc.cit)
127. (ibid)
128. Pei-ching-shih, Tsung-kung-hui, Wu chin Kung-tso Wei-yüan-hui (loc.cit)
129. (ibid)
130. e.g. The Shih-ching-shan Forging Dept. See Pei-ching-shih, Tsung-kung-hui, Wu-chin Kung-tso Wei-yüan-hui (loc.cit)
131. Chang Li-k'o: "How to Overcome Formalism..."(loc cit)
132. (ibid)
133. Ling Hua-ch'un (an account of)"(Kung-yeh-pu) Kuan-yü (Kung-ch'ang Kuan-li Wei-yüan-hui) Yen-chiu Pao-kao"("Research Report (of the NEPG Industrial Department) on "Factory Management Committees" TPKY No 56 21st April 1951 pp 19-21. Note: In issue No. 57, 1st May 1951, a corrigendum appeared (p.27) removing the characters Kung-yeh-pu (NEPG Industrial Dept.) from the title.
134. Kao Kang: "Chan Tsai Tung Pei Ching-chi Chien-she-ti Tsui Ch'ien-mien" ("Stand at the Forefront of Economic Construction in the North East")...Report to 1st conference of CCP members in the North East March 13th 1950. Tung Pei Jih-pao 6th June 1950 p 1.
135. Ling Hua-ch'un (loc cit)
136. (ibid)

137. Chung-hua Ch'üan-kuo Tsung-kung-hui, report 1st May 1950
(loc.cit)
138. Pei-ching-shih Tsung-kung-hui Wu chin Kung-tso Wei-yüan-hui
(loc.cit)
139. See chapters 3 and 5.
140. See chapter 2.
141. CKKCT CYWYH: Hua Nan Fen-chü: "Kuan-yü tsai Ch'eng-shih
Fa-tung Kung-jen Ch'ün-chung-chung K'ai-chan Min-chu Kai-ko
Yün-tung ti Ch'eh-ting (Wei Kuan-ch'e Min-chu Kai-ko Yün-tung
erh Tou-cheng)" ("Resolution Concerning Mobilisation of the
Working Masses in Cities to Develop the Democratic Reform
Movement. (Struggle for the Implementation of the Democratic
Reform Movement)" August 5th 1951
Nan-fang Jih-pao August 31st 1951 reprinted in KPHHTL No 37
September 1951 p 26.

CHAPTER TWO

DEMOCRATIC REFORM

In this chapter, the concept "democratic reform" is examined. The main aim of "democratic reform" was to get rid of "feudal remnants" such as gang bosses (pa-t'ou)¹ who exercised a considerable degree of power throughout the industrial sector (but particularly in the construction industry and the mines). Attempts had been made in the North East under the Japanese to curb the power of gang bosses, though in areas such as Shansi the gang boss system existed in much the same form as it had for decades. The situation in the Yang Ch'üan mines is narrated at length, not because it was typical but because it demonstrates just how possible it was to disregard post-liberation policy. Many former gang bosses managed to preserve part of their former influence by obtaining positions as team leaders, labour union cadres or even model workers. In the North East, the process of democratic reform accompanied the movement to establish management committees and worker and staff congresses. In North China, the movement began in earnest in the spring of 1950 but over much of the country, it was not until May 1951 that the pace was forced and a full scale movement launched. In 1951, three stages were laid down for the movement, "democratic struggle", "democratic unity" and "democratic construction." In the course of the first two stages, enterprise Party and union leadership often revealed themselves ineffective or corrupt with the result that the movement rarely got as far as the third stage. Replacing the third stage, the Three Anti Movement sought to revitalise the Party and labour unions and this will be discussed in Chapters eight and nine. By the time of the Three Anti Movement, democracy had been defined almost exclusively in a participatory sense.

The Gang Boss System

The pre-liberation gang boss system was essentially a system of contract labour where various levels of contractor controlled bodies of workers which they placed at the disposal of management. Such a system was referred to as "feudal" in Chinese accounts because it was primarily an exploitative system that depended on a network of human relations where the ties between gang boss and worker were personal rather than contractual². In China these personal ties often stemmed from indebtedness, not necessarily of the worker himself but frequently of his parents who tied their children to a gang boss to settle a particular debt. Gang bosses, for their part, went to great pains to see that such debts were never paid and that the worker remained a bond-man for life. Such was the root of the appalling labour conditions in textile mills and the coal mines of Shansi where in the 1930s miners worked for some twelve hours a day for a wage of ten cents³.

The gang boss system has every appearance of a rural form of organisation transferred to the industrial sector. In fact, the gang boss system sometimes developed spontaneously in an industrial concern without any rural influence whatever. Writing in the 1930s the Nankai University economist, H.D. Fong, noted that male operatives in a variety of industries developed a sense of temporary ownership of their job which entitled them to bring in assistants of their own choosing and this became the main form of recruiting labour in Chinese industry. Many of those that were in a position to bring in assistants became gang bosses who emancipated themselves from work and made a living on commissions which their

assistants paid them for giving them a job⁴. Such a system developed considerably during the 1930s since it depended upon two conditions which were prevalent at that time; the existence of a large pool of unemployed and an atmosphere of expanding production. This second condition was essential since lowered production frequently forced the gang boss back on to the shop floor, whereas an ever growing need for labour increased his personal income⁵.

Various estimates were made during the 1930s as to what the income of gang bosses was. Official figures for China in 1930 show that gang bosses appropriated some 20% of the wages of mining workers,⁶ though some commentators, such as Lamson (1934), put the overall figure somewhere between 40% and 60%⁷. It is doubtful whether we shall ever be able to quantify gang boss exploitation or even agree as to what constituted a gang boss, for clearly the woman who brought her daughter into the mill to help her out was very different from a local despot who controlled several hundred men.

As they built up the huge heavy industrial complex in Manchukuo, the Japanese had no course but to perpetuate the gang boss system since they found "little in common with the racial habits, customs and habits of the coolies".⁸ Such pat'ou were felt to be necessary to "keep strict vigilance over morals and discipline". The Japanese were, however, contemptuous of a "feudal system" over which they did not have full control and sought to limit the power of gang bosses. In the Fushun mines, for example, pay scales for

gang bosses were worked out and a fixed allowance made according to the number of workers they controlled; further "squeeze" was prohibited. Pat'ou who supervised regular day-rate miners were granted allowances of 11.5% of the total wage paid to these miners and pat'ou supervising other contract labourers were paid 8%.. In addition, managerial departments were required to appoint the greater and lesser pat'ou to their position rather than accept self-styled gang bosses as de facto contractors.⁹

Such control was possible in the North East because there was an efficient and sufficiently ruthless administration. In other areas, such as the Shansi mines, no pre-liberation government was able to effect much control even if they wanted to.

Democratic Reform in the North East

In the North East the policies of "democratic reform" and the "democratisation of management" tended to be implemented simultaneously. This was probably partly due to the fact that the gang boss system had already been restricted under the Japanese but was mainly because there were fewer retained managers in this area and many factories which had been temporarily abandoned had to build up new managerial systems from scratch. The political atmosphere at the time of the liberation of the North East was somewhat more radical than the atmosphere after the spring of 1949 and this meant that a struggle against gang bosses and other reactionary elements could be launched immediately. An example of the early democratic reform movement in the North East was that of the Wu San Factory in Shenyang. In this essay considerable

attention will be devoted to this factory both in order to give some degree of continuity and because the Wu San Factory was subsequently chosen as a national model for labour union work and, as such, reflects very clearly Party policy towards the reform of industrial enterprises. The Wu San Factory was taken over in November 1948 and immediately a campaign was launched to educate the masses as to their new rights and duties. A "speak bitterness" movement (su-k'u yün-tung) was organised with much the same kind of objective as its counterpart in the rural sphere. This was accompanied by a campaign of criticism and self criticism in which both white and blue collar workers took part. At the same time as workers were registered for labour insurance, a register of members of reactionary organisations was compiled and feudal elements, enemy military policemen and counter-revolutionaries flushed out. Upon this basis, steps were taken to "rationalise" the management and wages structures, restore production and take in new Party members. By October 1949, the factory was able to put the "economic accounting system" into operation which indicated that such reforms were considered to have been completed satisfactorily in the Wu San Factory.¹⁰

Maintaining the Status Quo

The model experiences of the Wu San Factory were rarely repeated south of the Great Wall. The situation was especially bad in the mines. At a congress of mining unions meeting in January-February 1950, it was reported that, apart from a few mines in the North East and North China, the policy of maintaining the status quo (yüan-feng pu-tung) was still being maintained¹¹. In

some mines management committees had not been convened or were "formalistic" and had incurred the hostility of the workers rather than their support. At the Ling Shan Coal Mine in Chahar, for example, the workers had dubbed the mine management committee (kuan-li wei-yüan-hui) the "bureaucratic committee" (kuan-liao wei-yüan-hui)¹² and many cases were reported where gang bosses had just changed the names of their gangs to shifts or teams¹³. In the Tsao Chuang Mine, twenty two former gang bosses had been appointed team leaders and supervisors and were still engaged in their former practices¹⁴. In the Hung Shan Mine sixteen former gang bosses had been appointed team leaders or pit supervisors and many of these had adopted the philosophy that it did not matter who was currently in power, they would always get along (after all, they had experienced several changes of government).¹⁵ In the building industry, almost no change had been effected and here the problem was particularly difficult since it was virtually impossible at this stage not to depend upon contract labour. In some sections of the industry in Tatung in early 1950, there were as many as seven levels of gang-contractor who between them creamed off from 50% to 70% of the money paid to them, leaving the workers only 30-50% as wages.¹⁶

The Yang Ch'üan Case

In the spring of 1950, China's leadership became more and more concerned about the effects of a policy which left old abuses unremedied and which permitted "feudal remnants" to believe that they would "get along" under the new government. A number of articles began to appear in the press which described the persistence

of old exploitative forms of organisation and demanded that the process of democratisation and reform be speeded up. One such account dealt with the Yang Ch'üan State Coal Mines in Shansi which was traditionally the area where some of the worst excesses of gang boss exploitation had occurred, and which in 1937 H.D. Fong had considered a "living hell"¹⁷. Although it was an extreme case, it is narrated here as an example of what a moderate reform policy could lead to.

When a reporter went down to the Yang Ch'üan Mines to investigate the failure to complete current production tasks, he was told that the gang boss system had been abolished long ago. Nevertheless, bearing in mind the fact that the North China General Mining Bureau had issued several warnings to the mine about the persistence of the gang boss system and that there were rumours currently circulating in Peking that these warnings had been unheeded, he pressed the matter further, only to be told that the gang boss system was being maintained but that it was no longer exploitative.¹⁸

After some further investigation the reporter discovered that after liberation all that had happened was that the various levels of gang boss had changed their titles and continued as before. In the whole mine, out of a total of 38 senior level cadres at division (ku) level, 20 were some species of gang boss who now rejoiced in the title of division chief (ku-chang), deputy division chief (fu-ku-chang) or unit leader (tui-chang). Under them came 55 group leaders (ta-tsu-chang), 90% of whom were former

gang bosses who did not work at all. Under each team leader were three team leaders (hsiao-tsu-chang) and a secretary. The secretary did no manual work and was responsible for wage payment and the team leaders worked, at the most, half time. The reporter calculated that out of the 3,556 white and blue collar workers in the mine, 2,498 were exploited by these 55 group leaders.

A group leader who did little or no work could earn 3,000-3,100 work points a month, as opposed to an ordinary worker's 1,320 points for a 22 day month, which in itself was not less than the former legal wage of a gang boss. In addition, the group leader took his cut of the workers' wages, since grain payments were still paid in time honoured way to the team leaders rather than directly to the workers. This sometimes amounted to 5 out of every 20 chin of grain which was paid twice monthly. The group leader could also obtain illicit income by other means such as claiming bogus expenses or accepting payment for non-existent workers. As well as making automatic deductions from workers' wages, the group leaders received extra payment according to the amount of coal mined. There is little wonder, therefore, that the workers considered the democratic discussion of wage determination as something of a sham.¹⁹

The acting manager felt that if he did not co-operate with the former gang bosses, he would not be able to complete his production plan. It is ironical therefore that it was precisely the failure to complete the production plan that brought the situation to the attention of the reporter. According to him

Party and management personnel within the mine had not realised that the gang bosses were in fact "feudal remnants". On the contrary, they were considered as "skilled workers" and the main force that could be relied upon to develop production. Management was only concerned with receiving the coal once mined and was prepared to dismiss workers who objected to the system on the grounds that this attitude impaired productivity. The only way workers could protest was to write comments on the coal trucks criticising the stupidity of the acting manager for relying upon the group leaders. The reporter described such a situation as a "commercial relationship" (mai-mai kuan-hsi) in which the only concern of management was the return they got for money paid to the group leaders²⁰.

The backwardness of Party personnel was explained by the fact that 13 out of 55 group leaders had been accepted as Party members and some of them were members of the Party committee. One such member of the Party committee managed to secure the demotion of a group leader who was not a former gang boss and was concurrently a lower level Party secretary because he had failed to donate to the wedding festivities of the committee member's son; as a Party committee member the former gang boss was able to disregard the subsequent protests of the mine manager.²¹

Party membership had expanded rapidly to a strength of 370 (10% of the total work force) and the group leaders had carefully controlled the acceptance of new members. As supervisors of

education throughout the mine, the Party committee did its best to see that the gang boss system was not criticised. When the reporter attended meetings of the Party committee which were discussing documents attacking the gang boss system, he noted that they considered the mine a "special case", and when the committee analysed the reasons why the mine was not fulfilling its production tasks, it could only conclude that insufficient reliance had been placed on the "skilled workers" who were, in fact, the gang bosses. The former gang bosses had also formed the nucleus of the labour union organisation and many group leaders were concurrently leaders of union teams. Resenting this, the workers referred to union dues (hui-fei) as union tax (hui-shui).²²

It was in the interests of the former gang bosses to see that planning did not work smoothly. The reporter noticed that no-one seemed to know exactly what the size of the work force was. In this way they could continue to accept payment for non-working personnel. When management insisted that workers should be signed on and off work by a staff member, the union cadres declared that this was a "bourgeois viewpoint" which placed no reliance on the working class. The workers were thus allowed to sign themselves in, which allowed group leaders to falsify records and maintain their own illicit income. Management was unable to exercise any discipline at all over the group leaders or their supporters. An attempt to discipline a union committee member who was absent longer than the period of leave granted him resulted in a protest by the labour union chairman and the quarrel which ensued caused a total breakdown of discipline²³.

The maintenance of the gang boss system in the mine resulted in considerable tension between the mine authorities and local government. In order to investigate the gang bosses' control over the labour union, local Party and labour union organisations sent down an investigation team (tiao-ch'a-tui) which was frustrated by a parallel work team (kung-tso-tui) organised, ostensibly to help with the investigation, within the mine itself. When the investigation team called meetings, only minor cadres attended as observers and the team was unable to operate effectively. There was, furthermore, a lack of unity between Party management and unions within the mine and this lack of unity was carefully fostered by group leaders who held posts in more than one body; every effort was made to prevent the formation of any group that could effectively oppose the gang boss network.²⁴

The revelations of the situation at Yang Ch'üan led the North China General Mining Bureau to issue an order for the situation to be investigated and this order was published in the same newspaper as the above report. One would suspect that either the reporter or his editor had submitted his findings to the bureau before publication or that the reporter had gone down to the mine with explicit instructions from the Mining Bureau. In its order the Mining Bureau pointed out that the mine had already received two warnings (September 1949 and January 1950) and had done nothing about them, which clearly demonstrate the leisurely approach to democratic reform at that time. In its work plan for April 1950 the mine had put forward the abolition of the gang boss system as its main task but was unwilling to call for "self

examination" meetings for fear that this would provoke the anger of the group leaders and thus harm production. Consequently the General Mining Bureau ordered the Yang Ch'üan mine to convene a conference of all cadres and with the participation of "good" workers, conduct a movement of criticism and self criticism. The results of the self examinations were to be submitted to the General Mining Bureau together with a description of what measures were being taken to abolish the gang boss system.

Such were the consequences of a policy which sought to subordinate political problems to the task of getting production moving again. The order of the Mining Bureau criticised an excessive concern for problems of production and its tone was more radical than any similar order that I have seen since the mild policy was confirmed in the spring of 1949. It was infinitely less radical, however, than what was to follow in the summer of 1951.

Control from Above or Mobilisation

Policy during the mild period after the spring of 1949 saw "democratisation" and "enterprisation" going hand in hand and the reform of old structures proceeding at a fairly leisurely pace. It was hoped that the newly created Party and union structures would carry out a gradual "democratic reform". What was probably not foreseen was a situation where "feudal remnants" sought to take over the newly created Party and labour union organisations. During the spring and summer of 1950, following the publication of articles calling for a speed up in "democratic reform", a series of administrative orders were promulgated formally abolishing the gang

boss system in various sectors of industry.²⁵ When lower level Party and union organs failed to respond adequately to this speed up, a rectification movement was launched.²⁶

In this essay, two types of political movement will be discussed; those that involve widespread mass mobilisation and those that do not. In the period under review, the "democratic reform" movement of 1951 and the Three Anti Movement²⁷ were political movements of the former type, whereas the rectification movement of 1950 and the various movements of 1953²⁸ were movements of the latter type. In 1950 the stress was on control from above. The campaign for the suppression of counter-revolutionaries of late 1950 and early 1951 was described as a mass movement; and it required workers to denounce counter-revolutionaries within factories, but it did not involve anything approaching the degree of mass mobilisation of the movements of mid and late 1951. For this reason the campaign against counter-revolutionaries which exercised control from the top down was mainly concerned with the activities of active "counter-revolutionaries" rather than "feudal remnants" such as gang bosses. Some people argued, however, that it should have broadened its scope to include "feudal remnants".²⁹

The preoccupation with control from above is demonstrated by the considerable attention that was given to the establishment of a formal control (inspection) apparatus. Attempts were made to build up such an apparatus as soon as cities had been liberated.³⁰ The regulations of May 1949 governing the establishment of factory management committees demanded that such committees institute a regular inspection procedure within factories.³¹ In January 1950

an emergency inspection was ordered for all publically run enterprises in Peking, Tientsin, Shansi and Hopei, whereupon each factory and mine organised a control (inspection) committee (chien-ch'a wei-yüan-hui) consisting of representatives of Party, management, unions and Youth League³². Such control committees could not be very effective, however, so long as there was a danger that they might themselves be controlled by corrupt elements. Some eighteen months later the 88th meeting of the Government Affairs Council called upon municipal level People's Control Committees to extend their network down into the factories³², thus implying that despite the great attention given to control work, municipal level control organisations had not yet penetrated the factories.

A new approach to the problem of democratic reform was needed and the Party's experiences in the rural sector seemed to offer an answer. In May 1951, there commenced a series of mass movements that were to last a whole year. The Democratic Reform Movement of 1951 sought to get rid of "feudal remnants" and counter-revolutionaries that had escaped the formal suppression campaign. The failure of many Party, union and managerial cadres to give an effective lead in this movement led in turn to the Three Anti Movement which, at the end of 1951, was extended into the private sector in the form of the Five Anti Movement. By mid 1952 the political structure of Chinese factories had undergone considerable change.

The Situation in the spring of 1951

The democratic reform movement of 1951 was described as a

"supplementary lesson" (pu-k'o) in that since liberation a certain amount of reform had been effected and the function of the 1951 movement was to make up for the deficiencies of these earlier attempts.³³ Reform had been most thorough in the North East and least thorough in the Central South which bore the brunt of the 1951 movement.³⁴ In this latter area, former gang bosses had found their way into the Party, the Youth League and the labour unions from which position they engineered strikes and go-slow resistance.³⁵ Some had achieved prominent positions in management³⁶ and others had even been elected model workers.³⁷ They were accused of having dealings with secret agents, of conducting sabotage and of taking their customary 'cut' of wages due to workers.³⁸ Although most accounts dealt with the activities of gang bosses on the docks, in the construction industry and in the mines, their activities were not confined to these areas, where for reasons of organisational diffuseness control was particularly difficult, but were also found in other industries such as textiles.³⁹

Other Targets of the Democratic Reform Movement

Although the main targets of the movement were the gang bosses, there were also other targets. The 1951 movement was to follow directly on the "high tide" of the campaign to suppress counter-revolutionaries and was to finish the work of that earlier movement.⁴⁰ The main target of the suppression movement had been secret agents (t'e-wu fen-tzu) who worked for such organisations as the KMT Military Secret Service (Chün-t'ung) or the Nationalist Youth Corps (San Min T'uan).⁴¹ Numerous accounts of their sabotage of industrial plant had appeared in the press

since liberation;⁴² now a mass movement was to disclose those who had escaped the net. Another target of the democratic reform movement was the secret societies through which many of the gang bosses had operated.⁴³ A number of these societies were said to be still in operation, such as the I Kuan Tao, the Chiu Kung Tao, the Kan Chu Erh Hua Tao, the Green Gang (Ch'ing-pang) and the Red Gang (Hung-pang).⁴⁴ In addition to the large secret societies were secret or semi secret mutual help organisations (pang-hui) which were sometimes little better than protection rackets.⁴⁵ Such organisations exercised influence not so much over the formal organisational network of factories (except where gang bosses with secret society connections held formal managerial positions) but over the informal network. Control over the informal network, which was to be one of the main functions of the Party organisation, will be discussed in chapter eight.

Alternative Strategies for Democratic Reform

It took a long time to persuade the Party that there was a need for a mass movement to implement the policy of democratic reform. Even in 1951 various non-radical alternative policies were put forward for consideration. One school of thought felt that the problem of flushing out feudal remnants and counter-revolutionary elements could best be undertaken gradually and indirectly by means of production competitions.⁴⁶ Presumably it was felt that once these elements took part in emulation contests they would either come to realise that they gained more prestige from this than their former activities or, if they failed to respond to such contests, reveal themselves as indolent parasites which could be dealt with

easily. This view was held to be wrong. Some depraved elements had indeed become model workers but their activities had not changed. A Ch'ang-chiang Jih-pao editorial stated emphatically that not only were production competitions not useful for dealing with feudal remnants but that the democratic reform movement was the sine qua non for holding production competitions in the future.⁴⁷

Another school of thought felt that the democratic reform work could best be carried out through the introduction of labour insurance.⁴⁸ Only people who could claim to be "working class" were eligible (this included white collar workers and was not linked to family origin). People who derived a large part of their income from sources other than their own labour were not classified as working class and the sources of their income were subject to investigation. In this way it was hoped that undercover gang bosses would be disclosed. During the process of democratic reform, however, false returns were submitted for every concealed gang boss could claim that his income derived from an official salary. Ch'ang-chiang Jih-pao declared that the registration of people for labour insurance could only be really effective after the democratic reform movement had been concluded.⁴⁹

A third school of thought saw no reason why the techniques of the campaign for the suppression of counter-revolutionaries (which did not involve very much mass mobilisation) should not be continued.⁵⁰ The official reply was that the fervour engendered by the suppression campaign would be useful in the subsequent

mobilisation of the masses. The proper progress of any movement should be from the outside inwards and from surface to the depths, but in proceeding inwards and penetrating the depths, mobilisation was essential.⁵¹

Action was to be swift. After the campaign for the suppression of counter-revolutionaries, it was felt that there was a need to strike whilst the iron was hot. In the period before May 1951, leading personnel considered that feudal forces within the factories had shown some sign that they were afraid and that their ranks were disintegrating. Now the workers' political consciousness had reached a level sufficiently high for them to be mobilised and leadership within factories had by now a fairly good idea as to who the targets were to be.⁵² Such was the mood in May 1951. The iron, however, was not always hot and exponents of guerilla warfare should not have confused disintegration with strategic dispersal. Many of the masses took quite a long while to be mobilised and some of the leadership did not realise that by the end of the series of movements of which this was the first, they themselves would in fact be the targets.

Leadership of the Movement

The literature is vague about how exactly the movement was to be led. The factory management committee was usually too weak to lead the movement and since retained management were suspect, management committees containing a retained FGM were, at least in one region, explicitly forbidden to assume a leading role.⁵³ In some cases union committees assumed leadership but they were frequent

found to be "impure" and to have connections with feudal remnants.⁵⁴ In general the Party committee led the movement according to the formula "leadership by Party committee, call from management and response by the labour unions".⁵⁵

The Party committee usually exercised this leading role through a specially created body such as a "Committee for Studying Current Affairs"⁵⁶ or more probably a Democratic Reform Committee which consisted of Party and Youth League members, some management and labour union activists (ideally chosen from among the victims of a particular feudal remnant or group of feudal remnants)⁵⁷. Such committees were ideally sponsored by the factory union committee or, if that body were corrupt, a higher level union committee.⁵⁸ The factory level democratic reform committees were linked to municipal level Democratic Reform Committees which were united front bodies, led by the municipal Party committee but also containing representatives of the municipal People's Government, representatives of the democratic parties, (non Party) democratic personages and worker (union) delegates.⁵⁹ Within the area under the jurisdiction of the South China Bureau of the Party Central Committee, democratic reform committees (or their equivalent) at enterprise level were required to report to the municipal level Democratic Reform committees once every two weeks and municipal level committees were required to report to the Provincial level Party committee once a month.⁶⁰ Such a form of organisation was the prototype for the subsequent Three Anti Movement where Increase Production and Practise Economy Committees took over the function of the old Democratic Reform committees.⁶¹

The First Stage of the Movement

Three official stages were laid down for the movement - "democratic struggle", "democratic unity" and "democratic construction".⁶² The first stage, "democratic struggle", was launched at a number of mass meetings. At first, attacks were required to be of a very general nature (for example, against imperialism and the Chiang Kai-shek régime) and these general attacks would provide the starting point for "initiation reports" (ch'i-fa pao-kao) which were usually made by cadres from outside the factory.⁶³ The attack would then move nearer to the day to day concerns of the workers whose participation in the earlier meetings would have given them greater confidence to accuse people with whom they were in daily contact. Groups of activists would be formed within the shops whose task was to relate the discussion at factory level to their own particular circumstances and then submit their conclusions back to meetings at factory level. Then the whole process would be repeated, the content of the denunciations getting a little more specific every time. The leadership (democratic reform committee) would utilise the material so collected to make a number of "key point denunciations" for their propaganda effect and then the movement would be thrown wide open for denunciations to be carried on within small groups. After that, all the fragmented evidence would be collected together and "speak bitterness" meetings (k'ung-su-hui) held.⁶⁴ At these meetings, the land reform experience was explicitly drawn upon.⁶⁵ Both land reform and the democratic reform movement were aimed at "feudal elements" rather than capitalists but in the latter, there was an element of caution far greater than in the case of land reform, even though 1951 was a mild period in the rural sector.

Though I have seen accounts of gang bosses being dragged through the streets,⁶⁶ I have seen no suggestion of any summary executions and the regulations governing punishment seem to have been adhered to. These regulations stipulated that the factory could only determine the nature of punishment if it fell within the category of demotion, reduction of salary, transfer of work, public surveillance or suspension of labour union membership. More serious cases were to be submitted to the Peoples Courts.⁶⁷

In both movements mass reaction tended to be similar. Workers were reluctant to denounce the accused through fear of retaliation⁶⁸ and the leadership was frequently accused of giving insufficient support to the accusers.⁶⁹ Once the process of accusation was under way, however, a psychological climate was created where accused people wished to put a speedy end to the agony and readily confessed.⁷⁰ Attempts were made to narrow down the number of targets and every effort made to avoid the persecution of technical personnel unless they were themselves active counter-revolutionaries or had links with secret societies.⁷¹

Instructions on how to conduct this "struggle" stage of the movement stressed that the first battle must be fought with caution since it was vital to win it.⁷² This caution was, however, not to be too excessive and, after the first battle, the leadership of the movement was not to be fettered by demands to go slow for fear of harming production.⁷³ The press was eager to note examples where production actually went up in the course of the movement,⁷⁴ though in some cases up to 20% of the working

hours for a whole month had been taken up by the movement and the effect on production must have been considerable.⁷⁵

Progress was slow. Reporting to the Chengchow Party committee on an investigation into the progress of the movement in Honan in July 1951, the municipal Party secretary, Chang Hsi, noted that of the twenty six publically run enterprises in Honan, fifteen had been taken over from bureaucratic capitalists upon liberation and eleven had been set up since. In both of these categories former gang bosses could be found and some of them had usurped leading positions. Factories where any appreciable success had been recorded only constituted 10-20% of the total. Over half of the enterprises had carried out the initial mobilisation but impure elements remained in leading positions. The remainder (20-30%) had not responded at all to cadres who had been sent down to make "initiation reports" and labour unions and other organisations were firmly in the hands of "reactionary elements".⁷⁶

The above type of analysis was the set form for summing up the progress of any movement in its initial stages⁷⁷ and was employed right down to the Cultural Revolution with much the same kind of percentage breakdown. This is not to say the figures were necessarily inaccurate, only that when initial reports of a movement's progress are published it tends to be at a point which shows a similar statistical breakdown. The crucial statistic here is that the report was delivered $2\frac{1}{2}$ months after the commencement of the movement.

The struggle stage of the movement was in some cases to last right down to December 1951, by which time the Three Anti Movement was in full swing. It certainly set the stage for that movement. A whole series of problems were uncovered such as weak labour unions, bureaucratism in the Party branches and tension between white and blue collar workers. Directives instructed those carrying out the movement not to cover these up⁷⁸ for they were to be the basis upon which the subsequent movements would be built.

The Second Stage of the Movement

The second official stage of the movement was that of "democratic unity". Following the dismissal of the major targets minor offenders, such as workers who had previously been forced to join "reactionary parties" the KMT military and police forces, the nationalist Youth Corps and various secret societies, were to confess their former activities and submit to criticism. In this stage, "struggle" was to be avoided as the aim was to correct misunderstandings between white and blue collar workers, between labour union cadres and workers and between groups of workers in different departments and localities.⁷⁹

It is very difficult to assess just how successful this stage of the movement was. Summing up progress in the movement in September 1951, Liu Tzu-chiu, who held a number of very important posts in the ACFL, reported that many workers had come forward to confess their past errors and in some factories more than half the total number of workers had corrected the false information they had given when registering for labour insurance. He noted that the

attitude of workers towards the Party and labour unions had changed. Union cadres were no longer eager to give up union work; it was no longer necessary to hold film shows in order to attract union members to a branch meeting and when Party and union cadres were sent down from higher levels, they were no longer treated with indifference by the workers.⁸⁰ All this may well have been true, but there were reasons other than democratic reform that made workers more interested in the activities of labour unions. This was the period in which labour unions were accused of "economism" (where workers were mobilised to seek their own material benefit at the expense of wider goals). Would it be too cynical to suggest that this was at least a contributory factor to their new prestige?⁸¹

September 1951 was to see the beginning of the Three Anti Movement which was to reveal considerable bureaucratism (kuan-liao chu-i) within industrial enterprises. Clearly the democratic reform movement had not gone far enough in closing the gap between workers and management. In view of this, one is tempted to be somewhat sceptical about Liu Tzu-chiu's optimistic report.

The Third Stage of the Movement

The third officially prescribed stage was that of "democratic construction". During this stage, systems of responsibility and production control were to be established, internal labour agreements signed, labour insurance re-registration carried out and a system instituted whereby there was provision for the regular re-election of labour union committees.⁸² The extremely radical campaign against bureaucracy that took place at the end of 1951 meant that

this stage was postponed until the second half of 1952, by which time every effort was being made to implement the Soviet model within Chinese factories - a model which had long since given up the idea of collegial leadership of industrial enterprises.

Democratisation and Democratic Reform in Cultural Revolution

Retrospect

The policy switch of May 1951 led to a different definition of democracy. During the earlier period, "democracy" within Chinese enterprises was defined according to a criterion of controlled representation. After May 1951, the meaning of the word "democratic" in the term "democratic reform" was seen in a participatory sense. Workers themselves were to participate in the overthrow of gang bosses and other undesirable elements rather than rely upon their representatives to do it for them. This is not to say that after 1951 the representative definition of democracy was given up for the 1954 constitution was based upon such a definition and a similar definition was propounded in the 1960s.

In the period since 1964, we have seen a remarkable parallel to the events of 1949-51. First, a few attempts were made in 1964 to elect management committees but elections were vetted by Party and management and such committees had little power.⁸³ Then attempts were made to reform management, to reduce the number of levels of administration and correct the bureaucratic behaviour of management, though not as part of a mass movement.⁸⁴ When this process was seen not to be particularly successful, a mass movement was launched (part of the Cultural Revolution) which took as its first target

the removal of "irrational" management systems. At this stage, the movement was led by enterprise Party committees who acted through the labour unions. The labour unions, however, soon came under attack from top to bottom for economism.⁸⁵ Leading the movement, the Party formed its own body of activists (for example the Shanghai Ch'ih-wei-tui⁸⁶), though finally Party committees themselves came under attack from revolutionary groups with support from above.⁸⁷ The attempt to democratise management in a representative sense that was made in 1964-65 was in many ways similar to the attempt of 1949-51. The failure to make much headway led to the proposition of a participatory definition of democracy both in May 1951 and 1966. In both the early stages of the Cultural Revolution and the Democratic Reform Movement, leadership within enterprises revealed themselves as somewhat conservative and this led to a movement of a far more radical nature (the January Revolution of 1967 and the Three Anti Movement). In both cases the unions came under attack for "economism". At this point, however, the parallel breaks down. In the aftermath of the Three Anti and Five Anti Movements factory management committees withered away, whereas at the time of writing the supreme policy making structure within Chinese industrial enterprises is the revolutionary committee.

These post cultural revolution committees may well have been the kind of organisation that the democratisation movement of 1949-1951 attempted to set up. Like those committees of the early period they are organised according to a triple alliance formula and contain a military component. At the present time we are seeing the growth of a new Party structure, but it is too early to say whether the military component in enterprises will be replaced in the same manner as in 1950-51.

The Democratic Reform Movement sought to smash the traditional informal network within the factories. Gang bosses were able to isolate management from workers. Such a system prevented not only the development of an efficient organisation where communication between top and bottom is not impeded, but also the development of any new patterns of community where the commitment of the individual is to a group other than the traditional gang.

The pulverisation of the traditional informal structure could lead to one of two possibilities; a "totalitarian" solution where efforts were directed to achieving as much congruence as possible between the formal and informal networks of organisation and the eventual atomisation of the work force or the development of new patterns of group solidarity which did not necessarily correspond to the formal organisational structure. I shall argue in chapter eight that the Soviet model of the early 1950s tended to produce the former possibility, but there existed also a tradition which sought to politicise informal structure rather than pulverise it.

1. Gang bosses went under a number of names such as pao-kung-t'ou, pang-t'ou, kung-t'ou t'ou-lao etc.
2. Although contracts existed between gang bosses and workers in their debt, the relationship was not contractual in the sense of a normal employment contract with provisions for its termination. Gang bosses often maintained their position by personal intimidation.
3. Fong H.D. (Fang Hsien-ting) "Industrial Organisation in China", Tientsin: Nank'ai University, Institute of Economics: Nankai Social and Economic Quarterly Vol IX No 4 January 1937 pp 919-1006.
4. Fong H.D. (loc.cit) p 956
5. (ibid)
6. Torgashoff, Boris P. Mining Labour in China Shanghai: Ministry of Industry, Commerce and Labour 1930 p 119 cited in Fong H.D. pp 958-9
7. Lamson, Herbert D. Social Pathology in China Shanghai 1934 pp 129-30 cited in Fong H.D. pp 958-9
8. South Manchurian Railway Company: "Labour Management at the Fushun Coal Mines" Contemporary Manchuria Vol II No 5 September 1938 pp 40 -41.
9. (ibid)
10. Kung-jen Ch'u-pan-she: Wu San Kung-ch'ang Kung-hui Kung-tso Ching-yen (The Experiences of Labour Union Work in the Wu San Factory) Peking March 1953 p 36 (referred to hereafter as Wu San Factory)
11. KJJP : "K'uang-shan Kuan-li ti Kuan-liao-chu-i yü Feng-chien Chien-yü ti Hou-kuo" ("The Results of Bureaucratism and the (Continued Existence of) Feudal Remnants in Mine Management") CKKJ No 3 15th April 1950 p 11.
- 12-15. (ibid)
16. KJJP: 25th August 1951 p 1 "Chia-ch'iang Ch'dan-kuo Chien-chu Kung-hui Kung-tso" ("Strengthen Labour Union Work in the Building Industry Throughout the Country")
17. Fong, H.D. (loc.cit)
- 18-21. Lin-Li: "Yang Ch'dan Kuo-ying Mei-k'uang Tsun-tsai ti Yen-chung Wen-t'i" ("The Serious Problem that Exists at the Yang Ch'dan State Coal Mine") CKKJ No 3 15th April 1950 pp 12-13 (originally in JMJP)
 Lin Li: "Yang Ch'dan Kuo-ying Mei-k'uang Wei-shen-mo Pao-hu Pa-t'ou-chih" ("Why the Gang Boss System was Protected in the Yang Ch'dan State Coal Mine") CKKJ No 3 15th April 1950 pp 14 and 13.
22. Gang bosses had traditionally held important posts in factory unions since work could often only be secured through their services.

23. Lin Li (loc.cit) and
JMJP : "Hua Pei Mei-k'uang Kuan-li-tsung-ch'ü Chih-ling Yang Ch'üan K'uang-wu-ch'ü Chien-ch'a Yang Ch'üan Mei-k'uang Wen-t'i" ("North China General Mining Bureau Orders the Yang Ch'üan Mining Bureau to Investigate the Problem of the Yang Ch'üan Coal Mine") CKKJ No 3 15th April 1950 p 15.
24. (ibid)
25. See for example the order abolishing the gang boss system in the transportation industry CKKJ No 4 15th May 1950 pp 16-17.
26. KJJP : "Ho K'uang-shan Kuan-li-shang ti Kuan-liao-chu-i yü Feng-chien Chien-yü Tso Tou-cheng" ("Struggle Against Bureaucratism and Feudal Remnants in Mine Management") CKKJ No 3 15th April 1950 p 9.
 See also chapters 8 and 9.
27. See chapter 8.
28. See chapters 4 and 8
29. Liu Tzu-chiu : "Lun Ch'ang-k'uang Ch'i-yeh-chung Min-chu Kai-ko ti Pu-k'o Wen-t'i" ("On the Question of the Supplementary Lesson of Democratic Reform in Factories and Mines") KJJP 12th September 1951.
30. Hsin-hua-she 25th June 1949: "Pao-hu Jen-min Tsu-kuo ti Ts'ai-ch'an" ("Protect the Property of the Peoples Motherland") in Liu Shao-ch'i et al Hsin-min-chu-chu-i Ch'eng-shih Cheng-tse (op.cit) pp 29-31
31. Hua Pei Ti-i-chieh Chih-kung Tai-piao-hui-i: "Effective regulations (loc.cit)
32. JMJP : "Ching Chin teng Ta Kung-ying-ch'ang Chan-k'ai Ch'ün-chung Ta Chien-ch'a" ("A Great Mass Inspection is Launched in Large Publically-run Factories in the Peking Tientsin etc. Areas") CKKJ No 3 15th April 1950 p 15.
33. NCNA Peking 4th August 1951. (SCMP 150 August 9th 1951 pp 7-10)
34. See the collection of articles in KPHHTL No 37 September 1951.
35. Liu Tzu-chiu (loc.cit) and
 Tai Chi-ying: "Kuan-ch'e She-hui-chu-i Kai-ko, Kung-ku ho K'uo-ta Fan-feng-chien Chan-hsien" ("Consolidate and Enlarge the Anti-Feudal United Front") Ho-nan Jih-pao July 22nd 1951 reprinted in KPHHTL No 37.
 See also the various articles on the subject in KJJP during August-September 1951.
36. See for example: Ch'ang-chiang Jih-pao: June 13th 1951: "Lun Kung-ying Ch'i-yeh-chung ti Min-chu Kai-ko" ("On Democratic Reform in State-run Enterprises") reprinted in KPHHTL No 37 pp 28-31.
37. Liu Tzu-chiu (loc.cit).

38. On the links with secret agents see CKKCT CYWYH: Chung Nan chü : "Kuan-yü Fa-tung Kung-jen Ch'ün-chung K'ai-chan Min-chu Kai-ko Yün-tung ti Chih-shih" ("Directive on Launching a Movement of the Worker Masses to Develop the Democratic Reform Movement") August 1st 1951 Ch'ang-chiang Jih-pao August 8th 1951 reprinted in KPHHTL No 37 pp 1-16.
A case of a former gang boss taking his cut from wages due to workers as late as 1955 is noted in chapter 8.
39. Liu Tzu-chiu (loc.cit).
40. (ibid)
41. Ch'ang-chiang Jih-pao: June 13th 1951 (loc.cit).
42. For an account of the various activities of secret agents in factories see Hua Tung Jen-min Ch'u-pan-she: T'e-wu P'lo-huai Kung-ch'ang ti Tsui-hsing (The Crimes of the Special Agents who Sabotage Factories) Shanghai May 1951 p 55.
43. Alley Rewi Yo Banfa Shanghai China Monthly Review 1952 pp 21-2
Alley describes the connections between gang bosses and the Shanghai Green Gang.
44. Liu Tzu-chiu (loc.cit).
45. CKKCT CYWYH: Chung Nan chü directive August 1st 1951 (loc.cit)
46. Ch'ang-chiang Jih-pao: June 13th 1951 (loc.cit).
- 47-51. (ibid)
52. Liu Tzu-chiu (loc.cit).
53. CKKCT CYWYH: Hua Nan Fen-chü resolution August 5th 1951 (loc.cit)
54. For example Ch'ang-chiang Jih-pao July 5th 1951 in CB 115 September 10th 1951 p 13.
55. (ibid) This formula was laid down by Yeh Chien-ying at that time Chairman of the CCP South China Sub-bureau
56. (ibid)
57. Liu Tzu-chiu (loc.cit)
58. (ibid)
59. SCMP 170 September 9-10th 1951 pp 11-12
60. CKKCT CYWYH: Hua Nan Fen-chü resolution August 5th 1951 (loc.cit)
61. See chapter 8
62. CKKCT CYWYH: Chung Nan chü directive August 1st 1951 (loc.cit) expounded at greater length in Liu Tzu-chiu (loc.cit)
63. Chang Hsi: "K'ai-chan Ch'i-yeh Min-chu Kai-ko Yün-tung" ("On Developing the Democratic Reform Movement in Enterprises") KPHHTL No 37 p 76
64. (ibid)

65. CKKCT CYWYH: Chung Nan chü directive August 1st 1951 (loc.cit) specifies the relevance of land reform. See also Chang P'ing-hua: "Tui-yü (Wei Kuan-ch'e Min-chu Kai-ko Erh Tou-cheng) ti Pu-ch'ung Fa-yen" ("Supplementary Speech on the Struggle to Implement Democratic Reform") at 1st session of the Second Congress of People from all Circles in Wuhan Ch'ang-chiang Jih-pao 9th July 1951 reprinted in KPHHTL No 37 pp 65-73.
66. KJJP 30th August 1951 p 1 : "Pei-ching Kung-ying Yung Mao Chien-chu Kung-ch'eng Kung-ssu Kung-hui Ling-tao Kung-jen Ta-tao Feng-chien Pa-t'ou" ("The Labour Union of the Publically run Yung Mao Building Corporation in Peking Leads the Workers to Overthrow Feudal Gang Bosses").
67. Liu Tzu-chiu (loc.cit)
68. Ch'ang-chiang Jih-pao August 19th 1951 in CB 115 September 10th 1951 pp 16-19
69. Ch'ang-chiang Jih-pao 20th July 1951: "Lun Fa-tung Kung-jen Ch'ün-chung Chien-chüeh Kuan-ch'e Ch'i-yeh Min-chu Kai-ko" ("On Mobilising the Worker Masses to Persist in Implementing the Democratic Reform of Enterprises") reprinted in KPHHTL No 37 pp 37-42.
70. Liu Tzu-chiu (loc.cit)
71. CKKCT CYWYH: Chung Nan chü directive August 1st 1951 (loc.cit) See also Nan-fang Jih-pao August 20th 1951 in CB 115 September 10th 1951 p 12.
72. Liu Tzu-chiu (loc.cit).
73. CKKCT CYWYH: Chung Nan chü directive August 1st 1951 (loc.cit)
74. Ch'ang-chiang Jih-pao June 13th 1951 (loc.cit)
75. Liu Tzu-chiu (loc.cit)
76. Chang Hsi (loc.cit)
77. This formula was laid down by Mao in June 1943 in "Some Questions Concerning Methods of Leadership" (SW(English) p 118) where he talks about the mass response to a movement consisting of three groups - the small number of active elements, the large intermediate group and the group of relatively backward elements. See also chapter 8 note 68.
For another example in this essay see Chapter 9 note 71.
78. CKKCT CYWYH: Chung Nan chü directive August 1st 1951 (loc.cit)
79. Liu Tzu-chiu (loc cit)
80. (ibid)
81. See chapter 9
82. Liu Tzu-chiu (loc cit)

83. Richman, Barry: Industrial Society in Communist China New York Random House 1969 pp 255-256. 40% of the enterprises surveyed by Richman were implementing this system. The mechanics for election were the same as for electing delegates to peoples congresses.
84. JMJP 24th September 1965 p1: "Mien Hsiang Pan Tsu, Mien Hsiang Ch'un-chung; Wei Sheng-ch'an Fu-wu ("Face the Shifts, Face the Teams; Serve Production").
85. Harper, Paul: "The Party and the Unions in Communist China" CQ 37 January-March 1969 pp 84-119.
86. Hunter, Neale: Shanghai Journal New York Praeger 1969 pp 167-172.
87. (ibid) chapters 10-11.

PART TWO ENTERPRISATION

In this section I shall attempt to describe the Soviet model of organisation and incentive that was applied to China in the period following liberation. We shall examine five aspects of "enterprisation", commencing the discussion with the Movement to Establish New Records that began in 1949. The overall theme of this section will be the contradiction between policy and resources which was determined in part by the low level of education on the part of junior line management, a lack of competent technical personnel and a generally low level of political consciousness.

We shall see that in the period prior to 1953 the Soviet model of organisation and incentive was only partially implemented and it was to be a long time before any of the ambitious schemes put forward during the New Record Movement of 1949 were in any real sense realised. In fact, many elements of the Soviet model were only implemented just in time for them to be subjected to intense criticism during the increasingly radical period after 1955.

In the meantime, we shall note that some elements of the Soviet model were mutually contradictory in a Chinese context and this contradiction resulted in forms of organisation antithetical to the Soviet model. Some of the forms of organisation that existed during this period were to appear again in the middle 1950s and middle 1960s, at a time when the numbers of skilled and politically conscious personnel had increased and China's leaders were in a position to discuss to what extent elements of the Soviet model militated against the hierarchy of goals against which a total view of rationality might be measured.

CHAPTER THREE - THE MOVEMENT TO ESTABLISH NEW RECORDS - LAYING THE BASIS FOR ENTERPRISATION

The Sixth Labour Conference of 1948 put forward the two policies of "democratisation" and "enterprisation". The two components of the "democratisation" process, the establishment of representative bodies and the movement to flush out "feudal elements", depended to some extent upon the establishment of agencies external to the factory (military control commissions, local People's governments, Party committees, union structures, municipal democratic reform committees etc.) but the process of "democratisation" was not so totally dependant upon the formation of external agencies as the parallel process of "enterprisation".

The term "enterprisation" was used explicitly to describe a process of transition from a territorially defined factory (kung-ch'ang) or a commercially defined company (kung-ssu)¹ into a unit that was defined in terms of the external network of economic administration. The term "enterprise" was first and foremost an administrative one and in the state sector, it indicated the lowest level of an administrative network that enjoyed a certain degree of autonomy in the use of funds allocated by the state or borrowed from the state banking system.

This chapter will describe briefly the rudimentary system of economic administration that was established in North East China following liberation and then examine the various components of the concept "enterprisation" as they were applied to industrial

enterprises in that region during the Movement to Establish New Records which commenced in mid 1949. We shall deal mainly, though not exclusively, with North East China since this was the area which was acting as a prototype for industrial organisation in the New Democratic Period and the area in which the New Record Movement was most fully developed.

The concept "enterprisation" may be broken down into five components - the establishment of a conception of "rationality," a discrete command structure, a unified pattern of motivation and incentive, a planning and accounting system and a system of contractual agreements. An attempt will be made to determine what exactly was meant by rationality within Chinese industry in 1949 and then the second, third, fourth and fifth of the above components will be examined in connection with the New Record Movement. In this way it is hoped that a basis will be established for the following four chapters in which each of these components will be dealt with in more detail.

The Basic Economic Accounting Unit

The "enterprise" was conceived of in its Soviet sense and the Soviet model of organisation which is referred to in this essay is that of the late 1940s, at which time enterprises consisting of one or several factories were considered to be basic links in the system of economic administration.² Chinese industrial literature at the time of liberation was, however, not very clear about exactly which Soviet model was to be implemented. Labour union cadres were explicitly instructed to read material dealing with the Soviet Union's New Economic Policy³ since the relationship

between the public and private sectors of industry in China during the period of New Democracy was felt to be similar. It was not always clear which Soviet organisational forms were to be adopted; those of the late 1940s or those of the early 1920s?

As in the case of "democratisation", a distinction must be drawn between the North East and the rest of China. In the North East, it was clear that the Soviet organisational model to be emulated was that of the late 1940s. In December 1948, the basic system of economic administration that was adopted in that region placed state run industry under the control of an industrial department (kung-yeh-pu) which was divided into nine administrative bureaux (kuan-li-chü); coal mining (with nine sub-bureaux), machinery, non-ferrous metals, forestry, textiles, chemicals, metal mining (with four provincial sub-bureaux), military engineering and a bureau for other enterprises (including paper, cement, rubber, porcelain etc.). In addition, two corporations (kung-ssu) directly administered by the Industrial Department were established; the Anshan and Penhsi Iron and Steel Works.⁴ The various administrative bureaux were the counterparts of Soviet organisational forms (glavks) as were the corporations (combines). The administrative bureaux controlled a number of lower level corporations as did the Anshan and Penhsi complexes. Such corporations differed from the bureaux and sub-bureaux in that they were "economic accounting" organs (profit making organisations) as opposed to "budgetary" organs. With the exception of corporations, the basic economic accounting unit was to be the enterprise which seemed usually to be only one factory.

The North East adaptation of the Soviet administrative model was later to be extended to the whole country, with ministries taking the place of administrative bureaux and new administrative bureaux taking the place of sub-bureaux. South of the Great Wall in the period immediately following liberation, however, a certain amount of confusion existed as to what form of organisation ought to be prescribed for the lower levels of administration. Some people appeared to take the New Economic Policy (NEP) parallel sufficiently seriously to advocate the establishment of basic level organisations remarkably similar to the NEP trust which, in the Soviet Union, had ceased to be the main basic level accounting unit in the 1920s.⁵ In the spring of 1949 Liu Shao-ch'i advocated the establishment of ten horizontally integrated corporations in Tientsin and the incorporation of sundry factories that did not fall into clearly defined production criteria into joint enterprises (lien-ho ch'i-yeh).⁶ Liu stated that private organisations could enter these organisations though it is difficult to imagine how this would have worked out in practice, and as far as I know no details have been published on the operation of such corporations or joint enterprises in this early period. Similar organisations were to appear in the middle 1950s and 1960s⁷ and for these some documentation exists. It was not however for this kind of "trust" that Liu Shao-ch'i was subsequently attacked but for his proposal to turn over part of industry to organisations similar to British public corporations, and thus dilute the power of the Party.⁸

Although this essay will not examine the structure of supra-enterprise organisation, it is useful to have some idea about the

formal industrial network and the significance of the role of the individual enterprise in it, for the very term "enterprise" was defined according to that prescribed network.

Rationality,

The North East embarked early upon the implementation of a Soviet organisational model. A considerable amount of literature was translated from Russian and a number of articles appeared describing the "rationality" of this model. In China the process of democratic reform was to pave the way for "rational" administration. One is bound, therefore, to ask what is meant by "rationality".

The loosest definition of rationality is the "selection of the appropriate means to achieve some end".⁹ For such a definition to have any operational significance, one must establish a definite hierarchy of ends and be in a position to predict the probable outcome of the means used to attain them.¹⁰ Since the determination of ends must of necessity be in accordance with a hierarchy of values,¹¹ a conception of rationality is only operational when a convention as to desired values is established. It is impossible therefore to divorce rationality from ideology.

Within every society there is always a maze of contradictions between hierarchies of social and economic values, between human and technological values, between community and organisational values etc.¹² Social scientists of a non-totalist persuasion who are concerned with assessing the "rationality" of a particular

action tend to abstract a single hierarchy of values and ends against which to measure that action, in the hope that other social scientists might abstract a different hierarchy of values and ends to measure the same action. The conclusion so produced is that the action in question is "rational" in terms of A but not in terms of B. Social scientists of a totalist persuasion, on the other hand, seek to measure action against a total integrated developmental process where individual ends are not abstracted. An action is therefore rational or irrational only according to that process.

The first approach to "rationality" all too easily leads to a situation where the process of abstraction becomes unconscious and the partial nature of ends becomes "given";¹³ what was hitherto a useful heuristic device becomes a reductionist ideology whose practitioners find it difficult to engage in interdisciplinary comparison. The second approach to rationality all too easily leads to a failure to achieve a totally integrated hierarchy of values and ends and the employment of imported models rather than carefully worked out developmental strategies. One might well argue that those economists who bring to the study of China a view of rationality defined only in terms of "optimum resource allocation patterns" may be guilty of the former, whereas those latter day Weberian sociologists who bring to China a view of development in terms of stable behavioural models¹⁴ may be guilty of the latter. In North East China in 1949, the term "rational" tended to be equated with a prescribed stable Soviet model in much the same way as some of the heirs to Weber's

"legal rationality" measured rationality against a prescribed set of pattern variables¹⁵ that were rooted somewhere in a stable "mid-Atlantic culture".¹⁶ In this essay we shall note that the Soviet models of organisation and incentive were not introduced all at once but the New Record Movement of 1949-50 contained all the necessary ingredients of those models and the success of that movement was attributed to "reliance upon the cooperation of allies and friends" (the Soviet Union) rather than the "rationalism" (sic) of some Chinese equivalent of Frederick Taylor.¹⁷

Genesis of the Movement to Establish New Records

The New Record Movement was the third of a trinity of movements carried out simultaneously within North East industry in 1949, the other two being the democratisation of management and democratic reform. It was to have a significance far wider than just beating pre-war records and my impression is that it was considered to be of a far greater importance than the other movements. Li Fu-ch'un, Vice Chairman of the North East People's Government, described its political importance as no less than "the consolidation of the material foundation of the People's Democratic Dictatorship and its economic and administrative significance as no less than "laying the foundation for enterprisation" by raising the level of output, improving quality, determining norms, practising "economic accounting" and improving systems of production management.¹⁸

The movement originated in the joint Sino-Soviet enterprises in Lushun and Talien where Soviet experts were at hand long before

the conclusion of the Sino Soviet Treaty.¹⁹ In the North East as a whole, the movement dates from June 1949 when the North East Industrial Department conducted an investigation into the work of factories in each of the administrative bureaux that had been set up some six months before.²⁰ The investigation discovered that waste was very serious and this was attributed to the inexperience of management.²¹ Quite naturally the Industrial Department turned to the one region where management was not inexperienced (Lushun and Talien) for guidance as to how to overcome this problem. The answer given by the Soviet experts was that the economic accounting system (khozraschët) should be implemented as soon as possible²² and in July 1949 the Industrial Department decided that the economic accounting system would be introduced or strengthened in all factories under its jurisdiction.²³ From July-September 1949 considerable discussion was held as to how such a system could be implemented and again Soviet advice was sought. The Soviet experience had shown that the implementation of the economic accounting system could only be effectively undertaken once an efficient system of norm determination had been worked out within enterprises and the best way to do this was to emulate the Stakhanovite system.²⁴ Consequently, in September 1949, the New Record Movement began formally, with the primary aim of establishing norms through labour emulation competitions. Upon these norms a system of planning and accounting could be built.²⁵

In October a number of directives were published by the North East Bureau of the Party Central Committee and the Industrial Department establishing the scope of the movement²⁶ and linking it with the policy of implementing the economic accounting system.²⁷

In addition, each bureau chief, corporation director and FGM under the jurisdiction of the Industrial Department attended a mobilisation conference so that the movement could proceed in a uniform manner.²⁸

As a result of the introduction of the New Record Movement, it was claimed that in the three months from October-December 1949 the labour productivity rate in enterprises under the jurisdiction of the North East Industrial Department went up by 13% on the September rate. In the first five months of the movement (October 1949-March 1950) over 50,000 workers in two thirds of the 170 principal factories in the Industrial Department's network were involved in creating new records either individually or collectively and this amounted to 19,940 items. Of these, 116 factories, 36 had already arrived at a new set of norms by March 1950 and 16 had partially done so.²⁹ In the North East as a whole, output of enterprises under the Industrial Department doubled in the second half of 1949³⁰ though this is also attributable to many other factors, not the least among them the repairing of war damage.

Rationalisation Proposals

The establishment of new records was closely associated with the fostering of "rationalisation proposals" which would serve to raise the level of quality control and technical standards upon which norms could be established. A rationalisation proposal may be defined as anything which improved the labour productivity rate and lowered costs - in fact, anything which contributed to

the determination of higher but realistic norms. Such proposals might deal with cutting down on useless operations, eliminating waste, reducing losses, aiding inter-departmental co-ordination, improving the working environment, new designs for equipment, measures to save time etc. All such proposals could, in theory, be accorded a cash value. Rationalisation proposals were divided officially into three categories; inventions, technical improvements and other rationalisation proposals, and the cash value of each proposal was an estimate of the annual amount of money saved by its adoption. Bonuses were awarded in direct proportion to the cash value according to a set scale (see figure 2).³¹

The drive to foster rationalisation proposals began in the Lushun Talien area long before the remainder of the North East. Within Talien enterprises in 1948, 1426 proposals were made, of which 449 were considered to have definite technological value. The estimated value of these proposals was ¥ 61,000 (Kuan-tung currency) equal to 15% of the overall value of production in Talien.³² In the country as a whole during the years 1949-52 almost 400,000 rationalisation proposals were recorded, of which over 241,000 were adopted.³³ I have, however, seen no nation-wide bonus scales for rationalisation proposals promulgated before May 1954.³⁴

We shall note later that sometimes technical personnel did not give sufficient weight to rationalisation proposals that were put forward by ordinary workers.³⁵ As early as October 1949, there was a tendency for FGMs to disregard rationalisation proposals that

FIGURE 2.

NORTH EAST PEOPLES GOVERNMENT INDUSTRIAL DEPARTMENT TEMPORARY
BONUS SCALE FOR RATIONALISATION PROPOSALS 5th April 1950

In units of JMP(NE) ¥ 10,000

Value (annual savings)	Inventions	Technical Improvements	Other Rationalisation Proposals
under 100	20-25%	15-20%	5-10%
100-500	15%+10	12%+ 8	6%+ 4
500-1000	12%+25	8%+ 28	4%+ 14
1000-3000	10%+45	5%+ 58	2.5%+ 29
3000-6000	8%+105	4%+ 88	2%+ 44
6000-10000	6%+225	3%+ 148	1.5%+ 74
10000-30000	5%+325	2.5%+ 198	1.25%+ 99
30000-60000	4%+625	2%+ 348	1%+ 174
60000-100000	3%+1225	1.5%+ 648	0.75%+324
100000-300000	2%+2225	1%+1148	0.5%+ 574
300000 +	1%+5225	0.5%+2648	0.25%+1324
	not to exceed 15,000	not to exceed 8,000	not to exceed 4,000

Source

Tung Pei Jen-min Cheng-fu Kung-yeh-pu:

"Kuan-yü Ch'uang-tsao Sheng-ch'an Hsin Chi-lu Chiang-li Chan-hsing T'iao-li" (Temporary Bonus Regulations for Establishing New Records)

Tung Pei Kung-yeh No. 20, 16th April 1950, pp 50-53.

did not offer spectacular results, and this prompted official instructions that FGMs think of benefits of the order of only 5-10% and discuss all proposals at the regular production conferences that had been instituted as part of the Soviet system.³⁶ FGMs were required to work out concrete procedures for dealing with such proposals and their submission to higher levels for approval.

Norm Determination

Norms were to be determined on the basis of new records and technical standards. At first there was a tendency to decide norms arbitrarily, upon the basis of abstract theory or according to international standards. International standards tended to be higher than Chinese standards at that time and this resulted in the setting of norms which were too high and which dampened the workers' ardour. For example, the Antung (now Tantung) Paper Works began to establish norms in August 1949 upon the basis of international standards and the current production of the factory. A monthly target of 12 tons of a particular type of paper was fixed for the whole factory, but by October the highest monthly target reached was 9 tons. In November the FGM was forced to lower the target to 11 tons. In that month the New Record Movement was implemented in the factory and this resulted in a record output of 12.632 tons. The target (an aggregate of lower level output norms) was raised accordingly to 12 tons. In December an output of 15.92 tons was recorded which brought the average monthly output up to 12.67 tons and in January the target was raised to a point just above the average, (13 tons).³⁷ This clearly demonstrates a policy which sought to keep targets (and lower level norms) closely tied to average production over a period

of time and to actual increase in production rather than purely technical or normative criteria.

Output norms were not the only kind of norm. Originally there were three others (quality, time and labour) which were collectively known as the four fixed (ssu-ting)³⁸ but as the movement was developed ten norms were prescribed. First a quality norm was determined and after that nine other norms were determined in the following order; norm for the utilisation of raw materials, labour norm, time norm, output norm, equipment norm, expenses norm, cost norm, capital construction norm and technical norms; the first eight of these were said to form a system since the last two categories were to a greater extent independent variables.³⁹

After the masses had been mobilised to create new records, technical cadres went down into the shops to fix quality and technical standards against which to measure the above norms. On the basis of these standards and records which had already been achieved, discussion was organised at all levels.

Individual norms were fixed according to an individual worker's achievements. Once he had established a tentative record, workers engaged in the same job would discuss his achievements and if they felt that they could realistically achieve the same themselves, would propose the formal adoption of this record as a norm. If they felt that they could not achieve the record, a different worker did the same job of work and a new discussion was started.

The initial norm could only be set once there was no more disagreement.⁴⁰

Once initial norms had been determined, they were submitted to the factory management committee for adoption and then to the appropriate administrative bureau or corporation for ratification.⁴¹ Once such ratification had been obtained, the norms could not be altered for a period of six months during which time new records would be set which would provide the basis for new norms for the second six month period.⁴² During this process of norm determination FGMS were warned not to concentrate solely on output and technical norms at the expense of others.⁴³

The Appearance of Labour Models

From the very start of the movement, the process of setting new records was associated with the appearance of labour models. In its formal decision to launch the New Record Movement, the North East Industrial Department singled out a number of labour models in the Machinery Bureau's network who had established new records upon which norms could be determined.⁴⁴ Considerable publicity was given to their exploits⁴⁵ and soon other factories began to publicise the achievements of workers who had successfully emulated them. In the space of one month seventy workers were designated "advanced producers" within factories under the Machinery Bureau.⁴⁶ All these workers received large bonuses but there was also a significant element of non-material incentive in the propagation of their achievements. The selection of model workers

was defined as an anti-conservative measure and this "conservatism" could be defined in three very different ways. Some people thought that the former Manchukuo standards could not be improved upon. Others feared that machinery might be broken in the movement and others disliked the development of a belief in "individual heroism".⁴⁷

Wages and Incentives

A major feature of the New Record Movement was an attempt to tie a wage and bonus system to the system of norms formulated in the course of the movement. In Chapter Five we shall discuss how the Soviet system that was adopted and which was the result of "thirty years struggle against egalitarianism"⁴⁸ conflicted with the egalitarian ethos of the Communist Party, or at least the rural section of it. In the meantime we note the main features of the prescribed Soviet system which were first implemented in Lushun and Talien at the beginning of the Soviet occupation.

The prescribed system for enterprises in Lushun and Talien was a seven grade system for blue collar workers with a progressive differential between grades. For example, if one takes grade one as 100, grade two would be 120, grade three 145, grade four 175, grade five 215, grade six 260 and grade seven 320, thus giving differentials of 20, 25, 30, 40, 45 and 60 between successive grades. The lowest grade was initially calculated as just enough for a single worker to live on according to the 1946 cost of living index in Talien which amounted to a wage of ¥ 2,400 (Kuan-tung currency).⁴⁹ In other areas where inflation was rapid, wages were tied not only

to a cost of living index, but also to the price of foodstuffs according to a wage point system.⁵⁰ In 1948 the Sixth Labour Conference decided that the lowest basic wage should be calculated as the lowest possible wage for two people to live on⁵¹ and as the Lushun-Talien model was implemented in North East China as a whole, the prescribed seven grade system tended to be replaced by an eight grade system. Throughout this period, workers in "heavy" industry enjoyed a higher wage scale than workers in light industry which was the exact opposite to the situation that had pertained in pre-liberation Shanghai.⁵²

White collar workers and managers in Lushun and Talien were not paid according to the seven or eight grade system but ideally according to a separate 15 grade system (see figure 3). This was not a progressive system since it was felt that workers directly engaged in production needed a greater incentive.⁵³

The best method of payment was considered to be piecework which was justified according to the socialist principle of "from each according to his labour to each according to his work". In its most rudimentary form this meant no more than a progressive bonus system for overfulfilling norms. For example, if a worker fulfilled his output norm by 5% he would get a 10% bonus, whereas if he fulfilled it by 75% he would get not a 150% bonus but a 200% bonus, the principle being the more the norm is overfulfilled the greater the bonus.⁵⁴ This was hardly a piecework system.

A more sophisticated version was the simple piecework system

FIGURE 3.

FIFTEEN GRADE SALARY SCALE (MONTHLY) FOR WHITE COLLAR WORKERS
IN LUSHUN AND TALIEH - early 1950
(Kuan-tung Currency)

GRADE	GRADE ONE ENTERPRISE (HEAVY)	GRADE TWO ENTERPRISE (LIGHT)
1.	3500	3200
2.	4500	4000
3.	5500	5000
4.	6500	5800
5.	7500	5600
6.	8500	7700
7.	9000	8200
8.	10,000	9000
9.	11,000	10,000
10.	12,000	11,000
11.	13,000	12,000
12.	14,000	12,500
13.	15,000	13,500
14.	16,000	14,500
15.	17,000	15,000

Note: I cannot understand why a grade five white collar worker in a grade two enterprise should earn less than a grade four white collar worker. I would have considered this a misprint if I had not seen the same pattern elsewhere (in the collective contract for the Glass Factory of the Lushun-Talieu Electronics Bureau (see chapter seven)).

Source. Chu P'u: "Wei-ta ti Ch'uang Hsin Chi-lu Yün-tung"
(The Great Movement to Establish New Records)

Chung-Kuo Kung-yeh Vol. 1, No. 12, 24th April 1950, pp 3-16.

which by 1949 was the main system in force in Lushun and Talien (and was said to be enjoyed by 80% of Soviet workers at that time). According to this system the basic wage was fixed at the stipulations of the seven grade scale plus 10%. If, for example, a glass cutter was required to meet a norm of 280 square metres per day and his normal working day were eight hours, his time norm for every metre would be 1.7 minutes. Thus for every metre he cut he received payment for 1.7 minutes according to his particular grade scale plus 10%; Thus, if he cut 2 metres in 1.7 minutes, his wage doubled.⁵⁵

The ideal system was a progressive piecework system which was the same as the above except that when norms were exceeded the extra payment was on a progressive scale. Thus if the above worker cut 2 metres in 1.7 minutes he would get more than double his pay and if he cut three metres he would get considerably than treble his pay.⁵⁶ According to the progressive system, the bonus graph is curved rather than a straight line, though the degree of curve may vary.

According to the Lushun Talien system, white collar workers were to get bonuses in proportion to the progressive bonus system of workers on the 7 grade system if a particular factory overfulfilled its target by under 40%. If the factory overfulfilled its target by over 40%, white collar workers were to get a bonus of 70% but this was the ceiling.⁵⁷

We shall note in Chapter Five that although the seven grade system was fully operative in Lushun and Talien by the autumn of 1949 and that by the spring of 1950 78% of all workers in this area were in receipt of payment according to the piecework or progressive piecework systems,⁵⁸ the model spread very slowly to other areas. Outside Lushun and Talien in 1950 piecework systems were found mainly in light industry (especially in textiles) where they had survived from the pre-liberation period.⁵⁹ In heavy industry the progressive bonus system for overfulfilling norms remained more common than piecework systems at least until 1954.⁶⁰ Though strenuous efforts were made to introduce the seven and eight grade systems during the New Record Movement, once norms were formulated, very little success was recorded even in the North East in establishing unified differentials.⁶¹ The Lushun Talien experiences are valuable only as a model.

A System of Internal Contracts

Another feature of the New Record Movement was the establishment of a system of internal contracts within the enterprise. These were collective contracts which were anything from labour agreements to productivity deals, joint contracts which stipulated the relationships between various structures within the enterprise, and master apprentice contracts.⁶² During the Korean War another type of contract was introduced: the patriotic compact. These compacts began as donation agreements to support the front in the last days of the Civil War and continued as such into the Korean War where they were transformed into a lower level guarantees of labour

discipline and plan fulfillment.⁶³ Such a system of internal contracts was seen as particularly important during the New Record Movement since they established a link between labour regulations, wage standards and norm fulfillment. In drawing up these contracts a worker had the chance to discuss his terms of service and the norms he was expected to achieve. Once drawn up, the worker knew exactly what his norms were and what he stood to gain if he fulfilled or over fulfilled them. These different types of contract will be considered in detail in chapter seven.

The Responsibility System and Planning Network.

The final major feature of the movement was the introduction of a responsibility system. Some managers felt that the New Record Movement could become too "democratic" in the sense that labour activism might lead to confusion and the shelving of responsibility in the drive to achieve new records.⁶⁴ What was feared was "democracy" in its participatory sense, in much the same way as a policy of mobilisation was feared in the democratisation movements.

In the first five months of the movement, not a great deal of attention was paid to discipline, for the movement was felt to be like water which, in the end, would flow along defined channels.⁶⁵ Presumably, if one dug the channel too soon the water might dry up. By the end of February 1950, however, attempts were made to implement a system of responsibility and following an authoritative decision

from the North East Industrial Department⁶⁶ a number of articles appeared in the press specifying exactly what the establishment of such a system would entail.⁶⁷ The requirements of the Industrial Department revealed a conception of control far tighter than anything that was to appear subsequently.

The head of every bureau and corporation was required to report daily to the Industrial Department on how far the current plan had been fulfilled in enterprises under his jurisdiction, whether machines had been stopped and on the state of equipment, supply of materials and distribution of products. The Industrial Department was required to analyse the opinions and suggestions of the bureau chiefs and corporation directors and to make periodic summaries.⁶⁸ To this end the department published a journal Tung Pei Kung-yeh which was the forerunner of the many ministerial journals that were to appear in the years that followed.

Every week bureau chiefs and corporation directors were required to collect summaries from the heads of each sub-department and each FGM and Mine General Manager within their network. These summaries were to be based upon the reports made by FGMs and sub-bureau chiefs to work conferences or production conferences within their own units; they were to deal with work over the past week, showing how the resolutions of previous meetings had been implemented.⁶⁹

The head of the planning department of each administrative bureau was required to hand down a ten day plan to each FGM in the

first two days of each ten day period, giving details of the day and night operation of equipment within each factory, and on the basis of these ten day plans, the FGM was to hand down daily plans to the shops giving concrete instructions for each worker and each piece of equipment.⁷⁰

Before beginning work every day, meetings of technicians, shift leaders, foremen and team leaders were to be held in the shops to determine work posts for the day (or shift) and after every shift a fifteen minute meeting was to be held in every shop to analyse difficulties encountered in the shift and shortcomings in the work done.⁷¹

One person was to be assigned responsibility for each piece of equipment and responsibility for shift change, supply, safety and the resolution of different kinds of technical problems located. A regular inspection procedure for every item of equipment was to be instituted and, in the case of stoppages due to equipment malfunction, the bureau or corporation concerned was to call a meeting to determine who exactly was responsible; these meetings were to submit reports to the head of the Industrial Department.⁷²

The instructions on responsibility were supplemented by a directive on safety⁷³ following which each bureau conducted an investigation of safety measures throughout its network.⁷⁴ The Industrial Department organised four inspection teams to carry out spot checks. In addition, each factory was required to set up its

own safety inspection system, the provisions of which were to be ratified by the appropriate factory management committee.⁷⁵

Such a system of responsibility was highly ambitious and took a long while to put into operation. In 1953 a widespread lack of responsibility was noted even in the North East which indicated a lack of success in implementing this responsibility system. A mammoth campaign was instituted at that time to solve the problem once and for all and we shall return to this campaign in the next chapter.

Spontaneity and Discipline

The above seven major features of the New Record Movement were all inter-related. Records were to be set and rationalisation proposals submitted in order to formulate norms. Model workers were to be designated and wage and bonus systems determined to act as incentives to set new records. Internal contracts were to be concluded linking labour regulations, wage systems and planned targets in order that the worker know exactly where he stood and what he could gain by setting new records. Finally, a responsibility system was to be introduced to stop the whole process getting out of hand.

In the North East the New Record Movement accompanied the process of democratic reform and the mobilisation carried out for these two movements was the same. By December 1949, in that region, both movements had reached a stage that required consolidation and

stability. In the previous three months, although very many new records had been set, overall production targets were sometimes not being fulfilled due to faulty management systems.⁷⁶ The New Record Movement had been designed primarily as the first step in introducing the economic accounting system which was above all aimed at minimising waste. In the course of the movement, however, waste had sometimes increased⁷⁷ due to a stress on quantity at the expense of quality, a preoccupation with finishing work in record time, insufficient attention paid to inspection procedures and the large scale testing of rationalisation proposals that often went wrong.⁷⁸ The enthusiasm of the workers had led to their participation in extra shifts and night shift workers frequently worked through the following day shift, thus endangering their health.⁷⁹ The time had come to give greater stress to the disciplinary elements in the movement and the establishment of a responsibility system was given priority,

A number of articles appeared in the press highlighting the lack of a sense of responsibility. It was noted that in some factories there were no technical regulations at all and in others some people came and went at will without any regard to the work post to which they were assigned.⁸⁰ Demands were made therefore that the Party, management and labour unions carry out all measures necessary to enforce labour discipline even to the point of compulsion.⁸¹ In the summer of 1950, the new order of priorities was reflected in press accounts of the New Record Movement which were sometimes included under the heading "Establish a Responsibility System".⁸² This was a far cry from an earlier policy which demanded

that the "water" be allowed to find its own channel.

The original policy for the New Record Movement had been one of discipline on the basis of creativity. In early 1950 this changed to one of creativity on the basis of discipline and it was at this stage that the movement spread to the rest of the country. Democratic Reform was not very thorough south of the Great Wall in the period 1950-51, nor was the development of labour emulation competitions, for they too depended upon a policy of mobilisation which was not to appear in any significant way until 1951.

In that year, the New Record Movement was given a new lease of life and it subsequently developed into a Movement to Increase Production and Practise Economy as mass mobilisation became more thorough.⁸³ In July 1951 Li Li-san warned against precipitately imposing disciplinary measures upon workers engaged in production competitions even though such competitions might harm their health and so affect production. Li felt that the intense vigour engendered by such competitions could not last for very long and only when movements began to lose their vigour was one to lead them "from their temporary shock nature into becoming regular campaigns".⁸⁴ Li's remark was an echo of the "water" analogy that had been applied to the North East at the height of its New Record Movement.

Commenting on emulation campaigns at the Seventh Labour Conference in 1953, Lai Jo-yü, the secretary general of the ACFL,⁸⁵

noted that it had been impossible to routinise production competitions until after democratic reform had been carried out.⁸⁶ Thus the stress on labour discipline and the creation of Soviet type structures which in the North East took place in the spring of 1950 did not take place with anything like the same degree of thoroughness in the rest of the country until after the conclusion of the Three and Five Anti campaigns of 1951-52.

Individual and Group

In the New Record Movement there developed not only a contradiction between spontaneity and discipline, but also a contradiction between individual and group orientation. The Soviet model, as interpreted during the New Record Movement in North East China, fostered the individual model worker who was rewarded both materially and non materially as an individual and kept in check by a system of individual responsibility. Bonuses were to be awarded to individuals wherever possible and if it was impossible to avoid giving a collective bonus, the recipients were required to divide out the proceeds according to which individuals made the greater contribution; at all costs "egalitarianism" was to be avoided.⁸⁷

Surveying the twenty years' history of the Chinese People's Republic, one may discern two views of work motivation and incentive. The first praises the hard working individual and criticises the lazy. Such a stick and carrot policy pays according to piecework and is founded upon the belief that status and material benefit are the prime determinants of work motivation.⁸⁸ The second view

praises the individual not so much for his hard work as for his "activism". Such "activism" is infectious,⁸⁹ hard work per se is not. Activism may be defined not just as enthusiasm for work but infectious enthusiasm for work and the collectivity. This second view does not rule out status and material benefit as important factors in work motivation but attempts to reduce them to collective dimensions. Deriving from that collective orientation, an additional ingredient is added - guilt. Under such a system the lazy individual is not only apprehensive of criticism but feels also a sense of guilt at having let down the collectivity.

There is a considerable amount of literature upon guilt as a determinant of work motivation in Western (particularly Protestant) society. It has been said that capitalism depended for its development upon a system of stable expectations which derived from the inner worldly asceticism of the Puritans who by depersonalising family and neighbours achieved inter-personal reliability at the expense of emotional involvement.⁹⁰ Emotional involvement was displaced on to a symbol which in the period of the Protestant Reformation was God,⁹¹ though later such a symbol was replaced by a more secularised version of ideal-self projection (duty etc.). Guilt stemmed from the inadequacy of the residual self when confronted by the symbolised projection of the ideal-self.⁹² In Mao's view the community is a God-symbol.⁹³ Guilt therefore stems from a similar confrontation.

The activist-guilt pattern of motivation became quite manifest during the Great Leap Forward which was characterised not so much by the replacement of material incentive by moral incentive, but by the switching of the loci of both types of incentive. During that period, collective material bonuses were stressed⁹⁴ and patterns of inner-direction fostered.⁹⁵

We have noted that during the New Record Movement a stick and carrot policy was adopted which might conflict with a more widely defined policy of fostering "activism". There was also a stress upon the individual which might conflict with the ethos of a Communist Party that had emerged from a tradition of group orientation. The individual hero had been a feature of Yanan days but however much individual responsibility was a feature of policy, it would not mean much in a situation which demanded that cadres assume a number of ever-changing roles.⁹⁶

Such a stress upon the individual might lead also to division amongst the workers.⁹⁷ In 1951 Li Li-san called for the "promotion of collective heroism" instead of individual merit. He saw the primary function of group contracts as shifting the focus away from the individual.⁹⁸ This might have been a plea for a shift to an activist community orientation or, in view of Li's current "economist" line,⁹⁹ the reflection of a trade unionist's conservative distrust for the individual shock worker. An affirmation of gemeinschaft may be either radical or conservative.

Conclusion

The New Record Movement established in North East China the dimensions of the Soviet model that was to be emulated. Rationality was defined according to that model, for the "advanced methods we must pursue all come from the Soviet Union".¹⁰⁰ Rational incentive was a process which related the size of the carrot (or stick) to current production and behaviour was rational in so far as it was stable and predictable.¹⁰¹ Thus began a process which was to end with the Great Leap Forward when Mao called attention to the temporary nature of stability and the permanence of imbalance¹⁰² and affirmed that China was no longer to "eat ready made food".¹⁰³

One is left with the problem of whether another strategy could have been devised in the early 1950s. Mao certainly did not think so.¹⁰⁴ In the chapters which follow, the various ingredients of the Soviet model will be treated more fully and we will note that the prescriptions of the Soviet model that were laid down in the North East in 1949-50 were no guarantee of its full implementation.

NOTES TO CHAPTER THREE

1. Note that the term "kung-ssu" was used for both company and for corporation.
2. Cheng Hung-su: "Su-lien ti Ch'i-yeh...."(loc.cit). For a historical account of changes in economic administration in the USSR see Arakelian A. Industrial Management in the U.S.S.R. (originally published in Russian by Moscow. Worker Press 1947 and issued by Economics Institute of the Academy of Sciences of the U.S.S.R. Translated by Raymond, Ellsworth L.) Washington D.C. Public Affairs Press 1950 pp 70-74.
3. Chung-hua Ch'ian-kuo Tsung-kung-hui: "Cheng-tun Kung-hui Tsu-chih yü Kung-hui Kan-pu ti Kung-tso Tso-feng" ("Rectify Labour Union Organisation and the Working-style of Labour Union Cadres") KJJP 30th August 1950 reprinted in CKKJ No 8 September 1950 p 6.
4. Kuan Shui-hsin: "San-nien-lai Tung Pei ti Ching-chi Chien-she" ("Economic Construction in the North East in the Past Three Years") CKKY Vol 1 No 11 17th March 1950 pp 18-22.
5. Arakelian (op cit) pp 70-74
6. Liu Shao-ch'i: "Report on Labour Union Work" May 1949 (loc.cit)
7. Schurmann unpublished manuscript (op cit) II pp 30-35 on the mid 1950s and Richman (op cit) pp 688-704 on the mid 1960s.
8. "57" United Detachment of the Revolutionary Rebels of the 8th Ministry of Machine Building: "Wipe out State Monopoly and Promote Mechanisation on the Basis of Self Reliance in a Big Way" (originally in Nung-yeh Chi-chieh Chi-shu No 6 September 19th 1967 translated in SCMM No 610 15th January 1968 pp 26-8) (I am indebted to G. Shillinglaw for this reference).
9. Simon, Herbert Administrative Behaviour MacMillan 1950 pp 75-7
- 10-11. (ibid)
12. Schurmann H. Franz: Ideology and Organisation in Communist China University of California Press 1966 pp 231-235.
13. See Bendix, Reinhard "The Cultural and Political Setting of Economic Rationality in Western and Eastern Europe" in Grossman G (ed) Value and Plan University of California Press 1960 p 245.
14. For some light on this see the debate between Bendix and Eckstein in Grossman (op cit).
15. In particular Talcott Parsons.
16. For example Almond and Coleman The Politics of the Developing Areas: Introduction and Conclusion.
17. Chu P'u: "Wei-ta ti Ch'uang Hsin-chi-lu Yün-tung" ("The Great Movement to Establish New Records") CKKY Vol 1 No 12 24th April 1950 p 5 (his terms precisely).
18. Li Fu-ch'un excerpts of speech to Mobilisation Meeting of N.E. Industrial Dept. in JMJP 1st November 1949 p 2.
19. Chu P'u (loc cit) p 4.

- 20-25. (ibid)
26. TPJMCF KYP : "Kuan-yü K'ai-chan Ch'ün-chung-hsing Ch'uang-tsao Sheng-ch'an Hsin Chi-lu ti Ch'eh-ting" ("Decision on Developing the Movement of a Mass Nature to Establish New Production Records") October 6th 1949 JMJP 15th October 1949 p 2 and CKKJ Vol 1 No 1 15th February 1950.
- CKKCT CYWYH: Tung Pei chü: "Kuan-yü Kuan-ch'e (Kung-yeh-pu Chi-hsü Kuan-ch'e Ching-chi Ho-suan-chih ti Chih-shih) yü (K'ai-chan Ch'ün-chung-hsing ti Ch'uang-tsao Sheng-ch'an Hsin Chi-lu ti Ch'eh-ting) ti Ch'eh-ting" ("Decision on Implementing the Industrial Dept's. Directive on the Continued Implementation of the Economic Accounting System and its Decision on Developing the Movement of a Mass Nature to Establish New Production Records") October 6th 1949 CKKJ Vol I No 1 February 15th 1950 p 28.
27. TPJMCF KYP : "Kuan-yü Chi-hsü Kuan-ch'e Ching-chi Ho-suan-chih ti Chih-shih" ("Directive on the Continued Implementation of the Economic Accounting System") October 6th 1949. Tung Pei Jih-pao 6th October 1949 reprinted in JMJP 14th October 1949 p 2 and CKKJ Vol I, No 1 15th February 1950 pp 25-7.
28. Chu P'u (loc.cit) p 4.
29. NCNA 16th March 1950 recounted in Chu P'u (loc.cit).
30. (ibid)
31. TPKY No 20 16th April 1950 pp 50-53.
32. Chu P'u (loc.cit) p 10.
33. Lai Jo-yü : "Ta Kuei-mo Ching-chi Chien-she Ch'ien-yeh ti Chung-kuo Kung-jen Chieh-chi" ("The Chinese Working Class on the Eve of Large Scale Economic Construction") in Jen-min Ch'u-pan-she: Chung-hua Jen-min Kung-ho-kuo San-nien-lai ti Wei-ta Ch'eng-chiu December 1952 (4th ptg. August 1953) P.152.
34. For the National (May 1954) regulations, see NCNA 1723 30th August 1954 and PFLP: Labour Laws and Regulations of the Chinese Peoples Republic 1956 pp 54-64. See also Hoffmann, Charles : "Work Incentive Policy in Communist China" CQ No 17 1964 pp 92-100.
35. See chapter 4 note 93 and chapter 8 on the Penhsi Coal Sorting Department.
36. Chu P'u (loc.cit) p 10. I have not seen the original article).
37. Chu P'u (loc.cit) pp 12-13.
38. (ibid) p 8.
39. (ibid)
- 40-43. (ibid) p 9.
44. TPJMCF KYP decision October 6th 1949 (loc.cit)

45. See for example Tung Pei Jih-pao 6th October 1949: "Chan-k'ai Ch'uang Chi-lu Yün-tung" ("Develop the Movement to Establish Records") reprinted in CKKJ Vol I No 1 15th February 1950 p 31.
46. (ibid)
47. (ibid)
48. Chu P'u (loc cit) p 10.
49. Chu P'u (loc cit) pp 10-13.
50. See chapter 5.
51. Chung-kuo Ti-liu-chieh Ch'üan-kuo Lao-tung Ta-hui (6th All China Labour Conference) "Yu-kuan Kung-tzu Wen-t'i ti Ch'eh-i" (Resolution on Wages) August 1948 in Cheng-wu-yüan, Ts'ai-cheng Ching-chi Wei-yüan-hui (GAC Financial and Economic Committee): Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien (Compendium of Financial and Economic Policies, Laws and Decrees) Vol I pt. 2 pp 720-1.
52. Schran, Peter The Structure of Income in Communist China unpublished Ph.D dissertation in Economics, University of California, Berkeley 1961 p 250.
53. Chu P'u (loc. cit) pp 10-13.
- 54-58. (ibid)
59. Ts'ai-ching Yen-chiu No 18 15th November 1958 pp 34-37 (in JPRS 1337-N 12th March 1959 p 2)
60. (ibid)
61. Schran (op.cit) p 290.
62. Chu P'u (loc.cit) pp 5-8.
63. See chapter 7.
64. Chu P'u (loc.cit) p 13.
65. (ibid)
66. TPJMC F KYP : "Kuan-yü Sheng-ch'an Tse-jen-chih ti Ch'eh-ting" ("Decision on the Production Responsibility System") 28th February 1950 in Chung-hua Ch'üan-kuo Tsung-kung-hui, Sheng-ch'an-pu: Sheng-ch'an Kung-tso Shou-tse Volume I Peking, Kung-jen Ch'u-pan-she, May 1950 pp 207-212.
67. For example: Tung Pei Jih-pao, 4th March 1950 : Kuan-ch'e Sheng-ch'an Tse-jen-chih shih Mu-ch'ien Kai-chin Kung-yeh Kuan-li ti Kuan-lien" ("Implementing the Production Responsibility System is the Key to Advancing Industrial Management at the Present Time") in Chung-hua Ch'üan-kuo Tsung-kung-hui, Sheng-ch'an-pu: Sheng-ch'an Kung-tso Shou-tse Vol I (op cit) pp 212-215.
68. TPJMC F KYP decision 28th February 1950 (loc cit) and Tung Pei Jih-pao 4th March 1950 (loc.cit)
69. (ibid)

70. (ibid)
71. (ibid)
72. (ibid)
73. TPJMC KYP : "Kuan-yü Chia-ch'iang An-ch'üan Tse-jen-chih Chin-hsing Pao-an Ta Chien-ch'a Chih-shih" ("Directive on Strengthening the System of Responsibility for Safety and Carrying out a Large scale Inspection of Safety Measures") 18th March 1950 Lao-tung Kung-pao No 2 May 1950 p 21
74. Chu P'u (loc.cit) p.14.
75. (ibid)
76. TPJMC KYP : "Kuan-yü tsai Ch'uang Hsin Chi-lu Yün-tung-chung Fang-chih P'ien-hsiang ti T'ung-pao" ("Communication on Preventing (Certain) Tendencies in the Movement to Establish New Records") 23rd November 1949 CKKJ Vol 1 No 1 15th February 1950 p 32.
77. For a catalogue of waste and accidents during the course of the movement see TPJMC KYP, "Tien-yeh Kuan-li Tsung chü (Electrical Industry Management Bureau): "Hsin Chi-lu Yün-tung ti Ch'u-pu Tsung-chieh" ("Initial Summary of the New Record Movement") CKKJ Vol I No 1 15th February 1950 pp 38-40.
78. (ibid)
79. (ibid)
80. TPJMC KYP Chü-chang Ching-li Lien-hsi Hui-i: (Joint Conference of Bureau chiefs and Corporation Directors): "T'ao-lun Hsin Chi-lu Yün-tung ti Chieh-lun" ("Conclusions of Discussion of the New Record Movement") 7th December 1949 CKKJ Vol 1 No 1 15th February 1950 p 36.
81. (ibid)
82. See for example the section in CKKJ No 5 15th June 1950 pp 8-21 entitled "Kuan-ch'e Sheng-ch'an Tse-jen-chih" ("Implement the Production Responsibility System") which includes a Tung Pei Jih-pao editorial: "Hsin Chi-lu Yün-tung ti Hsin Fang-hsiang" ("The New Direction of the New Record Movement") pp 8-9.
83. See chapters 7 and 8.
84. Li Li-san: "K'ai-chan Lao-tung Ching-sai Ch'ing-chu Tang-ti San-shih-chou-nien Chi-nien" ("Develop Labour Competitions to Celebrate the Thirtieth Anniversary of the Party") KJJP 1st July 1951 p 5.
85. At the 7th Conference, the official English translation of Chung-hua Ch'üan-kuo Tsung-kung-hui became ACFTU. At the conference the post of secretary general was abolished and Lai became ACFTU Chairman.
86. Lai Jo-yü : "Wei Wan-ch'eng Kuo-chia Kung-yeh Chien-she ti Jen-wu erh Fen-tou" ("Struggle for the Completion of the Nation's Task of Industrial Construction") Report to the Seventh Labour Conference May 3rd 1953 JMJP 11th May 1953 pp 1-2.

87. TPJMCF KYP Chü-chang Ching-li Lien-hsi Hui-i (loc.cit)
88. For a stimulating discussion of the two views of work motivation and incentive see Wheelwright and McFarlane (op cit) especially chapter 8.
89. The infectious nature of "activism" is amply illustrated by Hinton in the following quote which describes the land reform process:
- "The mobilisation of the population could spread only slowly and in concentric circles like the waves on the surface of a pond when a stone is thrown in. The stone in this case was a small group of chi chi fen-tse (sic) or "activists", as the cadres of the new administration and the core of its militia were called."
- Hinton, William: Fanshen: A Documentary of Revolution in a Chinese Village New York Vintage Books 1966 p 115 (originally published Monthly Review Press).
90. This is taken from Bendix's interpretation of Weber in Grossman: Value and Plan (loc cit)
91. (ibid)
92. The idea of guilt as the product of ego - super ego tension has been developed most fully by Freud. See Jones Ernest The Life and Work of Sigmund Freud Penguin Books 1964 p 596 though the roots of this idea may be found in Marx's theory of alienation (Economic and Political Manuscripts 1844, The German Ideology (1846) and before him in Feuerbach (see Theses on Feuerbach)
93. See Mao Tse-tung: "The Foolish Old Man Who Removed the Mountains" June 11th 1945 (SW III p 322) in which Mao says: "Our God is none other than the masses of the Chinese people!"
94. Liu Ch'eng-jui, Hung Sui-chih, Yang Chen, K'ang Tso-wu and Ko Ling-p'ing "Contradiction in the Piece-Wage System Enforced in Industrial Enterprises". Chiao-hsüeh yü Yen-chiu No 9 1958 in ECMM No 153 January 12th 1956 p 17.
95. According to Riesman (The Lonely Crowd, Doubleday 1953 p 29) the greatest social and characterological shift of recent centuries came when men were driven out of the primary ties that bound them to the Western version of tradition-directed society and that all later shifts seem unimportant by comparison. In my opinion a similar shift from tradition direction to inner direction had been taking place in China in recent years. Since the most tradition-directed sector of society was the peasantry, it could only be in a period of radical change in the rural sector that any significant change would be made in rural tradition direction. The Great Leap Forward with its de-emphasis on the family and the natural village was such a period. The parallel between the Great Leap Forward/Cultural Revolution strategy and the Protestant Reformation has become almost commonplace although I have seen no detailed study of these movements in terms of the determinants described by Weber, Riesman, McClelland etc. Riesman distinguishes inner direction from tradition direction in a stress on internalising group norms as opposed to a stress on outward behavioural conformity (pp 30-31).

95. Such direction is associated with the idea of predestination in some general sense (p 30).
(cont'd)
96. In his speech to the Eighth Party Congress Li Hst'eh-feng declared that "collective leadership and individual responsibility had always been the traditional principle of organisation of the PLA (see chapter 4 note 36). In practice, however, the genius of the ideal cadre lay in his ability to assume different roles in a highly decentralised situation.
On diffuseness of role see Schurmann: Ideology & Organisation (op cit) pp 99-100 and 233.
97. See chapter 5 especially note 90.
98. Li Li-san: KJJP 1st July 1951 (loc cit).
99. See chapter 9.
100. Chu Tz'u-shou: "Shih-lun Hsin Chung-kuo Kung-yeh Kuan-li ti Chi-pen Fang-ts'e" ("A Tentative Discussion on the Basic Policy for Industrial Management in New China") CKKY Vol 3 No 5 September 1951 pp 3-10 (the quote p 5).
101. On the stability definition of rationality see Bendix (loc.cit)
102. Mao-Tse-tung: "Kung-tso Fang-fa Liu-shih T'iao (Ts'ao-an)" ("Sixty Work Methods (draft)") - 31st January 1958 in untitled collection of writings by Mao, point no 22 new page 33 (this is not the original pagination).
103. Mao Tse-tung: "Speech at the Group Leaders Forum of the Enlarged Conference of the Military Affairs Commission" June 28 1958 from Red Guard pamphlet Mao Chu-hsi Tui P'eng, Huang, Chang, Chou Fan-Tang Chi-t'uan ti P'i-p'an (Chairman Mao's Denunciation of the P'eng-Huang-Chang-Chou Anti-Party Clique) translated in Chinese Law and Government Vol I No 4 Winter 1968/69 p 19.

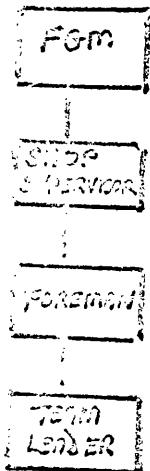
CHAPTER FOUR UNITY OF COMMAND

The prescription of a Soviet-type responsibility system for North East China at the beginning of 1950 marked the beginning of a process that was to culminate in 1953 with a large scale movement to extend the Soviet-type organisation throughout Chinese industry. Until that time there was a significant gap between the implementation of policy north and south of the Great Wall, for organisational reform depended on the completion of democratic reform. Just as it had been possible to prescribe "trust"-like organisations as basic economic accounting units in Tientsin in the spring of 1949, so it was possible for at least one management theorist in Shanghai to advocate functional patterns of organisation at the time of liberation even though these were anathema to the post-war Soviet conception of organisation. We shall examine the prescriptions of this advocate to show that at least in Shanghai, Chinese management was familiar with alternative forms of organisation. The Soviet staff-line conception of organisational command will be elaborated on and this conception contrasted with existing patterns of organisation within Chinese industrial enterprises. The Soviet model demanded a downward transfer of staff functions which led to a growth of "bureaucratic structures" at middle levels of organisation. This pattern of organisational change will be examined from the perspective of the chief engineer, the shop supervisor and the foreman and then contrasted with the reverse process that began in 1964 where staff functions were transferred upwards and functional patterns became stronger. Before commencing the discussion, however, let us determine what exactly is meant by functional patterns of organisation.

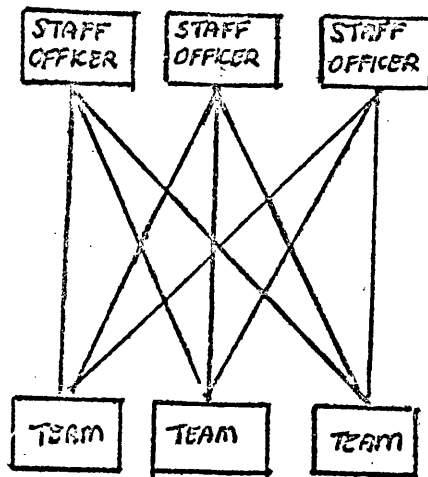
Principles of Organisation

Within an industrial organisation, there are three possible principles of formal organisation; the single line principle, the staff-line principle and the functional principle.

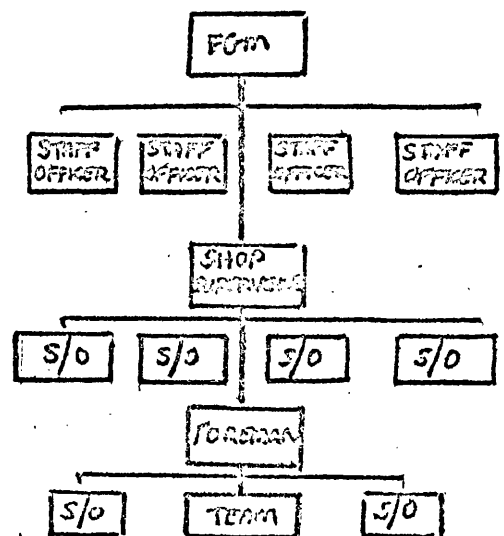
SINGLE LINE ORGANISATION



FUNCTIONAL ORGANISATION



STAFF-LINE ORGANISATION



In single-line organisation, specialised staff functions (personnel management, engineering, accountancy, etc.) are performed by line management who issue instructions directly to the shop floor. Such a principle is only suitable for the small concern since it is based upon the assumption that line management has sufficient time and expertise to perform the necessary staff functions. In staff-line organisation, specialised staff have merely an advisory role. Their function is to assist line management in making decisions but they may not issue instructions directly to the shop floor. Such a system assumes that line managers are sufficiently competent to integrate the advice of staff members and process such advice into operational instructions. In functional organisation, specialised staff are required to issue orders directly to the

shop floor within limits very clearly defined by their expertise. In an ideal functional system, division of labour would be worked out to such a degree of precision that there would be no need for any line managers to perform an integrative function.

When the idea of "functional supervision" was first propounded at the beginning of the Twentieth century it was closely associated with the school of "scientific management" of which Frederick W. Taylor was the most notable exponent.¹ Taylor believed that functional systems would be possible to actualise in a situation where each worker was turned into an unthinking cog in a machine who responded automatically to the specialist commands of each of eight functional foremen.² Workers were by nature lazy and given to "soldiering" and all attempts were to be made therefore to cancel out the human factor. Subsequent works on industrial management, however, considered it not only undesirable but also impossible to consider workers in such a mechanistic way.

Functional Integration

There is, however, no necessary connection between a functional system and a technological conception of organisation (i.e. between roles and structures rather than between individual human beings) as the Taylor system presupposed. In a staff-line system, the function of the line manager is to integrate the advice of staff members with the predetermined policy goals of the organisation and so formulate operational instructions. The Taylor model assumed the disappearance of this function as staff members become receptive to an

integrated organisational policy specifying the exact scope within which they might issue instructions to the shop floor. Such policy integration was effected at foreman level and above and the atomised workers were required to do nothing but abide by written regulations.³ It is possible however to construct a functional model where the integration of conflicting stimuli is effected on the shop floor according to an effective and detailed set of organisational values. In such a model, staff officers would be located at a level higher than that of the foreman since their direction would be confined to matters of importance; ideologically motivated and highly skilled workers would be expected to handle routine matters. The growth of an elite-mass gap which might follow from such an upward transfer of staff functions might be countered by a requirement that management spend a certain amount of time on the shop floor. Such a model would require effective mechanisms of supervision and inspection that could pinpoint areas where integration was not being achieved and operations might be facilitated by locating committees at various strategic points where co-ordination was crucial. Such an ideologically integrated functional model is offered here only as an ideal type by way of contrast to Taylor's technologically integrated functional model, which in the absence of any perfect division of labour and any possibility of cancelling out the human factor is similarly merely an ideal type.

The Dimensions of Stratification

In addition to the above two principles of organisation (staff-line and functional) and integration (ideological and technological), this chapter will be concerned also with the

dimensions of stratification. Staff-line organisation is by definition stratified since staff advisors are attached to various levels of line management. The prime variable is the number of levels of organisation and the number of staff personnel located on them. The number of organisational levels and the location of staff personnel depends directly upon the way responsibility is determined. In a functional system, the nature of work undertaken at the basic level determines the responsibilities of those who have to supervise it. In a staff-line system it is not only the nature of work that determines the responsibilities of supervisory personnel, but also the nature of the network of command and communication. In such a system a communication network might become relatively autonomous and increasingly less responsive to both orders from above and messages from below. As a consequence channels of command might tend to elongate, the number of levels of organisation increase and the personnel engaged exclusively in communication proliferate. In China this pattern has occurred several times in the past twenty years and has always resulted in anti-bureaucratic campaigns which seek to shorten channels of command and abolish middle levels of organisation. I shall call such recurrent patterns bureaucratic cycles, noting that in the period under review a major cycle began after the conclusion of the Three and Five Anti Movements and ended in 1957. Though our period of study covers only the beginning of this cycle, it will be demonstrated that the process of bureaucratisation was well under way by 1953.

An ideal functional system need not be stratified at all. One could imagine a system where there were only two levels, the functional staff managers and the workers. In practice however, whatever the degree of technological or ideological integration, the number of people that any group of functional agents may supervise is limited by purely physical factors. In the Taylor system, functional supervision stemmed from a relatively low level (that of the foremen). In a system that was integrated more ideologically than technologically one might suppose that a relatively high degree of unity of purpose on the shop floor might allow for a somewhat larger number of workers to be placed under a group of functional supervisors and control therefore could proceed from a higher level; some stratification, however, is inevitable in conditions short of perfection.

In Chapter two it was noted that Chinese pre-liberation systems of organisation tended to be stratified to a very high degree and the gang boss system was frequently divided into a number of levels. Such stratified systems were heavily reinforced by a cultural gap between management and workers. The practice of chien-t'ao was designed partially as a measure to close that gap but in the early 1950s, as our discussion of the cavalier treatment accorded to factory management committees has demonstrated, nothing short of very drastic measures would be very effective. This chapter will attempt to demonstrate that after the Three Anti Movement, not only were these measures not forthcoming but the development of the first stage

of a bureaucratic cycle further insulated management from workers and perpetuated a gap that was eventually to be tackled by very extreme measures during the Great Leap Forward.

Functional "Overlay" Patterns

We have talked so far about ideal types between which the direction of organisational change in the Chinese industrial enterprises may be charted. In practice, lack of technical skill on the part of workers, lack of technical supervisory staff and lack of well developed mechanisms for achieving ideological integration would have made the provision of technologically or ideologically integrated functional systems impossible even if this had been prescribed policy. Functional systems have always been extremely rare in industrial organisation⁴ because of the extremely high demands they place upon workers and management. In the China of 1950 where management was relatively inexperienced, they seem to have been non-existent. This does not mean to say that the construction of functional models is a futile exercise for it is axiomatic that in any system of staff-line organisation, a pattern of functional relationships will overlay the formal structure.⁵ No industrial organisation exists in which all technical decisions have to originate from a particular level of line manager, for such a system would be incapable of coping with any emergency situation where technical expertise must be brought to bear upon an immediate problem. Such functional relationships may be formalised but since it is extremely difficult to foresee all the possible technical problems that

might occur, a significant portion of the network of functional contacts is usually informal. This chapter will consider only the network of technical functional contacts. Chapter eight, however, will consider a different type of functional contact stemming from responsible Party personnel for such personnel were themselves functional agents under a staff-line system.

An Advocacy of the Functional Principle

It is quite clear that the alternative organisational models enumerated above were considered by Chinese management, in Shanghai at least, at the time of liberation. In the first two issues of the unofficial industrial journal Chung-kuo Kung-yeh which appeared either side of the liberation of Shanghai,⁶ an extensive discussion of organisational models by a certain Yin Ku was published.⁷ I have seen no reference to what effect his advocacy of functional patterns of organisation had, but the fact that his articles were published in a journal that supported the liberation of Shanghai⁸ meant that some retained managers must have considered the possibility that liberation would not mean the automatic adoption of the Soviet model in all its detail. At the same time the official journal of the North East Industrial Department, Tung Pei Kung-yeh, contained many articles advocating the current Soviet system of organisation but that was in a situation where the Lushun Talien experience was being explicitly drawn upon for the

instruction of inexperienced management cadres. It is not inconceivable that more experienced retained management south of the Great Wall considered that their options were far wider.

Tracing the history of various types of factory organisation from the military or line type (chün-tui-shih-ti huo hsien-ti tsu-chih) (single line type) through the staff-line type (hsien-ti chien ts'an-tsan-shih ti tsu-chih) to the functional type (chuan-chih-hua tsu-chih), Yin Ku concluded that the functional type was the most advanced. Such a type of organisation could be implemented in China since by the 1930s China had reached a stage of development comparable to the United States at the turn of the century when Frederick Taylor had first put forward the idea of functional supervision. Yin Ku felt (erroneously) that China need not fear confusion arising from workers receiving orders from different sources, since this had not been a great problem in the West. One could help the process of integration by the provision of a strong committee system (wei-yüan-hui-chih) and specify the degree of stratification by locating functional supervisors at two levels, in a production control department (sheng-ch'an k'ung-chih-pu) at factory level and in similar departments at a lower level. The committee system would ensure not only lateral integration on the shop floor, but also vertical integration between functional supervisors at these two levels. As such his prescribed system was really a mixture of staff line and functional systems (hun-ho hsien-ti chien ts'an-tsan-shih-ti chi chuan-chih-hua ti tsu-chih) with real functional leadership

being operative at the lower levels.⁹

Yin Ku acknowledged that there would be a tendency for specialist workers not to understand the comments of members of other departments and to show a lack of interest in committees. He felt however that frequent meetings of the appropriate committees would help to overcome this problem. He realised that in the case of divergence of opinions, specialisation might militate against a successful conclusion, but this was a fault of the men not of the system. Yin Ku also called for appropriate supervisory organs to be established to pinpoint difficulties, and advocated the establishment of a separate system of personnel management to pay attention to the human factor (jen-ti yin-su).¹⁰

The particular stress given by Yin Ku to the problem of men as well as system may be interpreted as a call for ideological integration and certainly a separate system of personnel management which paid attention to the human factor could be seen as the mechanism by which such ideological integration might be effected. Yin Ku's prescriptions were in many ways similar to the ideologically-integrated functional model which we have constructed. Such a system is similar too to the kind of pattern that was elaborated in Yen-an in 1943¹¹ and put forward again during the Great Leap Forward, which may be characterised by unified policy which could best be achieved through a staff line system at the highest level and "divided operations" (fen-san ching-ying) at the basic level.¹²

This was a system in which functional agents might intervene at any level except the very top and where the Party was responsible for ideological integration. It differed from the Great Leap Pattern, however, in its stress on specialisation at lower levels rather than reliance on the "jack of all trades" (to-mien-shou).¹³

The History of the Soviet Organisational Model

One may see why the functional principle of organisation might appeal to revolutionary socialists. A technologically integrated functional model offers on the one hand a system which seeks to cut through bureaucratic hierarchies and on the other a glimpse of Engels' eventual "administration by things" rather than "administration by people". However attractive it might seem from this point of view, its dehumanising effects outweigh its advantages. In human terms an ideologically integrated functional model would be much more attractive if only it can be made to work.

Shortly after the Bolshevik Revolution, it was the technologically integrated Taylor model that came to the attention of Lenin, who whilst damning its dehumanising effects spoke of adopting its better aspects.¹⁴ It is very difficult to determine what aspects of the Taylor system Lenin wished to save. If he really wished to advocate functional patterns of organisation, it is very difficult to understand why in the same report in which he offered faint praise to Taylor, he made the statement from which the subsequent advocates of "one-man

management" (an extreme form of staff-line organisation) derive their inspiration:-¹⁵

".... it must be said that large-scale machine industry - which is precisely the material source, the productive source, the foundation of socialism - calls for absolute and strict unity of will, which directs the joint labours of hundreds, thousands and tens of thousands of people. The technical, economic and historical necessity of this is obvious, and all those who have thought about socialism have always regarded it as one of the conditions of socialism. But how can strict unity of will be ensured? By thousands subordinating their will to the will of one.

Given ideal class consciousness and discipline on the part of those participating in the common work, this subordination would be something like the mild leadership of a conductor of an orchestra. It may assume the sharp forms of a dictatorship if ideal discipline and class consciousness are lacking. But, be that as it may, unquestioning subordination to a single will is absolutely necessary for the success of processes organised on the pattern of large-scale machine industry."¹⁶

Whatever Lenin may have felt, literature on Soviet management attests to the prevalence of functional patterns of organisation in Soviet industry for the first ten years after the Bolshevik Revolution.¹⁷ In the early days after that revolution attempts were made to administer enterprises bureaucratically and industrial concerns were no more than extensions of a central bureaucracy.¹⁸ Balancing what would appear to be an excessively centralised system were the workers councils which had been set up in 1917, though the power of these gradually diminished as they came under labour union leadership.¹⁹ As a result of the breakdown of the War Communism model and a switch to the New Economic Policy, a high degree of factory autonomy was enjoyed. Stalin's answer to this lack of unity was to curtail what was left of the power of the workers representative bodies at factory level and to vest

supreme power in an enterprise director.²⁰ In a wider context the "economic accounting system" established the responsibilities of the enterprise director, whereas in the context of the enterprise itself "one-man management" established his power.²¹ The "economic accounting system" gave the enterprise director a degree of autonomy which was not very clear, since he was at the mercy of a number of external control agencies which might exercise different degrees of control at different times. This uncertain degree of autonomy could at best serve to keep the enterprise director on his toes or at worst create an atmosphere in which managerial initiative suffered.²²

As "one-man management" and the Stalinist version of the economic accounting system were promoted, the so-called "parliamentary system" of factory management declined and worker participation was confined to attending production conferences at various levels and worker and staff congresses at enterprise level, which like their later Chinese counterparts were under union leadership and were of a "mass nature" rather than of an executive nature and had no decision making power.²³ Although something of the representative definition of democracy remained, the "democratic base" on which one-man management was to rest became defined increasingly in terms of "making the will of the one man actualised in the voluntary actions of the workers".²⁴

The functional principle was formally abolished in the Soviet Union at the 17th Congress of the Communist Party of the Soviet Union (CPSU) in 1934, at which Kaganovitch defined one-man management as a process whereby each of the line managers in the four tiered conception of enterprise was made an absolute leader.²⁵

One-man management was an extreme form of staff-line system and lay at the core of the Soviet model that was imported into China. In an article in Chung-kuo Kung-yeh one year after Yin Ku had put forward his defence of functional systems, Cheng Hung-su, an exponent of the Soviet model, reflected very clearly how the three possible organisational principles were now viewed.²⁶ His translation of the single line, staff line and functional principles are contrasted with those of Yin Ku as follows:-

	YIN KU	CHENG HUNG-SU
Single line system	Military or line organisation <u>chün-tui-shih-ti huo hsien-ti tsu-chih</u>	System of hierarchical leadership <u>chu-chi ling-tao-chih</u>
Staff-line system	Line and staff organisation <u>hsien-ti chien ts'an-tsan-shih ti tsu-chih</u>	One-man management <u>tan-i ling-tao-chih</u> ²⁷
Functional system	Functional (specialist job) organisation <u>chuan-chih-hua tsu-chih</u> ²⁸	Functional (divided job) system <u>chih-wu fen-kung-chih</u>

As far as organisational theorists in China were concerned, a staff line system was now synonymous with one-man management and descriptions of functional management described not the way it employed expertise but the way it divided work. Needless to say, Cheng Hung-su was most contemptuous of this functional system.

One-Man Management

One-man management lay at the core of the Soviet organisational model. During the early period in which the Soviet model was propagated in China, many works were translated from Russian explaining in some detail what was meant by this term and its application in the Soviet Union.²⁹ Though the term was applied to descriptions of Chinese organisation, there seemed to be a reluctance to use it. In fact the Soviet term edinonachalie (one-man management) was translated in a number of different ways (i-chang-chih, tan-i ling-tao-chih) and frequently not used at all but subsumed under the general term managerial responsibility system (hsing-cheng tse-jen-chih).³⁰

Perhaps the main reason why the principle of one-man management was not given great prominence in the early New Democratic Period was that its implementation was to be combined with the establishment of factory management committees which were not very different from the "parliamentary system" (Chinese translation: i-hui-chih), which in the Soviet Union one-man management had been designed to replace. Again we

return to the problem of exactly which Soviet model was to be implemented. If it were really the Soviet model of the late 1940s, as official pronouncements indicated, there could be no place for "parliamentary forms". If, however, it was the Soviet model of the early 1920s there was a place for management committees and some precedent for recognising a contradiction between such committees and the principle of unity of command.

A further contradiction lay between one-man management and Party and union leadership. Commenting on the relative lack of success in implementing one-man management in the Soviet Union prior to 1940, Cheng Hung-su attributed the cause directly to the interference of the Soviet Communist Party, the labour unions and local government,³¹ implying that such a situation ought to be avoided in a Chinese context. We shall note in chapter eight that Kao Kang was most insistent in his demands that Party committees confine their "leadership" to the sphere of ideology³² and such a situation could only lead to a diminution of the power of the Party and its relegation to a position of being little more than just another functional agent in a staff-line system.

The full implementation of one-man management could not be effected so long as factory management committees still exercised some power and horizontal links with Party and local government were still strong. It would also be unwise to attempt to implement such a system so long as potential

candidates for positions as line managers were ex gang bosses. It was possible therefore to attempt to introduce the system into North East industry in 1950, but hardly possible in regions further South until after the Three Anti Movement although that movement, which being Party-led, strengthened horizontal links at the expense of vertical ones.³³ It was not until 1953 that a campaign was launched to implement the system over the whole country³⁴ and not long after this campaign accounts appeared in the press covertly attacking the system on the grounds that it was being interpreted wrongly.³⁵ It was formally abolished at the Eighth Party Congress in 1956 when Li Hsüeh-feng, the head of the Party's Industrial Work Department, praised those Party comrades who had persisted in the tradition of the Communist Party and refused to implement the one-man management system.³⁶

It is my impression that the rigid staff-line system involved in the one-man management system was only incompletely implemented even in the North East. In the absence of statistical information one cannot document this adequately, but I shall attempt to show that what was described as one-man management was only a very incomplete version of a rigid staff-line system even at the Anshan Iron and Steel Works, the largest and most advanced industrial complex in the country.

Cultural Revolution material is most vitriolic in its condemnation of one-man management. Such a system was described as "revisionist" and the consequence of policies adopted by Liu Shao-ch'i and his "henchmen" who had embarked upon the

"capitalist road".³⁷ According to such material, one-man management systems were usually introduced around 1956³⁸ or in the early 1960s³⁹ and dismantled during the Great Leap Forward⁴⁰ or Cultural Revolution⁴¹. 1956 is a most unlikely date for their introduction, since that was the year in which the culmination of attacks on one-man management resulted in its formal abandonment by the Eighth Party Congress. The choice of this date is probably linked to the fact that 1956 was the date that marked the formal commencement of the Sino-Soviet split (Khrushchev's speech to the Twentieth CPSU Congress) and the formal demotion of Mao Tse-Tung's thought in the Party constitution⁴², rather than the date that the introduction actually occurred. Furthermore, anyone who remembered the early 1950s would be quite sure that one-man management was primarily a Stalinist system. The attacks on one-man management as "revisionist" is an example of a process common in the Cultural Revolution where the substance of Stalinism was attacked although the label of Stalin was retained as a weapon with which to attack revisionism.

Cultural Revolution material focuses on the revival of one-man management in some instances during the 1960s⁴³ and it is from this period that some of the most lurid descriptions of its abuse derive.⁴⁴ The heyday of the system was however the period from 1952 to 1954, and it is possible to find in the literature of that time similar evidence of the exercise of dictatorial powers by FGMs, often to the point of forbidding workers to have any dealing with the enterprise Party secretary.⁴⁵ My

overwhelming impression is, however, that prescribed systems, although of a stratified line type, were not excessively rigid and showed a marked degree of functional supervision.

The moderation with which one-man management systems were introduced stemmed from the fact that they were coupled with the factory management committee system, a slow policy of democratic reform (in the South), the retention of pre-liberation managers, the existence of fairly strong horizontal links (until after the Three Anti Movement), a fear that Party leadership would be diluted and above all a conception of democracy which differed in many ways from the Soviet Union.

In categorising democracy in a participatory sense, one is bound to pose the question as to what exactly workers were to participate in. By no stretch of the imagination can mere participation in work be defined as democracy and the participation in the making of all decisions is only possible in a very small unit. According to Leninist theory such participation should only be possible when workers' political consciousness is sufficiently high, and the difference in the Chinese and Soviet conception of democracy stems from a definition of the term "sufficient". The mass line which was developed in Yen-an days specifies the mechanics of reconciling impulses emanating from the top and bottom of an organisation but cannot make any a priori assertion of the degree of participation in what decisions at what levels. Nevertheless it is my subjective impression that Chinese organisational prescriptions are more

concerned with reconciling such conflicting impulses than Soviet organisational prescriptions which give greater weight to unity of will. In the period in question, Soviet writing on organisation appeared to be more elitist than similar Chinese writing and, in a Chinese context, the above quote from Lenin was always qualified.⁴⁶ I assume therefore that the Chinese view of organisation during the New Democratic Period was intrinsically less elitist than the Soviet view. Such an assumption may be contradicted by those who believe that an appeal to democracy in the early period of a revolutionary society is only instrumental in achieving the mobilisation necessary for future controls. Neither of these two axioms is amenable to empirical test.

The Superimposition of the Soviet Command System

The Soviet principle of organisational command demanded that staff-line patterns of organisation replace existing patterns and that the insulation of senior management from the shop floor resulting from the gang boss system be ended. Until democratic reform was fully effected gang bosses were frequently sufficiently resilient to place themselves in line management posts and perpetuate the highly stratified form of pre-liberation organisation.⁴⁷ In such a situation the adoption of a single line command system only would strengthen the power of the gang bosses.

Following democratic reform, the Soviet model could be best implemented by the replacement of all former line managers,

for only this way could one be certain of breaking down existing patterns of solidarity. Such a policy was impossible, however, in a situation where managerial talent was scarce. The most practicable policy for implementing the Soviet model was therefore one of superimposition.

Chapter two noted that in pre-liberation China there were two ways in which an individual could become a gang boss. He could utilise connections with organisations outside his place of work, as in the case of people who made use of the Green Gang network in Shanghai to become gang bosses⁴⁸; or he could place himself in a position to control the number of assistants taken on to help him, as in the situation described by H.D. Fong.⁴⁹ In view of the terms of reference of the Democratic Reform Movement, one would imagine that gang bosses of the former type were more easily dealt with than those of the latter type. This latter type of gang boss depended upon technical skill to be in a position to take on assistants in the first place, and for this reason it is understandable that some Party and management personnel had great difficulty in differentiating gang bosses from skilled workers.⁵⁰

The Democratic Reform Movement defined gang bosses in terms of their actions rather than their function; consequently there is every reason to suppose that minor gang bosses who had not completely "emancipated themselves from labour" remained as foreman after democratic reform was completed, in much the same way as rich peasants remained in the rural sector. In chapter

eight we shall discuss the political implications of this process of industrial kulakisation⁵¹ and in this chapter confine ourselves to the organisational implications.

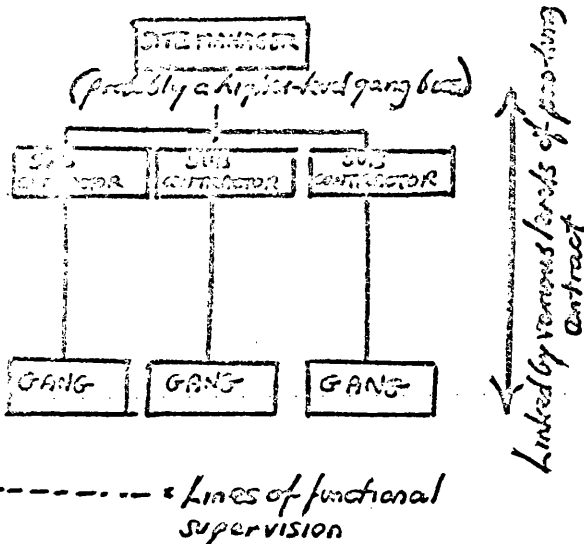
Multi-Headed Leadership in the Construction Industry

We shall consider two sectors of industry - the construction industry, which might be expected to retain old forms of organisation for a longer period than other industries because of the necessity of maintaining a system of contract labour, and the iron and steel industry, which was given priority in this early period and might be expected therefore to show the greatest degree of change. In the construction industry, retained foremen tended to have a very low level of literacy, which meant that they were not very receptive to technical commands coming down the line.⁵² Blockages in line communication could be overcome by replacing such foremen by more literate workers, but these were in very short supply. The only way therefore to make certain that technical specifications were being met at the basic level was to superimpose a command system over the existing pattern of organisation, thus giving rise to very strong patterns of functional supervision. At gang (section) level, section (gang) leaders were required to respond to the functional supervision of work supervisors (shih-kung-yüan).⁵³ Such work supervisors were linked to the site manager (kung-ti chu-jen) by a parallel command structure which exercised functional leadership over all levels of line management.⁵⁴ Thus the process of strengthening the pattern of

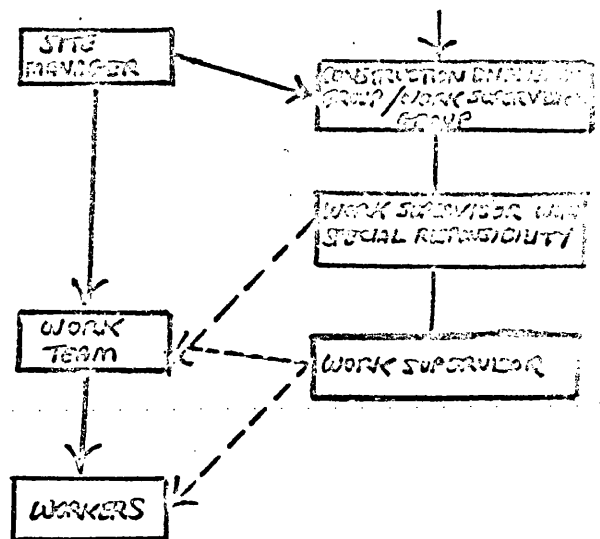
command which the Soviet model demanded resulted not in the development of one-man management systems but in the growth of new patterns of functional supervision. Such functional patterns were not a carry-over from the past but a new organisational form, as is demonstrated in the following diagram.

FIG 5

SINGLE LINE SITE ORGANISATION



WORK SUPERVISION (SOVIET) SYSTEM



Such a system caused considerable staff-line tension which was exacerbated by the fact that section (gang) leaders were skilled but not very literate, whereas work supervisors were literate but not very skilled.⁵⁵

The quasi-functional leadership exercised by work supervisors was the complete opposite of that prescribed by the Taylor system. The Taylor system demanded that functional agents be not only responsive to the demands of a central planning department, but also have an intimate knowledge of

basic work processes. For example, a certain skilled bricklayer who was appointed work supervisor in 1951 noted that he had under his functional jurisdiction scaffolders, concrete workers, metal workers, bricklayers, carpenters, etc. and the nature of his particular skill was such that he could give useful guidance only to bricklayers.⁵⁶ If he had been a line foreman in a staff line system he could have called upon staff experts to help him supervise these other jobs. As it was, he was required to give guidance to line foremen who knew more about their own jobs than he did. The cardinal point of any functional system is that work processes at the basic level determine the scope of functional supervision. Once the scope of functional supervision is determined by a work supervisor's relationship to a planning department, confusion will ensue.

The lack of knowledge of basic work processes on the part of work supervisors led either to a situation whereby they moved work sections around from one job to another, which made the responsibilities of individual workers very diffuse, or where they were too cowed to do anything in the face of line foremen who were more skilled than they and submitted all questions great or small to an overworked site manager.⁵⁷

Under the shih-kung system a work section might receive instructions from a lower or higher level work supervisor or directly from the site manager himself. These orders frequently conflicted and there was no mechanism to achieve integration.

The result was that frequently workers became alienated from all management and held the work supervisors in contempt. Such a situation was referred to in the Chinese press as multi-headed leadership (to-t'ou ling-tao)⁵⁸ rather than "functional leadership" (chuan-chih-hua ling-tao) for clearly a work supervisor who was required to intervene in the line in areas beyond his expertise was not exercising functional leadership as understood by Taylor and his successors.

The growth of patterns of functional leadership in the construction industry resulted from the superimposition of the shih-kung system over the single line organisation of the work site. We have so far considered the system only from the point of view of the construction corporation undertaking the work. There were, however, other networks of command which might issue instructions to the site. In the case of an external corporation undertaking construction work there was frequently a problem of conflicting orders emanating from the enterprise for which the work was being done and the construction corporation doing the work. In mid-1952 a number of directives were issued by the North East Industrial Department which specified that when construction work was being undertaken for a particular enterprise by organisations external to that enterprise, the primary channel of command should be that of the enterprise for which the work was being done.⁵⁹ Despite these directives, confusion remained even to the point of one cadre writing to the very journal in which the directives had appeared

asking for advice on how to deal with the problem of multiple channels of command.⁶⁰

The The cadre had to deal with four channels of command (excluding the Party network). First there was the factory for which the work was being done, which maintained a representative on the work site. Secondly there was the construction corporation undertaking the work, which was represented by the site manager and an inspector (chien-kung-yüan). Thirdly there were technical inspectors from an industrial design (she-chi) corporation, and fourthly there was the labour union organisation affiliated to the local general labour union apparatus. The construction corporation was responsible for the quality of the work; the factory for which the work was being done was responsible for examining and approving the work done; the labour union was responsible for training workers and the design corporation was responsible for technical direction. The perplexed cadre had no idea how this process might be unified. In practice the party which assumed the major responsibility was the construction corporation, since it had signed a contract and was responsible for the quality of the work, but the cadre felt that the primary initiative should have been taken by the factory for which the work was being done. He suggested that liaison meetings should be held, though he was not clear which party should be responsible for convening them nor who should be responsible for conducting political education. The editorial comment castigated the cadre for not reading the relevant

directives which had laid down that all forms of "parliamentary system" were wrong since they only led to responsibility being passed on. The initiative should clearly have been taken by the factory for which the work was being done, which would lay down the specifications of the work and not be subject to any inter-corporation haggling.⁶¹

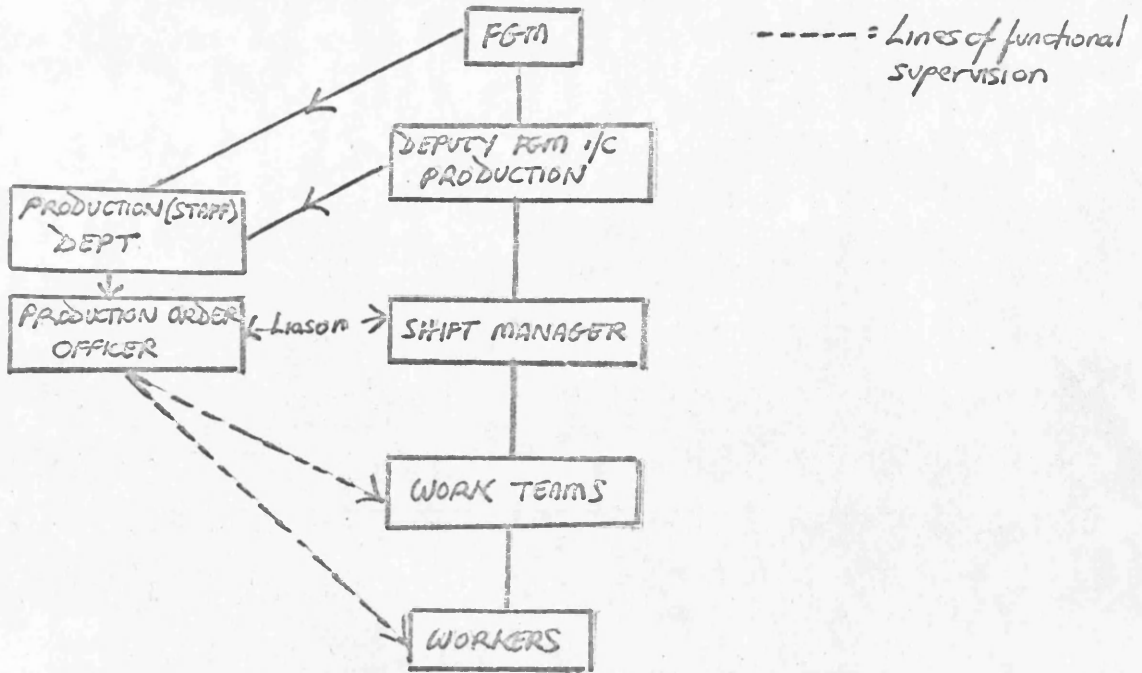
A number of points emerge from the above account. Firstly the cadre had clearly not read the relevant documents of the Industrial Department, which makes one wonder just how effective the mass of detailed instructions emanating from that source was. Secondly, it would appear that the Party organisation had been completely eclipsed in a situation where the cadre in question was not sure who should take the initiative in liaison and who should be responsible for political work. Thirdly, the attack on the very idea of a liaison committee indicated an attitude of considerable rigidity, which might have been permissible within units under the jurisdiction of the North East Industrial Department but in other areas which were required to emulate the North East and where vertical communications were much weaker could have been highly counter-productive.

Multi-Headed Leadership in the Iron and Steel Industry

It was not only in the construction industry that the phenomenon of multi-headed leadership was noted. Most other sectors of industry revealed examples of strong functional patterns which overlay the formal structure. In the T'angshan

Steel Works, for example, the General Machinery Department and the Machine Electrical Power Department frequently both concerned themselves with the same problem on the shop floor, or took action in a particular shop without informing the shop supervisor.⁶² Such functional confusion stemmed from the weakness of vertical chains of command and may well have been a carry-over from pre-liberation days. There were some areas, however, where, as in the construction industry, the growth of patterns of functional leadership was a direct consequence of post-liberation organisational reform.

An example of this in the Iron and Steel industry would be the production order (tiao-tu) system. In the larger enterprises various levels of production order officer were established after liberation to ensure that each production department and shop adhered to the enterprise work plan (tso-yeh chi-hua) and that the disposition of labour was carried out in a uniform way. In the Anshan Iron and Steel Works production order officers were directly subordinate to staff (chih-neng) departments and were constantly entering into disputes with line managers. In the Iron Smelting Plant, for example, production order officers were subordinate to the Plant Production Department (a staff department) and such officers at shop level frequently refused to subordinate themselves to shift managers (chih-pan-chang): this situation was condemned as a violation of "one-man management".⁶³ The functional power of such officers is illustrated in the following diagram:-



The above examples demonstrate that the partial implementation of the Soviet model frequently resulted in the growth of functional patterns that were the very antitheses of the "one-man management" principle which was prescribed. By 1953, however, the consequence of stressing controls from above at the expense of single channels of command were felt keenly and a campaign was launched to attack the phenomenon of multi-headed leadership under the rubric of establishing a responsibility system. Let us now discuss how the above problems were dealt with.

The 1953 Reforms in the Construction Industry

The confusion occasioned by the superimposition of a work-supervision (shih-kung) network on top of the old building gang system was the subject of much debate in the early part of 1953. Some people argued that it was essential to keep work sections (gangs) separate from work supervision units, since work

supervision units (or construction engineering units) (kung-ch'eng-tui) were able to organise technical training, the provision of welfare facilities and act as general overseers of construction work, without getting bogged down in the actual details of construction. Foremen could devote all their energies to the job in hand without bothering with problems such as technical training for which their level of literacy rarely equipped them. The work supervision unit specified the work tasks to be undertaken and entered into contracts with the work sections with regard to supply of labour. Thus the system not only facilitated cost accounting but also ensured that there were not large numbers of workers in the sections with no work to do. In addition, it was felt that mutual supervision on the part of both unit and section would facilitate plan fulfillment.⁶⁴

Others argued that these advantages were merely theoretical. In fact, as we have noted, the result of such a system was acute staff-line tension, sections and units engaged in mutual recriminations and, in the words of one commentator, there were "too many officers and not enough men".⁶⁵ As a result of this experience the units and the sections were amalgamated in accordance with another feature of the Soviet model which up to 1953 had not been given very much prominence in the construction industry, the production territorial system (sheng-ch'an ch'ü-yü kuan-li-chih).⁶⁶

Just as one-man management stipulated that one man was to be in charge of each level of administration, the production territorial system stipulated that as far as possible all work being carried on in a particular place should be under unified command.⁶⁷ Accounts which described the confusion on building sites were specifically designed to prove the superiority of this production territorial system and so staff-line tension was described as a direct result of organisation separation. This is by no means self-evident. Staff-line tension will occur in any situation where the educational level of staff members is higher than the educational level of line managers. I suspect that the issue at stake was really one of a conflict between two different types of expertise, theoretical knowledge on the part of work supervisors and practical knowledge on the part of work section chiefs. In chapter one we noted the tension occasioned by the promotion of trainees to staff posts at the expense of skilled workers. The existence of such tensions is a political problem that can only be effectively solved by political means, and there is no reason to suppose that the tension between work supervisors and section chiefs was any the less once the former were stripped of their functional power.

The new post of foreman (kung-chang) was to be filled wherever possible by former section chiefs, provided that they could read charts, fill in forms, that they had some experience in work supervision, that they had the ability to work according to plan and were good at uniting with the masses.⁶⁸ Work

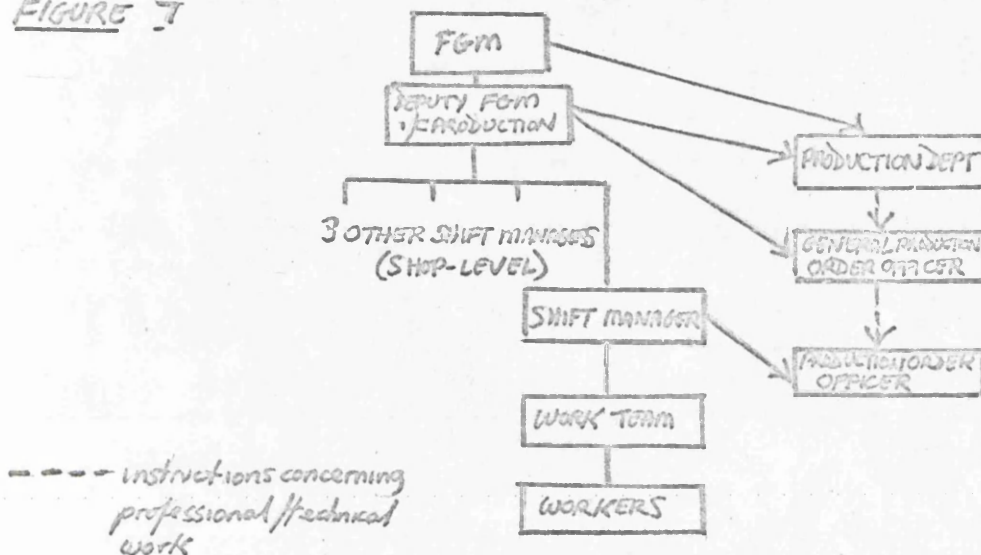
section chiefs were said to be rather poor at the first three requirements and rather good at the fourth, whereas former work supervisors were said to have the opposite virtues.⁶⁹ Under the new system, if a section chief were appointed as foreman the work supervisor was to become his deputy and vice versa.⁷⁰ One might imagine the tension that would ensue when a semi-literate section chief was transferred to a staff post in a situation where senior staff looked down on their juniors⁷¹ or when a relatively competent work supervisor was made deputy to a less literate foreman. The logical answer to such a problem would be to demote redundant personnel to the level of ordinary building worker, and one which management would have no compunction at arriving at in the middle 1950s. In 1953, however, redundant personnel were given staff appointments. This was the beginning of a bureaucratic cycle where surplus staff personnel were beginning to accumulate at the middle levels, and to this problem we shall return later.

The 1953 Reforms at the Anshan Iron and Steel Works

We have seen the superimposition of the production-order system at the Anshan Iron and Steel Works prevented the effective establishment of staff-line systems of organisation according to the principle of one-man management. In the early 1950s Anshan was held up as a model of advanced Soviet experiences and the inability to establish one-man management systems there did not suggest the successful implementation of such systems elsewhere.

As a result of the drive to press ahead with the implementation of Soviet organisational forms in 1953 the production order system, which was held to be the principle obstacle standing in the way of "one-man management"⁷², was considerably modified. The new organisational chart within the iron smelting plant at Anshan was as follows:--⁷³

FIGURE 7



The plant was reorganised according to a four-shift system and the post of general production order officer (tsung-tiao-tu-yian) established directly under the Deputy FGM in charge of production. Lower level production order officers were made subordinate to each of the four shift managers. Nevertheless, although production order personnel were now placed firmly under the command of line management, there was still scope for them to exercise functional leadership over the lower levels. The general production order officer was still to be responsive to instructions emanating from the production department (a staff department) if they concerned professional/technical work (yeh-

wu)⁷⁴ and lower level production order officers were still responsive to instructions emanating from the general production order officer if they concerned such professional/technical work.⁷⁵

Though this was a considerable step in the direction of one-man management, it was not a rigid staff-line system. A perfect staff-line system (if such a system were possible) would only allow the production department to issue instructions to the general production order officer through the FGM and would normally only provide reference materials for line management to consult. Similarly such a system would require the lower level production order officers to receive all directions through the shift managers and the deputy FGM in charge of production including those concerning professional/technical work. Such a system would be very cumbersome and the system adopted probably reflected the fact that whether one liked it or not some functional patterns would exist. The effectiveness of such a system would depend directly on how clear a line of demarcation could be drawn between instructions concerning professional/technical work on the one hand and administrative orders on the other. Such articles that I have seen seem to assume that the distinction was self-evident, which is doubtful to say the very least. Suffice it to say that the system adopted in 1953 was only a partial realisation of the principle expounded by Kaganovitch in 1934.

The Movement to Establish a Responsibility System

The attempts made in 1953 to overcome the problem of multi-headed leadership were part of a much wider process that took the form of a movement to establish responsibility systems which, right from the time of liberation, was considered along with the democratisation of management and the establishment of an economic accounting system as one of the three major components of industrial policy at the basic level.⁷⁶

Chapter three noted that during the New Record Movement the original policy of establishing systems of responsibility was one of caution. The routinisation of spontaneity was to be the last stage of the whole process of organisational change, for a successful responsibility system depended upon relative organisational stability. In early 1950 active measures were taken to introduce systems of responsibility in the North East, since it was feared that indiscipline was increasing as a result of the euphoria engendered by the New Record Movement.⁷⁷ The atmosphere in early 1950, however, was hardly one which was conducive to discipline. In early 1950 Kao Kang noted that cadres who had been transferred to the industrial sphere showed a marked unwillingness to bother with organisational detail.⁷⁸ Compared with the demands of war (or what old soldiers imagined the war to have been), the details of industrial construction were boring and transferred cadres did not seem to take to heart Kao Kang's injunction that the best test of a Party member's revolutionary enthusiasm lay in his sense of responsibility concerning matters of detail.⁷⁹

Throughout the next three years the press contained numerous accounts of accidents, waste and failure to fulfill planned targets, due to the fact that "everyone is responsible and yet no-one is responsible".⁸⁰ The system of detailed individual responsibility which the Soviet model prescribed was frustrated by three factors. Transferred cadres were unwilling to have the scope of their initiative restricted; stable patterns of organisation were difficult to implement in a period of rapid organisational change which did not come to an end until after the Three and Five Anti Campaigns. Thirdly, the very idea of individual responsibility contradicted both traditional Chinese patterns of solidarity and the organisational ethos of the Communist Party. Solidarity in traditional China had always stressed group responsibility, and this pattern of solidarity was as valid for the guerilla band as it was for the family or the traditional work gang. An organisation characterised by a technological conception of solidarity was an alien creature and one which was to be severely modified during the Great Leap Forward.⁸¹ In the early 1950s, however, the Soviet view of modernisation was no less insistent on the need for specificity of role and function than Talcott Parsons.

Responsibility in a staff-line system is determined not only by the nature of the work done but also by the geographical location of the workers. A functional agent supervises all those who perform the same function regardless of where they are, whereas a line manager supervises all those workers who are

located in a particular area. It was for this reason that by 1953 the adoption of the production territorial system, which attempted to locate all the workers engaged in the same job in the same geographical area, became closely associated with the principles of unity of command and individual responsibility. These three principles were embodied in a Ministry of Heavy Industry Directive of May 1953 which was to launch a full scale nation-wide movement to implement the Soviet model.⁸²

The directive began by noting that many attempts made in the past to establish systems of responsibility existed merely on paper. In many cases no specific person was responsible for ensuring that adequate conditions existed for plan fulfillment, for ensuring inter-shop and inter-team cooperation, for the supply and handling of raw materials, for quality and production control, for ensuring the adherence to technical regulations, for the timely solution of technical problems and for the care and maintenance of machinery. When accidents occurred no-one could be held responsible. Accounts were kept by a number of people, which made it difficult to correct mistakes; costs were incorrectly assessed and charts not produced on time. In conditions such as these no matter how perfect a plan might be it could not be completed.⁸³

The directive demanded that the production territorial system be implemented and a three-tiered level of management established; the factory (kung-ch'ang), the shop (ch'e-chien)

and the work section (kung tuan) with one man in full charge of each.⁸⁴ In addition, seven types of responsibility system were prescribed:-

1. the system of sole responsibility by management (under the FGM)
2. a technical responsibility system (under the Chief Engineer, who was usually also Deputy FGM in charge of production)
3. a responsibility system for production order (tiao-tu)
4. a responsibility system for equipment maintenance and repair
5. a responsibility system for safety technology
6. a responsibility system for supplies
7. a responsibility system for production costs and finances.

The first of these systems affirmed the principle of one-man management but carefully avoided using the term. In case anyone should have any doubts on this score, however, the propaganda material explaining the details of the movement dealt explicitly with the principle of one-man management.⁸⁵ Articles dealing with individual enterprises talked quite freely about the principle of one-man management, but official pronouncements talked merely about the system of "sole responsibility by management under the FGM" and I can only interpret such an approach as indicating disagreement within the Party Central Committee as to the desirability of one-man management; such an approach is similar to treatment of the name "Liu Shao-ch'i" during the Cultural Revolution.

The second of these systems assigned technical personnel to each piece of equipment and the third established measures for coordination and shift change and a control apparatus to ensure the implementation of the enterprise work plan.⁸⁶ The remaining systems are self-explanatory. As a whole, the responsibility systems enumerated above were not only a faithful copy of current Soviet practice but were themselves probably drawn up by Soviet experts.⁸⁷ They were supplemented by a number of other different types of system and sub-system, depending upon the nature of work undertaken in each branch of industry and were even accompanied by responsibility systems for propagating advanced Soviet experiences⁸⁸ which amounted to responsibility systems to implement responsibility systems.

Staff-Line Tension

I have suggested that the considerable degree of staff-line tension resulting from the superimposition of functional patterns of supervision over existing organisational structures would probably not be eased by tying staff members to fixed points on the line. This suggestion is more than confirmed by accounts of the progress of the movement to establish a responsibility system of 1953. Technical personnel frequently refused to submit themselves to line leadership and were held to be guilty of petty bourgeois "libitarianism" (tzu-yu san-man). Sometimes technical personnel felt that the new system which gave them responsibility without power required them to do nothing but work to rule, which was criticised as "the mentality of the hired hand" (ku-yung

kuan-tien). Line management frequently did not utilise the expertise of staff management, which was criticised as the "methods of the handicraft management" (shou-kung-yeh kuan-ti fang-shih).⁸⁹

The process of tying production order personnel more closely to line management did very little to enhance their function or their popularity. Line foremen still considered them ignorant of basic level operations and senior engineering staff looked down on their limited expertise.⁹⁰ These production order personnel, who were required to fulfill a coordinating role, were caught in the middle of staff-line conflict. Many of them were of worker origin who had managed to get a little technical education⁹¹, which as far as senior engineers and technicians were concerned was little better than no education at all. The lenient treatment accorded to engineers and technicians during the various political movements of the early 1950s probably made them the one group in authoritative positions in Chinese society who were least affected by revolutionary change and, as old intellectuals, they did not take too kindly to the coordinating function of the production order personnel. Many of these technicians refused to attend production order conferences on the grounds that production order personnel just made trouble⁹² and many others refused to listen to rationalisation proposals put forward by the workers on the grounds that such ill-educated people had nothing to offer.⁹³

Problems such as these could not be solved only by organisational means. It was naively hoped in 1953 that some of the tension could be lessened by the regular convocation of production conferences and production order conferences. A directive of the Anshan Iron and Steel Corporation demanded that production conferences should be held every month at factory level and every 10-15 days at shop, section and team level. At these conferences the relevant staff manager was to make a report and receive mass criticisms. Such conferences could serve to bridge the gap not only between workers and management but between staff and line management.⁹⁴ Another form of conference introduced during the movement to establish responsibility systems of 1953 were the joint forums of senior staff and line management (shop level and above).⁹⁵ The problem, however, was far wider than bad coordination and was a reflection of the whole problem of intellectuals which China has had to face during the whole twenty-two years since liberation. It could only be effectively solved by a whole change in the educational system.

The most immediate remedial measure that was to be undertaken was to raise the educational level of junior line management so that they were more equal in expertise to technical staff. The logical end of this process would be to make all management personnel into engineers and technicians. By the 1960s the Soviet Union had gone a long way towards this goal and indeed in that country many enterprise Party secretaries have engineering qualifications.⁹⁶ In the China of the early 1950s however all that could be ~~done~~ immediately was to convene

training classes at factory level⁹⁷ to explain to foremen and shop supervisors how to draw up plans and to impart some of the theoretical knowledge which had hitherto been the monopoly of staff management. The external educational system was of no immediate use since in the early 1950s its engineering graduates tended to follow the same path as graduates in most developing nations; they moved into high prestige staff jobs, leaving lower level line positions to be filled by promoted workers.⁹⁸ This education gap was to be tackled most severely during the Great Leap Forward and again during the Cultural Revolution, even to the point of holding the formal educational system in contempt.

The Chief Engineer and the Responsibility System

The gap between staff and line management and between junior staff and senior staff was essentially a cultural one and was exacerbated by the fact that according to the Soviet model decision-making power came more and more to be vested in the line. A contradiction existed between the large number of articles that condemned the lack of unity between technical personnel and workers and the advocacy of a Soviet model which deprived technical personnel of effective decision-making power and contact with the shop floor. More specifically, there was contradiction between the demands of unity of command and demands for the rectification of a process whereby technical staff were being reduced to advisor (ku-wen) status, where they had responsibility but no power (yu-chih wu-ch'üan).⁹⁹ The

process whereby engineering staff were treated as "guests" (tso-k'o) was described as a hangover from the old society¹⁰⁰, which it may well have been; it was surely also the consequence of adopting staff-line systems of command.

In early 1951 the North East Industrial Department published a set of regulations giving the chief engineer (chu-jen kung-ch'eng-shih) full command of the whole technical network in enterprises within its jurisdiction and making him answerable, in the final analysis, not to the FGM but to the head of the relevant bureau or corporation.¹⁰¹ This measure, which was designed to counter the growth of what was felt to be excessive line power, and was in accordance with the North East Industrial Department's excessively centralised view of control that has been described in Chapter three. At the same time, technical personnel under the command of the chief engineer were not permitted to interfere in the line except in areas specifically designated by the appropriate line manager.¹⁰² Such a system was not a functional one (in the sense that technical staff could direct basic level operations), but it could be defined as a type of "multi-headed leadership".

By 1953 the stress had changed from deploring the lack of power of technical personnel to deploring the prevalence of this multi-headed leadership, and an attempt was made to remedy the situation by placing the chief engineer (now usually referred to as tsung kung-ch'eng-shih) under the direct

authority of the FGM as a line manager. The chief engineer was now frequently also the Deputy FGM in charge of production (according to Soviet practice) with power over both the shops and the whole planning and engineering apparatus within the enterprise.¹⁰³ His main function was to supervise the drawing up and implementation of the work plan (tso-yeh chi-hua)¹⁰⁴ which specified the concrete tasks for each unit (and each individual) in the enterprise according to a more general enterprise plan which had been derived from centrally determined control figures.

According to the principle of one-man management (sole responsibility by management under the FGM), the chief engineer was required to consult the FGM on all important matters,¹⁰⁵ and the degree of line power he exercised depended almost entirely on the personality of the FGM. Sometimes the chief engineer seemed to be exclusively in charge of the production and technical networks at the expense of the FGM. At the Paotow Iron Works, for example, the FGM was reported to be interested in neither production nor technology, and when an investigation team was sent down by the Suiyüan Provincial Office for Patriotic Competitions to Increase Production and Practise Economy¹⁰⁶ to investigate the works, the FGM told them he did not know anything about production and they had better ask the Deputy FGM in charge of production.¹⁰⁷ In other cases the FGM just handed over routine business to the chief engineer, leaving the latter very little scope for initiative.¹⁰⁸ Some chief engineers appeared not to be very interested in planning or technology and just

stuck their oar in factory general affairs departments when they felt like it.¹⁰⁹ Others were too busy studying technological research that they neglected to do any.¹¹⁰ Still others were reluctant to accept a system which give the chief engineer a considerable amount of power on the grounds that this was a Soviet system and was an inevitable result of her being a technologically advanced country; some five or ten years would be necessary before China reached that stage.¹¹¹ One could argue equally that precisely because China was a technologically backward country, she needed a system which gave the chief engineer considerable line power; I feel that some essential logical links in the argument have been omitted from the account.

The net result of placing the chief engineer in a line position directly under the FGM seems not to have defined his power but to have made it conditional on the personality of the FGM. As the above examples show, the chief engineer's power could have been very great or very small. To clarify matters, various management bureaux published detailed lists of instructions for chief engineers in enterprises under their jurisdiction. One such set of instructions, that of the Chemical Management Bureau under the Ministry of Heavy Industry, even went so far as to stipulate how he should divide his day and at precisely what time of day he should read what kind of directives, convene what kind of meetings, etc.¹¹² According to the Chemical Management Bureau the chief engineer was to be something of a polymath. He was not only to draw up the work plan, supervise production-order work, organise stable production, supervise the formulation,

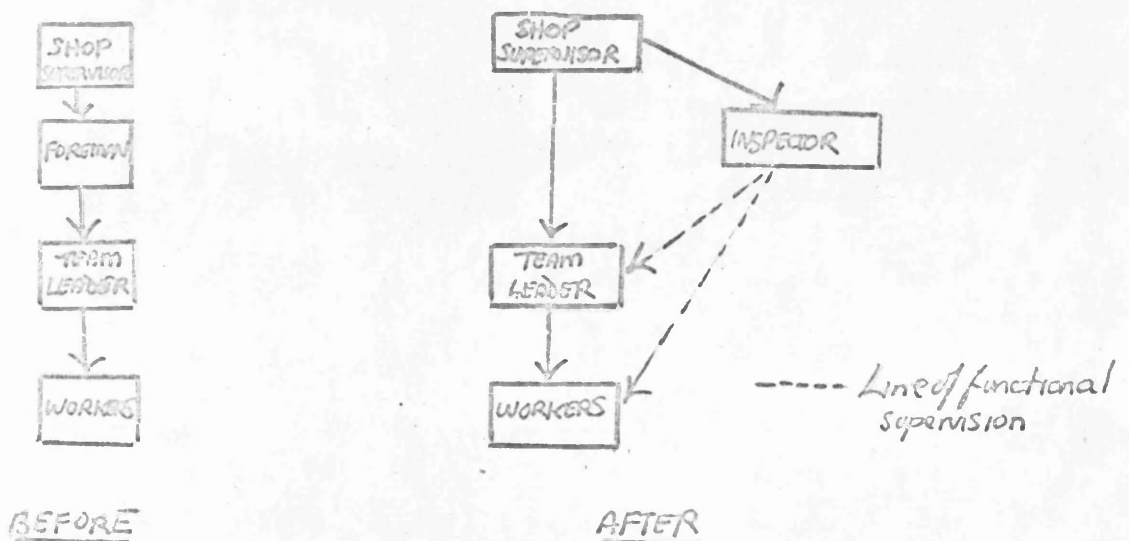
amendment and implementation of technical regulations, supervise the control maintenance and repair of equipment, take charge of safety technology, supervise labour protection work, organise experimental work and the trial manufacture of new products, ensure the implementation of suggestions from (foreign) experts, foster and ensure the implementation of technical rationalisation proposals, formulate and implement measures for technological operations, improve technical organisation and ensure that the level of technical skill of white and blue collar workers was raised, participate in drawing up the factory's annual plan, long term plans and plans for new construction and rebuilding, supervise the work of capital construction,¹¹³ but also supervise technical education. He was to share an educative function with the Party secretary (politics) and the labour union (culture-literacy). He was to promote the integration of politics, economics (business management) and technology and to ensure that the workers had the right frame of mind to study advanced Soviet experiences. He was to make sure that line management was not "divorced from technology". He was to work out and supervise the implementation of separate responsibility systems for each staff department. He was to determine the organisation of shops and was to examine all regulations, work norms, organisational charts of lower levels, work graphs, production order reports, etc.¹¹⁴ Such was the consequences of responsibilities determined geographically rather than functionally.

The Command System at Shop Level

The responsibility system prescribed for the North East during the New Record Movement indicated a process of extending control from the top down and paid consequently little attention to the determination of responsibilities at middle enterprise level. It was followed in late 1950 and early 1951 by a campaign to strengthen the power of the shop supervisor in accordance with the principle of one-man management. The immediate consequence of this downward process of determining responsibilities was that vesting greater authority in line management at higher levels resulted in the growth of patterns of functional leadership at lower levels.

At the Seventh Rubber Factory under the North East Industrial Department for example, the campaign to strengthen workshop work enhanced the power of the shop supervisor to the point where intermediate levels between shop and team were abolished and the post of foreman ceased to exist. Foremen were transferred from the line to staff posts and, as inspectors, exercised functional leadership over the team.¹¹⁵

FIGURE 8



The rubber factory claimed that such a system increased productivity, but a Tung-Pei Kung-yeh editorial comment revealed that the North East Industrial Department was a little worried about the growth of mini-functional systems. The editor declared that the success of this system had been possible because the factory in question was small; some of the old foremen had in fact only exercised leadership over one team and as such were redundant since they only duplicated the function of the team leader. Further research was necessary before any decision could be taken on the wider applicability of this system.¹¹⁶

A second consequence of the growth of line power at shop level and above was that, now shop supervisors were under the direct line leadership of the FGM and his deputy (the chief engineer) as opposed to the functional leadership of senior staff officers, members of the production department found themselves with little to do.¹¹⁷ Such personnel were required to concern themselves with professional/technical work (yeh-wu), which may have been somewhat difficult to define.

A third consequence of the new power located at shop level was that some shop supervisors felt that they were independent (tu-li) and did not inform higher levels about what they were doing.¹¹⁸ Factory level leadership was considerably worried about the ability of the FGM to control the shops without the functional supervision of a production department, for the burden placed upon an FGM who was required to integrate all the advice of factory level staff departments and process it into

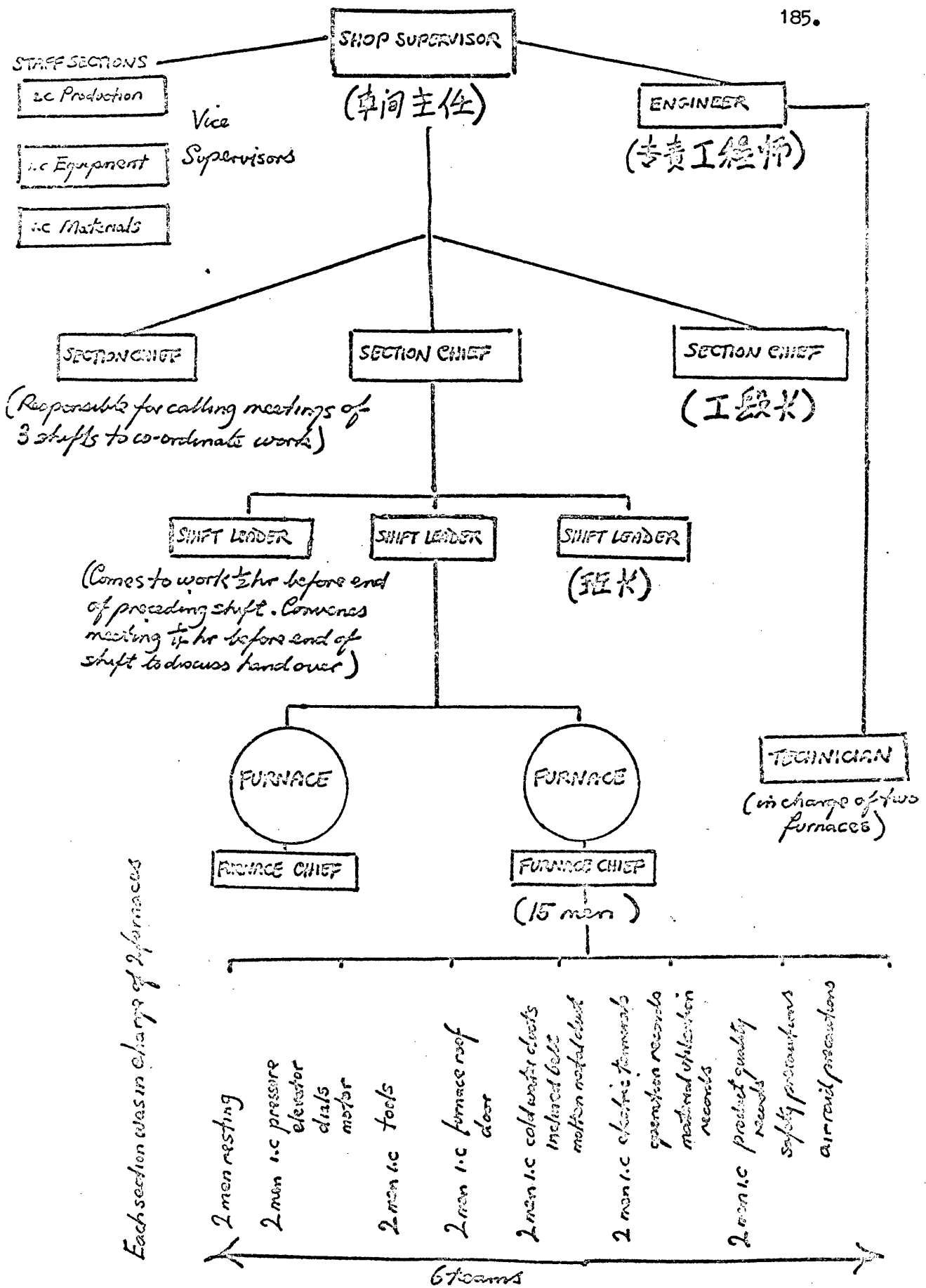
operational instructions was quite considerable.¹¹⁹ We have already seen the considerable list of duties assigned to the chief engineer once he was made deputy FGM in charge of production. Those of the FGM were greater.

Not only was concern expressed about the burden placed upon the FGM, but some disquiet was felt about the experience and ability of the shop supervisors to undertake the responsibilities which were assigned them.¹²⁰ The suggestion here was that the existence of functional patterns of supervision in the early post-liberation situation were a direct consequence of the low level of technical competence of junior line management, who could not be trusted with increased line power. To overcome this problem special training classes were to be set up for shop supervisors.¹²¹

The strengthening of line power at the level of shop supervisor was the first step in a process whereby staff functions were decentralised. Staff-line systems tend to produce a situation where, as one proceeds down the organisation, each level of administration is a miniature version of the preceding level. Consequently, each level in an enterprise was required to work out its own work plan, to maintain its own accounts (internal economic accounting), and (to all intents and purposes) the shop supervisor was a mini FGM.¹²²

The decentralisation of staff functions was said to be designed to improve contact between staff members and the shop floor¹²³ now the principle of functional intervention was given up. Figure eight shows the organisation of a workshop at the Fushun Steel Works, where the downward transfer of staff functions was carried to the point of assigning a technician to each work section and locating responsibility for shift change at work section rather than shop level. Most staff functions, however, were located at shop level and were placed under the control of vice-supervisors.¹²⁴

Figure **nine** is a very clear example of the implementation of the production territorial system. The size and organisation of the work section was determined by the number of men required to operate two furnaces (three shifts of thirty men, fifteen for each furnace). One technician was assigned two furnaces and one engineer was placed in charge of all the furnaces in the shop; thus there was perfect congruence between the network of technical competence and the network of administrative command. It was comparatively easy therefore for the shop supervisor to determine the relationship of a technician to the work section. At the lowest level the production territorial system made for very clear and specific relationships between staff and line. At higher levels, however, as we have noted, a geographically-determined field of concern led to the situation where the responsibilities of senior line management were excessive.



Note One man could not be assigned to each of these 16 functions as some were fulfilled at one stage of the heat and others at different stages.

FIGURE 9 ORGANISATION OF A WORKSHOP AT THE FUSHUN STEEL WORKS

In factories operating a shift system,¹²⁵ the shop supervisor was to appoint shift managers and shift leaders, who were to be in full charge of operations during their shifts.¹²⁶ A responsibility system for shift change was to be determined and each person (whether worker or line or staff manager) was required to hand over to a clearly-defined opposite number.¹²⁷ In some factories meetings of shift leaders at work section level were convened to coordinate shift change¹²⁸, though how this was possible when the factory was operating 24 hours a day is difficult to determine.

Shift change offered perhaps the severest test of the criterion of individual responsibility. In his novel about the fictitious Liaonan Iron and Steel Works, Ai Wu narrates in great detail the life of three furnace chiefs (one on each shift) and the conflicts between them.¹²⁹ The hero, a young and impetuous furnace chief, was deeply resented by the other two chiefs, one an old experienced worker of considerable skill and the other a lazy and inefficient man. The old skilled worker felt that the hero was producing steel at temperatures which were too high in order to gain the prestige for producing heats of steel in record time, and when the roof of the furnace collapsed there were mutual recriminations. It turned out that no-one was free of guilt, though the real villain of the piece was a counter-revolutionary who was trying to sabotage production. The point was made, however, that under a shift system where heats of steel sometimes overlapped shift changes and where it was difficult to determine who was responsible for the care of the furnace, the doctrine of individual responsibility did not hold. The novel was written during the Great Leap Forward when the

doctrine of strict individual responsibility was being reconsidered, and it may well be that the author was influenced by a political climate which gave greater weight to group commitment than individual responsibility. I feel, however, that in a situation where three shifts operated the same relatively fragile equipment, the doctrine of strict individual responsibility could not but give rise to recriminations, regardless of the good will or dedication of the people involved.

The Foreman

I have suggested two factors which led to the growth of patterns of functional supervision in the period after liberation - the superimposition of new channels of command over pre-existing organisational structures to facilitate control and the fact that low levels of technical expertise on the part of junior line management precluded the complete transfer of power down the line. Clearly the existence of gang bosses made impossible the immediate implementation of a Soviet model which sought to establish one or two levels of management below that of shop supervisor.¹³⁰ In chapter two we saw instances where gang bosses were appointed to junior line posts with disastrous results. After democratic reform, however, some progress was recorded, although the lack of technical expertise (and sometimes even literacy) on the part of foremen made necessary such systems as the work supervision system and the production order system.

The Soviet model of organisational command saw the work section (kung-tuan) as the basic level of administration with its head the foreman (kung-tuan-chang or kung-chang) as the lowest rung of management, who was in Stalin's term "the junior commander of production".¹³¹ There was frequently an even lower level, the team (or brigade) (hsiao-tsu) and in Chinese terminology its head the team-leader (hsiao-tsu-chang) might be referred to as a "basic level cadre".¹³² The principle of one-man management (sole responsibility by management) placed the foreman in exactly the same relationship to his work section as the shop supervisor to his shop or the FGM to his factory or enterprise. No staff organ at factory or shop level had the right to issue orders directly to him and he was responsible only to the shop supervisor.¹³³ He was responsible for his section's portion of the work plan, care and maintenance of machinery, the adherence to technical regulations and quality control specifications, the organisation of production competitions, the promotion of advanced experiences, cost accounting within the section and was required to act as the workers' spokesman concerning wages and bonuses.¹³⁴ Such duties required a considerable degree of literacy and technical competence, which took a long time to achieve. In late 1953 even at the advanced Anshan Iron and Steel Works complaints were still voiced about the technical skill and literacy of foremen, which was said to be a major contributing cause to the phenomenon of ending "multi-headed leadership", since technicians continued to take direct action on the shop floor without bothering to go through the tiresome process of

explaining everything to the foreman.¹³⁵ Occasionally additional labour was sent down to the teams without any reference to the foremen, and this led to resentment.¹³⁶ Some foremen complained that they had responsibilities but no power (yu-chih wu-ch'üan).¹³⁷ Others felt that their teams were too large to control and in effect technicians exercised control in their place.¹³⁸

The educational gap between foremen and technical staff led to urgent campaigns to institute training programmes for foremen¹³⁹ and to campaigns to restrict the functional power of technical staff. Strengthening of line management, however, often resulted in the same problems that we noted in the case of shop supervisors. Foremen began to act independently and wallowed in the ideology of "departmentalism" (hsiao-pen-wei ssu-hsiang) where they just 'did their own thing', provided the shop supervisor was happy.¹⁴⁰ Not that line channels were always very effective. Sometimes workers were appointed to the post of foremen when they had no work sections to take charge of¹⁴¹ and redundant foremen who had been deprived of their position due to administrative reorganisation, as in the case of the amalgamation of construction engineering units and work sections, found themselves in staff jobs which only contributed to the process where surplus personnel accumulated at the middle levels of administration.

The effectiveness of a Soviet staff-line type organisation at the lower levels therefore depended to a very large extent upon the effectiveness of factory-organised training programmes.

The problem, however, was not just one of technical training and organisational reform. Not only was the technical and literacy level of foremen to be raised so that they would be more equal to technical staff, but technical staff had to be persuaded that the trained foreman and line manager was in fact their equal. This political problem took a very long while to solve and as the responsibility of the Party branch will be discussed in chapter eight.

The Bureaucratic Cycle

We have observed that in a functional system technical and other staff tend to concentrate at the top of an organisation, whereas in a staff-line system technical staff tend to concentrate at the middle levels of organisation due to the decentralisation of staff functions. In the period under review the decentralisation of staff functions was only really effective after the conclusion of the Three Anti Movement, and consequently it is only realistic to speak of a bureaucratic cycle in terms of the period 1952-57. In the period prior to 1951 the superimposition of new forms of organisation on to pre-existing structures led to a growth of non-productive personnel which was the focus of a retrenchment policy during the Three Anti Movement.¹⁴¹ We have noted however that in 1953 junior supervisory staff who were made redundant were transferred to staff posts. This was characteristic of a new bureaucratic atmosphere in which the ratio of non-productive to productive workers in enterprises grew. In a Kwangtung sugar refinery, for example, the ratio of white collar workers to blue collar

workers to blue collar workers grew as follows:-¹⁴³

1951	47:100
1952	52:100
1953	65:100
1954	66:100

Such an increasing ratio was directly attributed to the introduction of one-man management and the figures were published as part of an intensifying critique of that system.¹⁴⁴ By the end of the cycle in 1957, full scale retrenchment was being undertaken which was to culminate in the Great Leap Forward of 1958.

A similar cycle was to begin in 1960-61 which was to culminate in the organisational reforms which began in 1964. These reforms were almost the complete reverse of the process which has been described above and provide a very neat contrast. At the end of 1964 the Tsitsihar Vehicle Factory was put forward as a model of factory organisation and descriptions of this model achieved prominence in the 1965 Peoples Handbook (Jen-min Shou-t'se).¹⁴⁵ In this factory staff functions were transferred back to factory level and staff members instructed to lead production directly (i.e. to exercise functional leadership). Such steps were deemed the best possible method to counter the problem of overstaffing and over-bureaucratisation.¹⁴⁶ The downward transfer of staff functions had evidently not been able to bring technical personnel closer to the shop floor and the Tsitsihar model attempted to achieve this by strengthening functional leadership and attempting to achieve ideological integration through a strengthened Party apparatus. The problem of alienation between

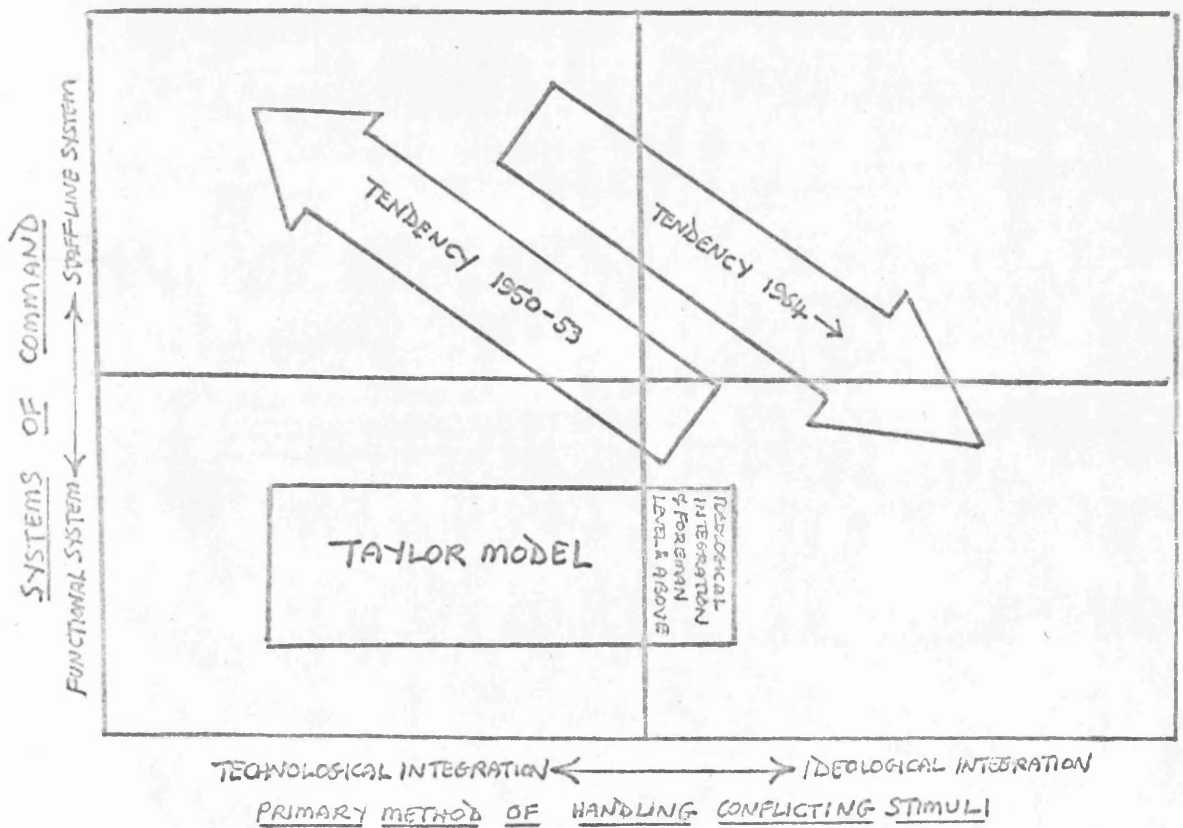
staff members and workers was to be overcome by insisting that such personnel spend some time on the shop floor. This was very near to the ideologically-integrated functional model that was constructed at the beginning of this chapter. The organisational tendencies during the early 1950s and middle 1960s are contrasted in figure 10.

Conclusion

The first three chapters were concerned with the change from a representative to a participatory definition of democracy, the attempt to bring to an end the stratification caused by the gang boss system and the inculcation of a new conception of rationality. In chapter four, we have seen that the prescribed Soviet model was one which could only be implemented when democracy was defined in a participatory sense, for committee forms of management were too near to the discredited "parliamentary system". The establishment of the Soviet staff-line system of command was only possible once democratic reform was effectively concluded and, even then, had to be modified in a situation where the educational level of junior line management was very low. As a consequence of the need to control lower levels of line management in this situation, patterns of functional supervision grew. In early 1953 an all-out attempt was made to restrict these functional patterns but I am not convinced that this attempt led to the very rigid staff-line systems that might be suggested by the term "one-man management".

We have noted that the hierarchy of values and ends against which any criterion of organisational rationality must be measured were prescribed by the Soviet model and the prevalence of functional patterns in the period prior to 1953 arose from uncertainty as to which of two factors occupied the higher place in that hierarchy - the creation of staff-line patterns of command or the extension of control down to the basic level. In the Soviet Union in 1950 these factors were not in contradiction. In China the low level of technical competence at the basic level meant that they were.

FIGURE 10 ORGANISATIONAL TENDENCIES IN THE EARLY 1950s AND MIDDLE 1960s



NOTES TO CHAPTER FOUR

1. Taylor Frederick W. The Principles of Scientific Management New York: Harper 1913.
2. Taylor Frederick W. "Shop Management" 1911 in Scientific Management New York Harper and Row 1947 p. 104 (10th ptg.)
3. Taylor : "Scientific Management (op.cit) p 123.
4. See for example the study of one hundred firms made in South Essex in the 1950s in Woodward Joan: Industrial Organisation : Theory and Practice Oxford University Press 1965 p. 18. Here 35 firms were of predominantly line type organisation, 59 were of staff-line organisation, 4 were unclassifiable and only 2 were of functional organisation.
5. See Pfiffner and Sherwood: Administrative Organisation Prentice Hall 1960 Chapter 2 "Complexity of Organisation: The Concept of Overlays" pp 16-32.
6. Issue No 1 of CKKY was published on 16th April 1949. Shanghai was completely liberated by the 28th May 1949 and issue No 2 appeared on 19th June 1949.
7. Yin Ku: "Kung-ch'ang Kuan-li" (Factory Management) CKKY Vol 1 No 1 pp 17-22.
CKKY Vol 1 No 2 pp 28-36.
8. CKKY Vol 1 No 2 - editorial.
9. Yin Ku attributes this preferred system to a certain I-tun. This is obviously a transliteration but I have not been able to identify him.
10. Yin Ku (loc.cit).
11. It is similar in the sense that planning was centralised and operations were decentralised unlike the production territorial system which centralised operations. Selden points out that the primary logic behind this policy was a desire to lower transportation costs although it also made industry less vulnerable to enemy air attack and more important, aided the spread of new ideas to dispersed units of production. The "chi-chung ling-tao, fen-san ching-ying" process was accompanied by the movement of "picked troops and simplified administration" ("ching-ping chien-cheng") which achieved the integration of conflicting stimuli by a system of co-ordinating committees. Although the eventual aim was to achieve some degree of ideological integration, it can hardly be said to have been achieved at that stage.
See Selden, Mark : Yenan Communism: Revolution in the Shensi-Kansu-Ningsia Border Region 1927-1945 unpublished PhD dissertation in History (modern) Yale 1967 pp 296-302.
See also Mao Tse-tung: "Ching-chi Wen-t'i yü Tsai-cheng Wen-t'i" report to Higher Level Cadres Meeting of the Shensi-Kansu-Ningsia Border Region December 1942, Mao Tse-tung Hsüan-chi 1944 edn Vol 4, 1947 edn Vol 5 reprinted in Mao Tse-tung Chi Vol 8 Tokyo Hokubosha 1971 pp 259-275 in which the basic idea behind chi-chung ling-tao fen-san ching-ying is explained.
12. (ibid)
13. See Schurmann : Ideology & Organisation(op.cit) p 233.

14. Lenin V.I. "The Immediate Tasks of the Soviet Government" (April 1918) Selected Works Moscow Progress Publishers 1967 Vol 2 p 664.
15. For example Cheng Hung-su: "Su-lien ti Ch'i-yeh Kuan-li shih Tsen-yang T'iao-cheng ti" (loc.cit).
16. Lenin: "The Immediate Tasks...." (loc.cit) pp 672.673.
17. e.g. Cheng Hung-su : "Su-lien ti Ch'i-yeh...." (loc cit).
18. This period was subsequently known as that of "War Communism" although, at the time, it was considered to be applicable to peace-time conditions also,
see Wiles P.J.D. The Political Economy of Communism Oxford: Basil Blackwell 1964 pp 33-34.
- 19... Wiles (op cit) describes three models of control after the Bolshevik Revolution, "Workers Control" (Nov 1918 - Summer 1919) "War Communism" (1919-21) and the "New Economic Policy" (1921-28) During the second "War Communism" stage the power of the workers councils declined as they came under labour union control (Wiles pp 28-9). Lokshin dates the decline of the workers council system from the Party's 4th Congress of 1920, Lokshin E (Chinese translation) "Ch'i-yeh-nei ti I-chang-chih" ("The One Man Management System in the Enterprise") in Peking Ta-chung Shu-tien : Kuan-yü Ch'i-yeh Kuan-li Wen-t'i (On Problems of Enterprise Management) (a collection of articles translated from Russian) May 1950 pp 31-55.
20. Note the enterprise director was not necessarily the same as the FGM since Soviet industrial enterprises more frequently consisted of a number of factories Cheng Hung-su (loc.cit)
21. Power, here, is defined in terms of the enterprise, not in any wider sense.
22. Granick, David The Red Executive London MacMillan 1960, pp 156-162 . Managers were sometimes obliged to exercise more autonomy than they were legally entitled to in order to produce the results demanded of them. At other times controls were applied quite rigorously.
23. All such labour-union organised conferences were of a "mass nature" and had no executive function. Chang Li-K'o "How to Overcome Formalism....." (loc.cit).
24. Cheng Hung-su: "Su-lien ti Ch'i-yeh...." (loc.cit) ptII p 10.
25. cited in Cheng Hung-su: "Su-lien ti Ch'i-yeh..." (loc.cit).
26. (ibid)
27. Note: the standard translation was i-chang-chih (as used in the translation of the Lokshin article).
28. In the Lokshin article, "functional management" (as abolished in 1934) is translated as "tse-jen fen-san ti ling-tao" (literally: "system of divided responsibility in leadership") Current Taiwan works on industrial management translate the functional approach as kuan-li kung-neng fang-fa. See Kung P'ing-pang: Hsien-tai Ch'i-yeh Kuan-li T'aichung:San-min Shu-chü July 1970 p 20.

29. For example Lokshin (loc.cit).
30. As in Chung-kung-yeh-pu (Ministry of Heavy Industry): "Kuan-yü tsai Sheng-ch'an Ch'ang K'uang Chien-li Tse-jen-chih ti Chih-shih" ("Directive on the Establishment of a Responsibility System in Production Factories and Mines") 28th May 1953 CKYTH No 16 June 1st 1953 pp 1-5.
31. Cheng Hung-su: "Su-lien ti Ch'i-yeh....."(loc.cit).
32. Kao Kang: "Chan Tsai Tung Pei Ching-chi Chien-she-ti Tsui Ch'ien-mien" March 13 1950 (loc.cit).
33. See chapter 8.
34. See in particular the Chung-kung-yeh-pu directive 28th May 1953 (loc.cit).
35. Schurmann: Ideology and Organisation in Communist China (op. cit) p 264.
36. Li Hsüeh-feng: Speech to the Eighth Party Congress 24th September 1956 in CKKCT CYWYH Pan-kung-t'ing : Chung-kuo Kung-ch'an-tang Ti-pa-tz'u Ch'üan-kuo Tai-piao-ta-hui Wen-hsien (Documents of the CCP Eighth Congress) Peking Jen-min Ch'u-pan-she February 1957 pp 457-464.
37. See for example Shang-hai Kung-jen Ko-ming Tsao-fan Tsung-ssu-ling-pu (Shanghai Workers Revolutionary Rebel General Headquarters): "Kung-ch'ang Ch'i-yeh Kuan-li-shang Liang-t'iao Lu-hsien ti Tou-cheng" ("The Struggle Between the Two Lines in the Management of Factories and Enterprises") in Kung-jen Tsao-fan-pao (Workers' Rebel Newspaper) No 187 28th November 1968.
38. (ibid)
39. See for example Kung-ko-hui (Canton, Heavy-duty Machine Works Committee) "Down with Counter-revolutionary Revisionist Yeh Hsiu-ch'ing" in Canton Chih-tao Chung Nan July 21st 1968 translated in SCMP 4369 March 5th 1969 pp 7-10.
40. e.g. Shang-hai Kung-jen Ko-ming Tsao-fan Tsung-ssu-ling-pu (loc.cit).
41. Kung-ko-hui (loc.cit)
42. Mao, in fact traced the origin of the split to a much earlier date. See Mao Tse-tung: "Speech at the Tenth Plenary Session of the Eighth Central Committee" September 24th 1962 in Chinese Law and Government Vol I No 4 Winter 1968/69 pp88-89.
43. e.g. Kung-ko-hui (loc.cit)
44. Yeh Hsiu-ch'ing, for example was able to get rid of two Party secretaries with whom he disagreed and was said to be supported by T'ao Chu, first secretary of the recreated Central South Bureau of the Party.
45. TPKY No 84 1st February 1952 p 15 : "Pu-chun Ya-chih Min-chu" ("It is Forbidden to Suppress Democracy").

46. e.g. Cheng Hung-su: "Su-lien ti Ch'i-yeh...."(loc cit)
47. See chapter 2 in particular the Yang Ch'üan case.
48. Alley Rewi: Yo Banfa (op.cit) pp 21-2.
49. Fong H.D. (loc.cit).
50. See chapter 2, the Yang Ch'üan case.
51. This term is mine and was not used to my knowledge in contemporary literature.
52. Ho Fu-pen: "Chi-ts'eng Hsing-cheng Tse-jen-chih Shih-tien Ching-yen" ("Experience of a Trial Point for the Basic Level Managerial Responsibility System") CKYTH No 36 21st December 1953 pp 22-25.
53. CKYTH No 33 21st November 1953 pp 16-17: "T'ui-hsing Chi-ts'eng Hsing-cheng Tse-jen-chih Kai-pien-le To-t'ou-ling-tao ti Hun-luan Hsien-hsiang" ("Promote the Managerial Responsibility System at the Basic Level and Change the Confused Phenomenon of Multi-headed Leadership").
54. (ibid)
55. Ho Fu-pen (loc.cit)
56. CKYTH No 33 pp 16-17 (op.cit)
57. (ibid)
58. (ibid)
59. TPJMCT KYP: "Kuan-yü Mu-ch'ien Chi-pen Chien-she Kung-tso ti Chih-shih" ("Directive on Current Basic Construction Work") 18th June 1952 TPKY No 98 21st June 1952 pp 1-4.
See also Lü Tung: "Chia-ch'iang Tse-jen-chih, T'i-kao Kung-ch'eng Chih-liang Wei Wan-ch'eng I-chiu-wu-erh-nien ti Kung-ch'eng Chi-hua erh Fen-tou" ("Strengthen the Responsibility System, Improve the Quality of Construction Work and Struggle for the Completion of the Plan for 1952") TPKY No 99 1st July 1952 pp 1-6.
60. Yao P'ü: "Tsong I-ko Kung-ch'ang Kung-tso Chiao-tu T'i-hui-tao ti Chi-chien Kung-tso-chung ti I-hsieh Wen-t'i" ("Some questions Concerning Basic Construction as Seen from the Angle of Work in One Factory") TPKY No 101 21st July 1952 pp 14-17.
61. (ibid)
62. CKYTH No 19 1st July 1953 p 28 : "T'ang-shan Kang-ch'ang K'ai-shih-le Chien-li Tse-jen-chih ti Chun-pei Kung-tso" ("T'angshan Steel Works Begins Preparatory Work for Establishing a Responsibility System!")
63. Lo Han: "Pi-hsü an Sheng-ch'an Ch'ü-yü Kuan-li-chih ti Yüan-tse lai Tsu-chih Tiao-tu Kung-tso" ("Production Order Work Must be Organised According to the Principles of the Production Territorial Management System") (a summary of experiences discussed at the An-kang forum on production order work) CKYTH No 34 1st December 1953 p 26.

64. Chi Ming-ta: "Kung-tuan Tsu-chih-chung ti Chi-ko Chung-yao Wen-t'i" ("Some Important Questions on Work Section Organisation") CKYTH No 30 21st October 1953 pp 10-12.
65. (ibid)
66. (ibid)
67. The corollary of this was that each particular job of work should only be carried on in one place.
See CKYTH No 33 21st November 1953 pp 2-4 : "Shih-hsing Sheng-ch'an Ch'ü-yü Kuan-li-chih" ("Implement the Production Territorial Management System").
68. Ho Fu-pen (loc.cit)
69. (ibid)
70. (ibid)
71. Wang Yung-kang: "Chien-li Tiao-tu Tse-jen-chih Ch'ung-fen Fa-hui Tiao-tu Kung-tso ti Tso-feng" ("Establish a Responsibility System for Production Order and Fulfil Completely the Functions of Production Order") CKYTH No 26 11th September 1953 pp 16-18.
72. Lo Han (loc.cit)
73. (ibid)
74. (ibid)
75. (ibid)
76. Kao Kang: "Chan tsai Tung Pei Ching-chi Chien-she ti Tsui Ch'ien-mien" March 1950 (loc.cit).
77. See chapter 3.
78. Kao Kang: "Chan tsai Tung Pei..... March 13th 1950 (loc.cit)
79. (ibid)
80. This phenomenon was attacked most severely by Kao Kang in his speech of March 13th 1950.
81. See Schurmann: Ideology and Organisation (op.cit) p 235.
82. Chung-kung-yeh-pu : directive 28th May 1953 (loc.cit)
83. (ibid)
84. (ibid)
Note there was frequently a level lower than kung-tuan, the hsiao-tsu ("team" sometimes translated "brigade").
85. During the movement to establish responsibility systems the Chinese Peoples University edited and disseminated material on "one-man-management" and labour discipline. See Huang K'un-i: "K'ai-chan Tse-jen-chih Yün-tung Pi-hsü tsai Ssu-hsiang-shang Tsu-chih-shang Tso-hao Ch'ung-fen Chun-pei" ("In Order to Develop the Responsibility System, We Must Make Adequate Preparation Both Ideologically and Organisationally") CKYTH No 26 11th September 1953 p 10.

86. Chung-kung-yeh-pu: directive 28th May 1953 (loc.cit).
87. Schurmann: Ideology and Organisation... (op.cit) pp 252-253.
88. CKYTH No 16 1st June 1953 p 8: "Tsai Chia-ch'iang Chi-hua Kuan-li ti Chi-ch'u-shang Chan-k'ai Chien-li Tse-jen-chih Yün-tung; Ch'i-yeh Kuan-li-chung ti Wu-jen Fu-tse Hsien-hsiang" ("On the Basis of Strengthening Planned Management, Develop the Establishment of Responsibility Systems; The Serious Phenomenon of No-one Being Responsible in Enterprise Management")
89. Huang K'un-i (loc.cit).
90. Wang Yung-kang (loc.cit).
91. (ibid)
92. (ibid)
93. Liu Pao: "Pi-hsü Ta-tao Chi-shu Jen-yüan Ssu-hsiang-shang ti Ti-jen" ("We Must Overthrow the Enemy in the Thinking of Technical Personnel") TPKY No 91 11th April 1952 p 40.
94. Anshan Kang-t'ieh Kung-ssu (Anshan Iron and Steel Corporation): "Kuan-yü tsai Ko Sheng-ch'an Tan-wei Chien-li Hsing-cheng Chuan-tse-chih ti Chih-shih" ("Directive on the Establishment of a Managerial Responsibility System in Each Unit of Production") CKYTH No 26 11th September 1953 p 8.
95. Huang K'un-i (loc.cit).
96. Granick David The Red Executive London MacMillan 1960 p 64 & 39.
97. Huang K'un-i (loc.cit)
98. Schurmann unpublished manuscript (op.cit) IV 10 & 27.
99. Tung Pei Jih-pao: "Kung-ch'eng Chi-shu Jen-yüan Chih-tse T'iao-li - I ko Chi Wei Chung-yao ti Cheng-ts'e Wen-t'i" ("Regulations Concerning the Responsibilities of Engineering and Technical Personnel - An Extremely Important Policy Question") reprinted in TPKY No 54 1st April 1951 pp 5-6.
100. (ibid)
101. TPJMCF KYP: "Kung-ch'eng Chi-shu Jen-yüan Chih-tse Chan-hsing T'iao-li" ("Temporary Regulations Concerning the Responsibilities of Engineering and Technical Personnel") TPKY No 54 1st April 1951 pp 7-8.
102. (ibid)
103. See for example Chung-kung-yeh-pu, Hua-hsüeh Kung-yeh Kuan-li-chü (Ministry of Heavy Industry, Chemical Industry Management Bureau): "Kai-chin ho T'i-kao Sheng-ch'an Fu-ch'ang-chang ti Ling-tao Fang-fa; Chia-ch'iang Sheng-ch'an Chi-shu Ling-tao" ("Improve and Raise the Level of the Methods of Leadership of the Deputy FGM in Charge of Production; Strengthen Leadership in Production Technology") CKYTH No 68 (1954 No 32) 11th November 1954 pp 16-20.
104. (ibid)
105. (ibid)

106. This body would seem to be a successor to the territorially organised "Increase Production and Practise Economy Committees" which appeared during the Three Anti Movement. See chapter 8.
107. Ch'i Kuo-chien and Chang Yi-ch'ün: "Pao-t'ou T'ieh-ch'ang Ch'ang-chang Kuan-liao-chu-i Tso-feng Yen-chung" ("The Bureaucratic Working Style of the FGM of the Paotow Iron Works is Serious") KJJP 8th January 1953 p 3.
- 108-114. Chung-kung-yeh-pu, Hua-hsüeh Kung-yeh Kuan-li-ch'ü (loc.cit)
- 115-121. TPJMCF KYP: Pan-kung-shih, Yen-chiu-k'o (Office, Research Dept.) : "Ko Tan-wei tsai Chia-ch'iang Ch'e-chien Kuan-li Fang-mien Tso-le Na-hsieh Kung-tso" ("What Work Has Been Done by Each Unit with regard to Strengthening Shop Management") TPKY No 58 11th May 1951 pp 37-38.
122. Plans at shop level included production plan, material supply plan, power, equipment and transport plan, inspection and repair plan, plan for improving labour organisation, cost plan, plan for technical and organisational measures.
Li Ch'ang-yüan: "Tsai Hsien-yu-ti Chi-ch'u-shang T'i-kao I-pu" ("Advance Further Upon the Present Basis") TPKY No 81 1st January 1952 pp 28-9.
On team and individual plans, see for example:-
Ha-erh-pin Tsung-kung-hui, Pan-kung-shih (Harbin General Labour Union Office): "K'ai-chan Ai-kuo-chu-i Sheng-ch'an Ching-sai-chung Ju-ho Ting-hao Ko-jen ho Hsiao-tsu ti Shang-ch'an Chi-hua" ("How to Draw up Individual and Team Production Plans during the Development of Patriotic Production Competitions") CKKY Vol 2 No 8 20th December 1950 pp 51-53.
123. CKYTH No 33: "Shih-hsing Sheng-ch'an Ch'ü-yü Kuan-li-chih" (loc.cit)
124. Yen Yü-hsü and Shen Kuo-jung: "Chieh-shao Fu-shun Chih-kang-ch'ang ti Tse-jen-chih" ("Introducing the Responsibility System at the Fushun Steel Making Works"). CKYTH No 16 1st June 1953 pp 9-13.
125. Under the network of the Ministry of Heavy Industry the majority of factories operated a three shift system in 1953. CKYTH No 33 "Shih-hsing Sheng-ch'an Ch'ü-yü Kuan-li-chih" (loc.cit).
126. (ibid)
127. (ibid)
128. Yen Yü-hsu and Shen Kuo-jung (loc.cit)
129. Ai Wu: Steeled and Tempered PFLP 1961 437 pp
130. These levels were usually called kung-tuan (work section) and hsiao-tsu (team).
131. Berliner Joseph S: Factory and Manager in the USSR Cambridge Mass: Harvard University Press 1957 (2nd ptg.1968) p 15.

132. Li Mao-ch'i: "Mo-fan Lu-chang Li Shao-k'uei Tsen-yang Ling-tao Sheng-ch'an" ("How the Model Furnace Chief Li Shao-k'uei Led Production") CKYTH No 35 11th December 1953 p 15.
Note: In the very early period the term kung-chang was sometimes used for shop supervisor. For example Cheng Hung-su translates shop supervisor as chih-ch'ang Kung-chang. Afterwards the term che-chien chu-jen came into standard usage for shop supervisor. Cheng Hung-su: "Su-lien ti Ch'i-yeh....." (loc.cit) p 24.
133. CKYTH No 33: "Shih-hsing Sheng-ch'an Ch'ü-yü Kuan-li-chih" (loc.cit).
134. (ibid)
135. Wu Mo-hua: "Cheng-tun Chi-ts'eng Tsu-chih, Ming-ch'eh Chi-ts'eng Kan-pu ti Tse-jen ("Sort out Basic Level Organisation; Define Clearly the Responsibilities of Basic Level Cadres") CKYTH No 33 21st November 1953 p 10,12.
136. Chang Te-sheng: "Chi-ts'eng Tsu-chih Sui i Kai-pien Kung-chang Jeng shih Yu-chih Wu-ch'üan" ("Although Basic Level Organisation has been Changed the Foreman Still has Responsibility but No Power") CKYTH No 33 21st November 1953 p 18.
137. (ibid)
138. Wu Mo-hua (loc.cit).
139. CKYTH No 33: "Shih-hsing Sheng-ch'an Ch'ü-yü Kuan-li-chih" (loc.cit).
140. CKYTH No 33: "Tui-hsing Chi-ts'eng Hsing-ching Tse-jen-chih..." (loc.cit)
141. Chang Te-sheng (loc.cit).
142. See chapter 8.
143. Lin Chiang-yün: "Certain Problems in the Control of Labour Power" Lao-tung No 11 November 1955 translated in ECMM No 27 March 12 1956 pp 22-26.
144. See Schurmann: Ideology and Organisation(op.cit) p 264.
145. Chang Ta-k'ai and Sung Chin-sheng: "Ch'i-yeh Kuan-li-shang I-ko Ken-pen-hsing ti Pien-ko" ("A Fundamental Revolutionary Change in Enterprise Management"). Jen-min Shou-ts'e 1965 pp 564-566.
146. (ibid)

CHAPTER FIVE INCENTIVE AND WORK MOTIVATION

Chapter three described a policy which sought to relate remuneration only to productivity. As such it was anti-egalitarian and individually-oriented. Incentive policy was not concerned with relating wage payment to any notion of natural equity¹ and attempts were made to create highly progressive wage systems. This approach was the complete opposite to that of such Western psycho-economists as Jaques, who see a correlation between equity and equality in conditions of under-abundance.² According to Jaques, as an economy becomes richer the equitable distribution of incomes becomes more differentially steep, whereas according to the Chinese view borrowed from the Soviet Union in 1948,³ steep differentials had to be created in order to achieve abundance in the first place and to achieve this, new standards of equity had to be internalised.

This chapter will examine the process of wage reform, not from an economic point of view in terms of the allocation of resources, but in terms of its effect upon the relationship between workers and management and between staff and line. Particular stress will be laid upon the criteria employed to grade workers and management. The individual and group dimensions of incentive will be discussed in connection with piecework and the production competitions which, as we have seen, were closely integrated with wages policy. Finally, an attempt will be made, as in the last chapter, to compare the dimensions of incentive policy with those of a later period where the focus

had switched from the individual to the group.

The Elimination of the Supply System

Any attempt at wage reform had to be postponed until inflation had been brought under control. The Lushun Talien wage system, which was discussed in chapter three, was expressed in monetary terms. In other parts of the country, however, the chronic inflation that lasted until 1950 was compensated for by assessing wages according to a system of points, known variously as hsi or fen in different parts of the country.⁴ Each point was the equivalent of a certain quantity of consumer goods (rice, wheat, coal, oil, salt and cotton cloth)⁵ and payment might be made in these goods or in their monetary value at current prices. The prices of the constituent elements of the wage point were all controlled and an attempt was made to allow for the greater degree of fluctuation of uncontrolled prices by tying wage payments to a cost of living index, in a way similar to the Lushun Talien model which was described in chapter three.⁶ Though the wage point system was phased out in various places in the years after liberation, it was not formally abolished until 1956.⁷

Soon after liberation attempts were made to standardise the constituent elements of wage points, though the wage reforms that followed proceeded on the assumption that there would be no immediate change-over to payment in monetary terms. The major task of wage reform was the much more difficult one of standardising wage grades. Various wage reforms had taken place

in the liberated areas prior to 1950, but they had proceeded in a piecemeal fashion.⁸ Even after liberation wage reform took place in different areas in different times according to a pattern with which we are now familiar - the North East in 1950, the North in 1951, the East in 1951-2 and the Central-South in 1952.⁹ Wage reform commenced in the North East as soon as inflation had been brought under control though, in the rest of the country, the commencement of wage reform depended upon the completion of democratic reform; the existence of gang bosses who took their customary cut of wages would have frustrated any attempt at uniform wage grading.

The first task of wage reform was to eliminate the element of "free supply" that had remained from civil war days. This wage supplement was considered to be unnecessary in a situation where inflation had been brought under control and where the wage point system related wages to the cost of living.¹⁰ The only element of subsidy for blue collar workers that was to remain after wage reform were allowances paid to a worker whose post-reform pay was less than his pre-reform pay.¹¹ In addition to abolishing subsidies, wage reform also involved measures to restrict traditional gratuities such as double pay at New Year.¹²

Since workers were already paid to a great extent according to a graded wage system, and were guaranteed a subsidy if their new scale was lower than their old scale, they had nothing to lose by the abolition of former subsidies. The problem of cadres, on the other hand, was a more serious one. Although liberated

areas such as the North East had established wage scales for management cadres in state-run factories in 1948,¹³ a number of new cadres had been transferred to factories following the liberation of cities, who brought with them what was described as the free supply mentality (kung-kei-chih ti ch'ang-hsiang) and who resented a system of payment that sought to measure their contribution (kung-hsien) to production.¹⁴ In the opinion of Kao Kang, it was this type of cadre who was to a large extent responsible for the lack of a sense of responsibility within North East factories and whose attitude he caricatured as kan-pu-kan, i-chin-pan (whether I do the work or not, I'll still get one and a half chin of grain as wages).¹⁵

Egalitarianism in the sense of a theoretical commitment to equal payment regardless of work was, as far as I know, never a feature of official policy in any of the liberated areas. Such a doctrine had been condemned by Mao in the Kutien resolution of 1929 as the illusion of the small peasant producer in a situation where capitalism had not yet been wiped out. Equal payment, which was practised in units of the Red Army at that time, was said to derive from necessity rather than theory.¹⁶ During the Anti-Japanese war, free supply systems for cadres had become prevalent as well as a grain ticket system of payment for troops which related wages to the procurement of local tax grain.¹⁷ Such systems, however, seem to have been the result of physical necessity rather than due to any theoretical commitment to immediate payment according to need. In fact Mao Tse-tung argued in favour of progressive piecework systems and against egalitarianism as early as 1942.¹⁸

The effect of such systems was to create more of an egalitarian ethos than an egalitarian ideology. The dividing line between the "free supply mentality", which was the result of habit as the Chinese term suggests (kung-kei-chih ti ch'ang-hsiang), and a commitment to equality as an end in itself (p'ing-chün-chu-i), is however a thin one, and there were some people who considered the ultra egalitarianism of the "peasant socialist" period of land reform should be applied to the industrial sphere.¹⁹

The free supply system for cadres was to survive wage reform, but I have seen no instances of any managerial personnel remaining on this system. In the light of my own observations in the middle 1960s, when transferred Army cadres remained on army pay scales after they were transferred to other walks of life, it is not inconceivable that some Party personnel transferred to factories remained on this system, but I have seen no account that discusses the salary of enterprise Party secretaries during the period under review.

Grading Blue Collar Workers

I have suggested above that one definition of the term egalitarianism was a belief in free supply for its own sake. This was not, however, the definition that was most commonly made. What was usually meant by the term in the industrial sphere was the maintenance of very small differentials between wage grades, even though the number of these grades might be enormous.²⁰

It is virtually impossible to generalise about the nature of wage grade systems that were in operation in the period immediately before wage reform. Not only were there variations between areas, but even within the same local industrial network a number of different grading systems might be in operation. The Ta Chung Coal Mine under the T'aihang Mining Corporation, for example, revealed in 1948 a uniform wage of 7.2 chin of millet for carpenters regardless of work skill, whereas other units under the corporation had three wage categories (nine grades), four categories (12 grades), or even five categories (15 grades).²¹ As early as 1948 this lack of uniformity was explained as the result of the free supply mentality and other erroneous modes of thought.²²

In the period immediately prior to the post-liberation wage reform, some industrial units had as many as 148 wage grades with differentials of only 0.5 wage points between each grade and others had as many grades as there were workers.²³ Such systems were described as "egalitarian", even though the ratio of highest wage to lowest might be of the order of 3:1 to 5:1. Wage reform tended to reduce this ratio, since previous living allowances were transformed into basic wages, with the result that pay increases at the lower levels were proportionally higher than pay increases at the higher levels.²⁴

Though wage reform reduced the ratio of highest to lowest wage to something of the order of 1:3,²⁵ the resulting wage system was considered to be less "egalitarian" because a

reduction in the number of grades made the differentials between grades much steeper. The ideal number of grades for blue collar workers was seven or eight, the former seeming to be more appropriate for heavy industry and textiles and the latter for the bulk of light industry.²⁶ Ideally grading was not to be worker-oriented but job-oriented. A number of work points were assigned to specific activities on the basis of required skill (ying-hui), required knowledge (ying-chih)²⁷ and working conditions in accordance with prescribed ranges laid down by regional government.²⁸ The ranges prescribed for heavy industry were higher than those prescribed for light industry²⁹ (the reversal of the pre-liberation situation) and those for state-run industry higher than for provincial or municipally-run industry.³⁰

A model for wage grade determination during the 1951 North China Wage Reform was the Power Plant of the Shihchingshan Iron and Steel Works near Peking. This thirty year old plant had inherited no less than 110 wage grades with very small differentials. Not only was the grading system "egalitarian" but, in some cases, skilled workers were paid less than unskilled workers; for example, a highly skilled worker had been graded at 309 chin of millet whereas an old forge hand received 460 chin. A wage reform committee (p'ing-tzu wei-yüan-hui) was set up in July 1951 to carry out wage reform. The committee consisted of cadres (presumably management Party and union officers) and skilled workers who had been in the plant for some time. The committee worked out a grading plan which was submitted to the shop floor and discussion was held at plant, shop and team level.

Pilot teams were selected, their experiences propagated, and within three days every member of every team had been assigned to a definite position in the eight grade scale.³¹

The above exercise in participatory democracy depended to a very large extent upon the political consciousness of the workers involved, for we have seen what happened when a worker of low political consciousness was in a position to determine his own wages.³² A worker was required to have sufficient political consciousness to realise that political factors should determine his attitude towards wage grade determination but not the grades so determined. In the liberated areas prior to wage reform "labour attitude" was frequently an important factor in grade determination.³³ At the time of the 1950-52 wage reforms however, the employment of political criteria in grade determination was strongly opposed.³⁴ It was felt that on the one hand such a practice might cause resentment between old workers who were highly skilled but politically not very conscious, and young political activists whose level of skill was very low,³⁵ and on the other that it might act as a disincentive for young activists to study technology.³⁶ Evidently at this stage the political consciousness of the young political activists was not considered in itself a sufficient motivating factor.

The contradiction between a process of political education which demanded that political considerations be discounted in grading is an example of a contradiction between medium and

message that will be elaborated on in chapter eight. It was a contradiction which was only to be partially solved. Even after the major wage reform of 1956 which reinforced the doctrine that no payment should be made for "labour attitude",³⁷ the campaign against the employment of political consideration continued³⁸ until policy was reversed in 1958, which would indicate that such a practice was difficult to eradicate.

The major emphasis in wage reform lay in assigning blue collar workers to grades on the seven or eight grade system according to technical rather than political criteria. It is difficult to assess how successful this process was since, after wage reform, one could still find instances of grading systems other than the seven or eight grades systems which were prescribed.³⁹ However successful the establishment of the seven or eight grade system was, wage reform was least successful in working out a standard system of grade differentials. Ideally systems should have been progressive; they were more frequently constant⁴⁰ and occasionally irregular⁴¹ (neither progressive nor constant), which may be attributed to an overemphasis on form (the number of grades) at the expense of content (the size of differentials).⁴²

The Evaluation of Cadres

Whatever difficulty might have been experienced in discounting political attitudes when evaluating blue collar workers, the problem of cadres was a much more complicated one and caused far greater difficulties, since political attitude was the *raison d'etre* of the Party cadres, vital in line

managers who were required to concern themselves with personnel, and could only be discounted in the case of technical cadres.

In the early 1950s the prescribed qualities of a cadre were summed up in the three concepts ts'ai, te and tzu. These are usually translated as "ability", "virtue" and "qualifications"; a lot however is lost in the translation.

In 1949 Kao Kang defined ts'ai as one's capacity to complete tasks assigned by the people, te as one's loyalty to the cause of the people and tzu as one's experience in struggle and the degree to which one is close to the people.⁴³ Each of these concepts has ideally a technical and a political dimension. One's capacity to complete work tasks depends upon having the right attitude (political) and the required skill (technical). During the early 1960s ts'ai was interpreted in largely technical terms,⁴⁴ whereas in the Cultural Revolution it was interpreted in largely political terms.⁴⁵ Loyalty to the cause of the people may be measured in adherence to the mass line or in terms of how hard one works, and experience in struggle depends on how one defines struggle; struggle in a Chinese context has a whole span of definition from class struggle to work itself.⁴⁶

Despite Kao Kang's wide definition of tzu, in the early 1950s tzu tended to be defined in terms of paper qualifications and did not achieve the theoretical importance of the other two concepts.⁴⁷ Ts'ai tended to be defined as knowing how to do things and having the talent to do them and te as knowing why

such things need to be done. Throughout the past twenty two years writers on ts'ai and te have condemned any attempt to counterpose the two concepts; this is as true for the early 1950s⁴⁸ as it is for the Great Leap Forward.⁴⁹ Within an industrial enterprise both the FGM and the Party secretary were required to possess te and ts'ai in great measure, the difference being that a Party secretary was required to concern himself with other peoples' te whereas the FGM was to concern himself with other peoples' ts'ai.

In the early 1950s there was a tendency to give greater stress to ts'ai than to te. An Tzu-wen, Deputy Director of the Party Organisation Bureau and Minister of Personnel, condemned this tendency and answered those cadres who had declared that it was impossible to combine a great degree of ts'ai and te in one person.⁵⁰ Some cadres had put forward the idea those with te and no ts'ai should run Party affairs and those with ts'ai and no te should do administrative work. Some even tried to lay down criteria for administrators and managers on the basis of 30% te and 70% ts'ai, which was criticised by An as the "simple business viewpoint".⁵¹

In 1958 Mao also sharply criticised those who sought to counterpose chuan (expert) and hung (red),⁵² (which were exactly the same as ts'ai and te). The difference between the formulation of the early 1950s and that of the Great Leap Forward was that the former defined the te (hung) concept increasingly in terms of technological values whilst the latter defined the ts'ai (chuan)

concept increasingly in terms of political values. Both views condemned any tendency for there to appear groups of people clearly defined as "reds" and "experts" in the enterprise; appointments to all leading line management posts were made in terms of both qualities. The Great Leap Forward tendency to put the te (hung) concept first was founded on the belief that proper te (hung) in itself led to a desire to gain expertise. The adherents to the Soviet model also put the te (hung) concept first in the belief that proper te (hung) in itself included a high degree of expertise. In the early 1950s one could find pure experts in industry, but these were usually retained personnel. In the mid 1960s there were still some retained personnel, though I find the labels "red" and "expert" which Barry Richman assigns to various leading personnel in the enterprises he visited quite extraordinary.⁵³ What Richman does is to assume that those who manifestly lack chuan (ts'ai) are by definition hung (te). According to Kao Kang personnel transferred from outside the industrial sphere in the early 1950s rapidly became imbued with ts'ai.⁵⁴ Similarly, political cadres transferred from the military in 1964 either rapidly achieved ts'ai or failed utterly to understand how production worked and were not much use from a hung point of view. Indeed the Cultural Revolution in the factories was essentially a battle not between chuan and hung, but between two different kinds of hung.

The evaluation of line managers and political cadres therefore demanded a consideration of political attitude. Technical cadres were much easier to grade and for this reason separate

grading systems were worked out for staff and line cadres,⁵⁵ the former appearing usually long before the latter. In the North East, for example, a comprehensive system of grade standards for technical personnel were worked out for the whole region in 1952,⁵⁶ whereas grading schemes for line management in some sectors of industry were not formulated until much later. In the construction industry, for example, a nation-wide grading system was worked out only in 1955,⁵⁷ which was the year in which a comprehensive national plan was put forward for grading all cadres, both in state administration and in the industrial sphere,⁵⁸ and the year in which the free supply system was finally brought to an end.⁵⁹ Significantly the national grading schemes for line managers were not put forward until after the abolition of the large administrative regions into which China was divided until 1954,⁶⁰ which meant that sometimes technical personnel were graded according to the former regional standard, whereas line management were graded according to a national standard. In the Anshan Metallurgical General Building Corporation technical personnel remained until 1957 on the North East standard for 1952, whereas line managers found themselves after 1955 on the national standard for the construction industry, which was lower than the North East standard.⁶¹

The payment to technical personnel of salaries higher than line management was a violation of the Soviet model and the provisions for wage reform of 1950-52 had stressed that line managers should be graded at a higher level than staff officers.⁶² Though it would appear that the problem of technical personnel

paid at a rate higher than line managers was particularly salient after the nation-wide grading systems were put forward in 1955,⁶³ it is my impression that this process was a natural consequence of the policies of not alienating technical staff, the relative ease in grading technical personnel and the fact that in the beginning of the Five Year Plan the engineer enjoyed a prestige higher than the administrator.⁶⁴ In 1957 one critic went so far as to say that the phenomenon of higher pay for technical personnel resulted in a situation where managerial recruits into industry tended to be engineering graduates rather than graduates in economics (business management).⁶⁵ One can indeed demonstrate that the number of engineering graduates increased out of all proportion to economics graduates (see figure 11), but I feel that this was more a consequence of copying the Soviet pattern than the consequence of its violation; and in any case, in a situation where provision for higher education was planned, it is doubtful that higher pay for technical personnel could influence the number of university places for engineering students.

One can show fairly conclusively that the provision in the Soviet model of higher pay for line management was frequently violated at the higher levels. I am not so sure about the lower levels. One of the bones of contention of lower level staff officers in the construction industry was that they were paid at a lower rate than junior line management whereas their technical qualifications were higher.⁶⁶ This kind of question can only be solved definitively after very detailed research into the mass of

FIGURE 11 RELATIVE INCREASE IN THE NUMBERS OF GRADUATES IN ECONOMICS (INCLUDING BUSINESS MANAGEMENT) AND ENGINEERING.

YEAR	Graduates in Finance & Economics (including business management)	% of all graduates	Graduates in Engineering	% of all graduates
1949-50	3,305	18	4,711	26
1950-51	3,638	19	4,416	23
1951-52	7,263	23	10,213	32
1952-53	10,530	22	14,565	30
1953-54	6,033	13	15,596	33
1954-55	4,699	8	18,614	34
1955-56	4,460	7	22,047	35
1956-57	3,651	6	17,162	31

Note the considerable decline in the number of graduates in finance and economics after 1953 when the Soviet model was fully operational.

Source: Cheng C. Scientific and Engineering Manpower in Communist China 1949-63, Washington D.C. National Science Foundation 1965 p 78 Table 7.

% from State Statistical Bureau: Ten Great Years, Statistics of the Economic and Cultural Achievements of the People's Republic of China PFLP 1960 p 196.

material on wages that exists for the early and middle 1950s. The very limited aim of the above discussion is to show that there was a remunerative dimension to staff-line tension and that the wage reforms that took place in our period of study were least effective in dealing with managerial staff. The result was that there was a lack of homogeneity between the various systems for grading line managers and such uniformity that was achieved in grading technical staff in the North East was itself a contributory factor in staff-line tension.

Piecework

In chapter four we noted that the prescribed Soviet model demanded at the same time control over the basic level and the establishment of staff-line patterns of command. These elements were contradictory in a Chinese context and the need for control resulted in the temporary growth of patterns of functional leadership, which was a violation of the Soviet model. In this chapter we have noted that the prescribed Soviet model demanded at the same time systematisation of salary scales for management and provision for higher pay for line management. These elements were contradictory in a Chinese context and the need for systematisation resulted in an uneven pattern which gave technical staff higher salaries than line management; this was similarly a violation of the Soviet model. A third contradictory pattern which we shall explore here is between a demand that piecework systems of remuneration be introduced and the pressing need to raise the level of technical education.

We saw in chapter three that the prescribed method of wage calculation was a progressive piecework system which was considered to be the best way of adhering to the socialist principle of "from each according to his ability, to each according to his work". Piecework related wages to productivity and thus was felt to provide a very good incentive for technical education.⁶⁷ The relationship between technical education and piecework, however, can be seen in two ways, dialectically or in terms of a vicious circle. In the New Record movement, records were to be broken and rationalisation proposals submitted in order to establish norms. Upon these norms piecework systems were to be created and the continued desire to overfulfill one's norm was to lead workers to study technology to improve their efficiency. Thus new rationalisation proposals could be put forward and new records broken which would provide the basis for new and higher norms.⁶⁸ Such was the dialectical view which saw the contradiction between education and wages solved repeatedly at ever higher levels. One may look at this contradiction however in another way. The ability to establish new records and put forward rationalisation proposals depends in the first place upon a worker's level of technical education. If this is low he will not break records and not put forward the rationalisation proposals upon which norms might be established and piecework systems built and thus not have sufficient incentive to raise the level of his education. In such a situation the arbitrary imposition of norms and piecework systems will result in a situation where the worker feels he is exploited. The worker may only break out of this vicious circle once he feels that his technical competence is

is sufficient to break new records and put forward rationalisation proposals. This must be in a situation where technical staff do not despise worker suggestions and where the development of production competitions is not too erratic, as it was in the early stages of the New Record Movement.

A certain amount of time was necessary therefore before educational levels were sufficiently high, technical staff sufficiently humble and production competitions sufficiently stable to introduce piecework systems. The implementation of piecework systems depended too upon the satisfactory completion of wage reform and, apart from the North East, such reforms were only deemed to have been satisfactorily completed after the wage reform of 1956.⁶⁹ In fact over most of the country piecework systems, like one-man management, were just introduced in time for them to be subject to the most severe criticism in 1957-58,⁷⁰ when the doctrine of strict payment according to work began to be reconsidered.⁷¹ In striking contrast to the optimism which was recounted in chapter three, it was reported that by 1952 only 34.5% of the production workers in state enterprises were pieceworkers;⁷² and even in 1956 they did not constitute the majority.⁷³ In the North East, where a campaign⁷³ was launched as early as the spring of 1950⁷⁴ to introduce piecework systems on the grounds that time work encouraged slackers,⁷⁵ there was an atmosphere of caution. The advanced "technical norms" of the Soviet Union which required a complicated method of calculation were considered too difficult to introduce.⁷⁶ A system of average advanced norms (p'ing-chün hsien-chin ting-o) was adopted

and these norms were determined by selecting a point between the overall average target for output and the levels of production which workers commonly reached. Factories were warned not to proceed too quickly, to designate a trial period and not to alter initial norms for a period of six months.⁷⁷

There were three main reasons for this caution. Firstly, as has been mentioned, education levels were low and a premature stress on piecework might dampen enthusiasm. Secondly, workers frequently didn't understand the complicated methods for calculating piecework and, thirdly, inexperienced management might have recourse to manipulating norms to balance the books, which might have had repercussions on workers' morale.

Democracy and Piecework

Grade and norm determination were to be conducted according to the participatory principle of democracy. It was comparatively easy to assign work points to a particular task but the determination of norms and piecework systems was particularly complicated. The Leninist conception of participatory democracy was very closely linked with the degree of consciousness and understanding of the participants, and in the campaign to abolish piecework in 1958 the existence of piecework systems was held to be a contributory factor to the failure of workers to participate effectively in basic level management.⁷⁸ Whilst accepting this, I feel that the failure of workers to participate effectively in basic level management during the first five year plan period was attributable more to the structure of command and control than to the existence of piecework systems especially

since, in the period under review, piecework systems were only operative in one third of industry and I have seen no definite evidence that worker participation was any more effective in factories that had not yet adopted piecework systems. In fact factories which had not yet adopted such systems were usually those where political consciousness was considered to be lower.

The creation of the degree of consciousness and understanding necessary to make piecework a success was the function of the Party⁷⁹ and more particularly the labour unions. The unions were to organise discussion of grades, norms and systems. They were to combat egalitarianism, make certain that every worker understood the way his grade was determined and the way piecework norms were formulated and how to calculate his wage. They were to play an active part in the examination of apprentices and the promotion of workers who had improved their skill. They were to make certain that norms were realistic and could be attained by the majority of workers. In fact, they were to supervise the whole process of wage determination and payment.⁸⁰ During the wage reform in the North East in 1950, the head of the Wage Department of the North East General Labour Union, Chou Shu-k'ang, was none too complimentary about the way basic level unions had carried out these tasks. In fact, Chou noted that union cadres often did not participate in the discussions of wages, let alone organise them, but just handed down gradings determined previously by management.⁸¹ In 1951 criticism switched from the unions' bureaucratism to their economism, where apparently the increase in discussion did not lead to an increase in consciousness, at

least in the way the Party defined it. We shall return to this in chapter nine. However successful the unions might have been in stimulating discussion during 1951, it is unlikely that the understanding of workers was raised to any new height, since piecework systems were not introduced on a large scale until after 1954.⁸²

Norm Manipulation

What was perhaps more significant than the lack of democracy in lowering workers' morale and engendering their hostility to piecework was the fact that the regulations for maintaining norms for fixed periods of time were frequently violated. This was partly a consequence of a contradiction between two other elements in the Soviet model, the wage fund system and production competitions.

The size of the enterprise wage fund was determined by the current plan. When norms were greatly surpassed, as in the case of successful production competitions, more funds would be needed than the wage fund made available. Management could either get funds from unauthorised sources or raise norms in anticipation of further production increases.⁸³ To prevent this unions were required to make certain that the size of the wage fund was appropriate for the fulfillment of production tasks,⁸⁴ though what they might do if they found that it was not is not clear. Unions were also required to make certain that norm revision took place at the planned intervals.⁸⁵ This was probably not a very great problem when planning was relatively flexible in this early

period and when a large proportion of enterprise funds derived from unauthorised sources.⁸⁶ Later, however, as economic control became tighter worker criticisms began to appear in the Press to the effect that norm manipulations was like "turning a screw".⁸⁷

Equally common was the opposite tendency, that of lowering norms, which was described as an "economist" tendency.⁸⁸ Such a practice, which was sharply censured during the middle 1950s, resulted in workers receiving wages which were sometimes higher than management. In October 1956, following the wage reform of that year, many cases are on record of workers receiving higher wages than FGMs,⁸⁹ which made for resentment on the part of white collar workers.

Appropriate norm determination was therefore essential if piecework systems were not to cause tension. It was not only norm manipulation, however, that led to tension. In 1957-8 when piecework systems were being dismantled it was noted that workers not on piecework were frequently jealous of those that were.⁹⁰ Workers refused to be assigned to jobs for which they were paid on an hourly basis.⁹¹ They were infuriated with the huge bonuses that were paid to FGMs for overfulfilling their targets (sometimes ¥ 300-400 in post-1955 currency) and had to be paid bonuses as bribes to keep them quiet.⁹² From an economic point of view piecework led to waste and even when workers were penalised for waste, they did not care because they knew they could gain back all they would lose through increased production.⁹³ This was to be the culmination of a process begun

in Lushun and Talien in 1949, spread to the North East in the period under review and implemented in other parts of the country after 1954.

Production Competitions

In chapter three we saw that the formulation of wage systems was closely associated with the development of production competitions. Competitions were used to formulate norms which would provide the basis for piecework and bonus systems. During the early stages of the New Record Movement the irregularity of these competitions caused imbalance between output and other norms, with the result that attempts were made in early 1950 to regularise the whole process. During 1950 the stress was on working out stable norms and commencing wage reform, and it was not until the Korean War donation drive of 1951⁹⁴ that the development of production competitions was given new impetus. The fervour of production competitions continued into the movement to Increase Production and Practice Economy of September 1951,⁹⁵ which was to be the precursor of the Three Anti Movement. During the movement to Increase Production and Practice Economy the stress was on the second part of the slogan⁹⁶ and, as the movement drew to a close, further efforts were made at regularisation.

The character of the 1951 campaigns became heavily influenced by the Movement to Resist American Imperialism and Aid Korea with which they coincided. The terms of the competitions were frequently incorporated into patriotic compacts⁹⁷ and widespread use of military metaphor was made.

Teams might issue "challenges to combat" (t'iao-chan k'ou-hao)⁹⁸ to other teams within the same enterprise. Competitions might be concluded between enterprises producing similar goods, between enterprises within the same locality producing different goods,⁹⁹ or even between enterprises in China and the Soviet Union.¹⁰⁰

After the experiences of the New Record Movement, particular stress was laid upon planning.¹⁰¹ Municipal general labour unions laid down guidelines for competition plans¹⁰² and each competing unit would work out its own plan with the consultation of relevant Party and union personnel.¹⁰³ After group discussion work tasks would be assigned to each individual, who would work out his own plan. Success in fulfilling the terms of these individual plans would determine who would be designated a model worker (or advanced producer).¹⁰⁴ The whole process of planning was to be supervised by the labour unions¹⁰⁵ who, as we have noted, were frequently under criticism for bureaucratism in 1950. Municipal directives condemned those union cadres who didn't bother with competition plans due to a distaste for detail and those who rejected plans without bothering to explain why.¹⁰⁶ In striking contrast to the autumn of 1949, the Harbin General Labour Union in December 1950 forbade the holding of competitions unless planning had been adequately carried out.¹⁰⁷ The "economist" tendency in labour unions in 1951 was equally non-conducive to production competitions and it was not until after the Three Anti Movement that labour unions began adequately to fulfill their role in supervising the planning of labour competitions.

In these early labour competitions, it was not only the unions that were found wanting. The problem of technicians, which we discussed in chapter four and in this chapter in connection with wages, applied equally to the sphere of production competitions. Technicians were instructed to examine whether competition targets were realisable or not and to work out their own individual plans specifying what help they would give to the competitors.¹⁰⁸ Many technicians, however, were unwilling to be so tied down,¹⁰⁹ which added yet another dimension to staff-line tension.

The Individual Hero

In the early 1950s the stress was very much on the individual rather than the group. Responsibility was seen in primarily individual terms. Individual bonus systems were preferred to collective bonuses. Individual piecework was preferred to collective piecework and the feats of the individual model worker were given great publicity. Although charts were displayed showing unit (team, shop, etc.) progress,¹¹⁰ it was the individual who was given the most kudos during the production competitions of this period. Photographs of advanced workers were displayed, rolls of honour compiled and articles describing individual achievements displayed in house organs and the local and national press.¹¹¹ Although individual model workers received considerable bonuses for their exploits, great efforts were made to promote individual fame as an element of non-material incentive, as is graphically portrayed in Ai Wu's novel "Steeled and Tempered".¹¹²

The people who seemed to get most kudos were the team leaders of successful teams and such teams were known by the name of the team leader. One of the most famous of the team leaders who achieved prominence in 1950-51 was Ma Heng-chang, of the Fifth Machinery Works in Shenyang under the North East Bureau of Machinery. His team, consisting of 10 workers and three apprentices, surpassed its production targets every month from April 1949 through to 1951 and met all the quality control specifications. During that period the team invented 15 different kinds of tools, set up 25 new records and received three banners for advanced production (one from factory management, one from the North East General Labour Union and one from the North East Industrial Department). Every member of the team established some kind of record and in September 1950 Ma Heng-chang was elected a delegate to the All China Congress of Model Workers and Combat Heroes¹¹³ (a similar body to the Soviet Congresses of Stakhanovite Workers)¹¹⁴; at the same time the team was designated a national model.¹¹⁵ In the final quarter of 1950, 678 model teams and over 7,600 advanced workers, 92 advanced shops and 123 advanced staff sections had been designated in Shenyang, though there was an increased accident rate of 0.9%.¹¹⁶

In January 1951 the Ma Heng-chang team issued a challenge to the whole country¹¹⁷ and this gave rise to a movement designed to catch up with and surpass its achievements. Throughout the early part of 1951 the press published a mass of statistics showing the numbers of teams who had accepted Ma Heng-chang's challenge. By March 1008 teams in Peking,¹¹⁸ 244 teams in Shanghai¹¹⁹ and 583

textile mill teams in various parts of the country¹²⁰ had taken up the challenge, and in some places municipal general labour unions convened conferences of teams who were in competition with the Ma Heng-chang team.¹²¹ By the end of June 11,159 teams had accepted the challenge.¹²² In the course of this movement Ma Heng-chang reported several times to Chairman Mao¹²³ and achieved a reputation as great as many an old Central Committee member.

After such a sudden rise to fame Ma Heng-chang fell ill from overwork in August 1950¹²⁴ (though he modestly attributed his illness to an old complaint)¹²⁵ and did not return to work until April 1951. He was, therefore, spared the gruelling life of many of the other model workers (of less prestige than himself).

"Protect the Model Workers"

Various articles appeared in the press throughout 1951 complaining about the excessive duties of model workers. It would appear that, up to a certain point, a model worker gained in prestige amongst the workers as he achieved new production records, but beyond that point his prestige might decline sharply. The case of Juan K'ai-li illustrates this point most clearly.¹²⁶ During the 'Red May' production drive of 1950 when the New Record Movement was extended to Shanghai,¹²⁷ Juan put forward a number of rationalisation proposals that made it possible for his mill to double its monthly steel output. His prestige became very great and he was elected as a delegate to the National Congress of Model Workers and Combat Heroes held in Peking. Upon his return, his

work mates went on to increase steel output three fold (as compared with the output figures prior to the 'Red May') but Juan had very little to do with this achievement, since a large part of his time was spent attending meetings (only some of which could be classified as involving the spreading of advanced experiences.

Within the mill, Juan's concurrent duties were to act as a team leader, a member of the factory labour union committee, a member of production committees, and a member of the factory management committee. He was required to carry out the duties of a Party propagandist and to serve as deputy director of the factory committee for the suppression of counter revolutionaries. Outside the mill, Juan served as a worker delegate to the Shanghai Peoples Congress, was Vice Chairman of the Consultative Council of his ward and was required to serve as representative to meetings of his residential district. The number of meetings he had to attend was very great indeed. They included various meetings called by management, the mill workers and staff congress, meetings of the labour union committee, propagandists' meetings, mill management committee meetings, meetings of local government at residential district, ward and city level, meetings called by the Shanghai General Labour Union and the Shanghai Metal Workers Union and forums called to launch each mass movement in the political and economic sphere.¹²⁸ In addition, he was required to address other organisations on subjects such as conducting propaganda concerning current affairs, the enlistment of young workers in training institutions for military

cadres, the movement against the American rearming of Japan, the suppression of counter revolutionaries and national celebrations such as February 7th and July 1st.¹²⁹

These meetings involved one third of his working time and almost all of his spare time. On one occasion he had to participate in a series of meetings after his twelve hour shift which lasted until the beginning of the next shift. From December 1949 to May 1951 he averaged 3-5 hours sleep per day and sometimes fell asleep at work. Each month he was given five injections of glucose to keep him going. He complained that he felt dizzy at work and spent most of his working time thinking about what to say at meetings.¹³⁰

As a consequence, the production of his team fell below that of other teams and his prestige declined. Workers jeered at him, declaring that 'He was a model in attending meetings'. He was therefore "alienated from the masses" and useless as a model worker. The Shanghai Party newspaper, Chieh-fang Jih-pao, declared that the case of Juan was not an unusual one. The newspaper carried out a survey and found that almost all model workers complained of too many duties and this shortened their life as models. Chieh-fang Jih-pao noted a general decline in the prestige of model workers and a tendency for workers to hold them in contempt as they manifestly did not continue to live up to their initial records. The slogan 'Protect the model workers' was advanced.¹³¹

There were two possible answers to this problem. Either the whole ideal of labour models could be given up, or the number of labour models greatly increased so that the duties of the few would not be so burdensome and the whole process fall into disrepute. In mid 1951 Li Li-san sharply criticised the tendency for model workers to get bogged down in meetings and repeated the call that production competitions should become "a regular form of labour and a regular form of life for the broad masses of the workers". He condemned most strongly worker sectarianism (which may have been partially the result of production competitions) and advocated collective heroism instead of individual merit.¹³² During 1951 the number of model workers multiplied, which was partly a reflection of the fact that the number of workers involved in production competitions went up from 683,000 in 1950 to 2,380,000 in 1951, rising to 80% of all workers in the second half of 1952,¹³³ but was also a reflection of the fact that the best way to protect model workers from excessive attendance at meetings was to multiply their number. By 1951 over 86,500 model workers had been designated.¹³⁴

Conclusion

Both wage reform and the development of production competitions shifted the focus of incentive policy from the group to the individual. The former led to divisiveness, which was sharply attacked during the Great Leap Forward. The latter, however, whilst cultivating individual heroes, was ultimately dependent upon the group as the competing unit. Even Ma Heng-chang would have been very little without his team. In the latter

case sectarianism was probably a more serious shortcoming than individual discord.

One cannot however create an individual ethos overnight, especially when ideological prescriptions condemned "individualism" as a bourgeois phenomenon. Just as one may contrast an egalitarian ethos which resulted from circumstance and "egalitarianism" which was the product of conviction, so one may contrast the individual focus of incentive policy during this period with a desire for individual betterment at the expense of other individuals. Similarly, as an egalitarian ethos may change into an egalitarian conviction, so an individually-focused incentive policy may change into what was described as "bourgeois individualism".

Underlying all the many contradictions we have discussed, between the desire for control and the establishment of a staff-line system, between the desire for systematisation in grading and the prescription of higher wages for line management, between the level of technical education and the development of piecework and between the fostering of model workers and a desire to propagate their experiences, there existed a contradiction that determined all the others - the contradiction between policy and resources.

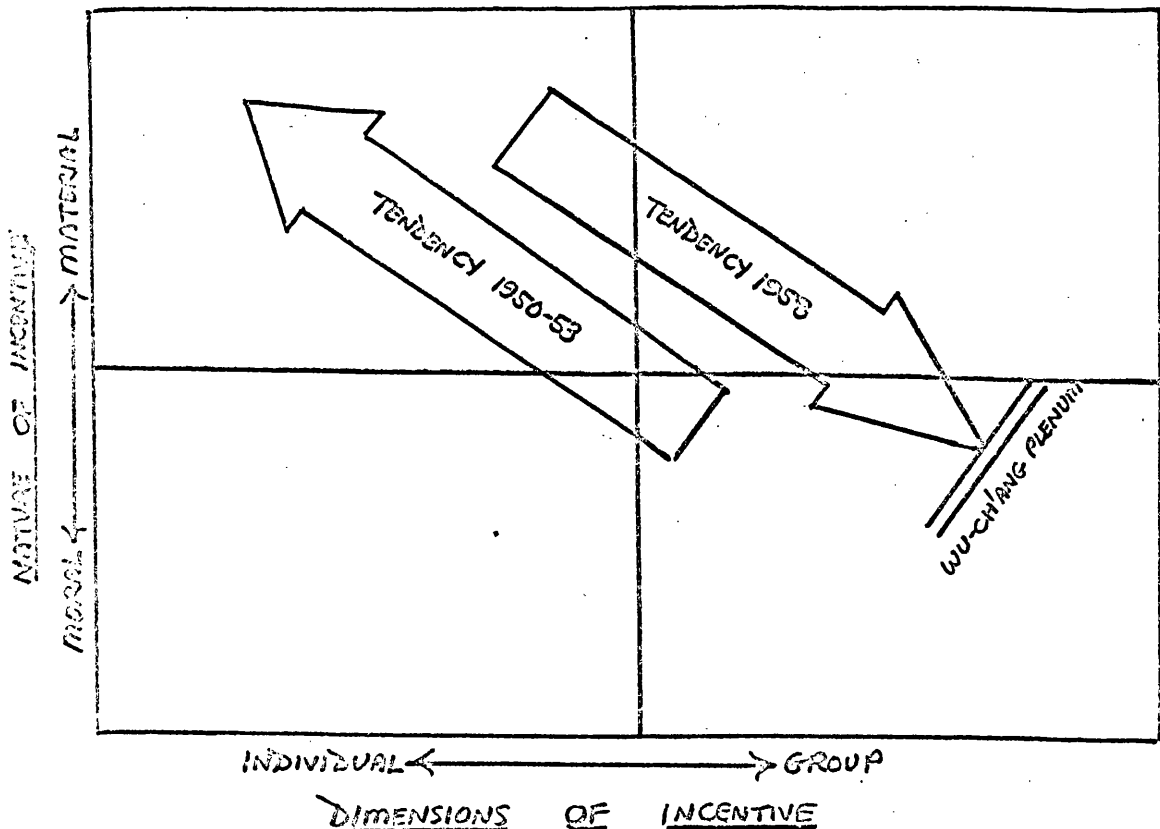
If there were not enough skilled foremen, staff-line systems could not be implemented; if there were insufficient criteria for evaluating the required political qualities of line management,

there could not be a unified grading scheme for both staff and line,¹³⁵ if facilities were inadequate for training workers, piecework systems would not get off the ground and if there were insufficient model workers, the few would be overburdened to the point of causing alienation between them and the many. In the period under review one may trace the steady growth of these resources but it was not until after the First Five Year plan was under way after 1953 that the various elements of the prescribed Soviet model began to be implemented really effectively, and only after some experience in its implementation could one determine what elements were in contradiction because of inadequate resources and what elements were intrinsically in contradiction with what Mao and the Party considered to be creativity and rationality.

In this early period the Soviet model prescribed the integrated hierarchy of values and ends against which rationality might be evaluated. After 1954, when elements of that model (such as one-man management) were seen to be intrinsically unsuited to higher political goals, rationality began to be measured in a sense that was only partially totalist, since the hierarchy of ends and values began to disintegrate. In the field of incentive this took the form in 1958 of the rejection of what was considered to be an excessively individualist incentive policy, which was said to be only necessary when the consciousness of workers was low. At that time the primacy of the group was asserted both in the field of material and non-material incentive. In the field of organisation we attempted to create a matrix in

terms of staff-line/functional systems integrated technologically or ideologically. In the field of incentive one might create a similar matrix between material and moral incentive in their individual and group dimensions. In the early 1950s the prescribed direction was from group to individual dimensions, with material incentive occupying a prominent position. In 1958 the prescribed direction was from individual to group dimensions, with moral incentive occupying a higher place than before (see figure 12). Nevertheless, just as non-material incentive occupied a significant place in the early 1950s, so material incentive continued to occupy an important place throughout the whole history of the Chinese Peoples Republic.

FIGURE 12. INCENTIVE TENDENCIES IN THE EARLY 1950s AND 1958



NOTES TO CHAPTER FIVE.

1. On "natural equity" see Jaques, Elliott Equitable Payment: A General Theory of Work Differential Payment and Individual Progress Penguin Books 1967.
2. Jaques (op.cit) pp 21-5.
3. See chapter 3.
4. In North China, the wage point was usually known as a "hsi" and in North East China as a "fen" Chung-kuo Ti-liu-chieh Ch'han-kuo Lao-tung Ta-hui: "Yu-kuan Kung-tzu Wen-t'i ti Ch'ieh-i" (loc.cit). Later the term "fen" was also used for North China. See JMJP 11th October 1951 p 2.
5. Some examples of wage point composition are given in Appendix I
6. Schran (op.cit) p 23.
7. State Council Decision on Wage Reform 16th June KJJP 5th July 1956 pp 1-2, translated in JPRS report No 515. Wages in Communist China July-December 1956 p 1.
8. See for example JMJP 25th December 1948 p 2: "Hsin Chuang Mei-k'uang Hsi-mi K'ao-kung, Kung-tzu P'ing-ting Chiao-ch'ien Ho-li" ("The Hsin Chuang Coal Mine Conducts a Meticulous Examination of Workers; Wage Assessment is More Rational than Hitherto"). During this time various standards were published such as Tung Pei Hsing-cheng Wei-yüan-hui: "Tung Pei Chan-shih Kung-ying Ch'i-yeh Kung-hsin Piao-chun" ("Wartime Wage and Salary Standards for Publically-run Enterprises in the North East") 7th September 1948 in Cheng-wu-yüan, Ts'ai-cheng Ching-chi Wei-yüan-hui: compendium (op.cit) Vol I pt. 2 pp 710-713.
9. Schran (op.cit) p 257.
10. Schran (op.cit) p 249.
11. Schran (op.cit) p 253.
12. GAC Finance and Economics Committee, regulations 11th December 1949 in Cheng-wu-yüan, Ts'ai-cheng Ching-chi Wei-yüan-hui: compendium Vol I pt. 2 pp 707-708.
13. Tung Pei Hsing-cheng Wei-yüan-hui: standards (loc.cit)
14. Kao Kung: "Jung-yü shih Shu-yü Shei-ti" ("To Whom is the Glory") speech to meeting of cadres in the North East, September 8th 1949 reprinted in KPHHTL No 2 April 1950 pp 23-32.
15. (ibid)
16. This resolution was reprinted in KPHHTL No 5 May 1950 pp 13-17 as being particularly relevant for the present time.
17. Lindsay Michael: "The Taxation System of the Shansi-Chahar-Hopei Border Region 1938-45" CQ 42 April-June 1970 pp 1-15.
18. Mao Tse-tung: "Ching-chi Wen-t'i yü Ts'ai-cheng Wen-t'i" 1942 (loc.cit) p 274.

19. Ch'en Tzu-hsün : "Yü Chih-kung Hsiung-ti-men T'an-t'an Kung-tzu Wen-t'i" (Chatting About Wage Problems with our White and Blue Collar Worker Brothers)
CKKY Vol 2 No 4 August 1950 pp 20-30
20. Schran (op.cit) p 285.
21. JMJP November 27 1948 p 1 Summary of Meeting held at T'ai-hang Industrial Bureau 2nd October 1948.
22. Chung-kuo Ti-liu-chieh Ch'üan-kuo Lao-tung Ta-hui: "Resolution on the Current Tasks...." (loc.cit)
23. Schran (op.cit) p 285-286
24. Schran (op.cit) p 287
25. Chou Shu-k'ang: "Kuo-ying Ch'i-yeh-chung Kung-hui Ying-kai Tsen-yang Tso Kung-tzu Kung-tso" ("How Ought the Labour Unions Conduct Wage Work in State-run Enterprises") report to meeting of basic level cadres at An-kang December 26th 1950 CKKJ No 16 24th May 1951 p 6.
Schran gives a ratio of 2.8-3.8 for the Central South Region in October 1952, Schran (op.cit) p 287.
26. Schran (op.cit) p 287
27. Wang Tzu-mien: "Shih-ching-shan Fa-tien-ch'ang Shih-hsing Pa-chi Kung-tzu-chih ti Ching-yen" ("The Experiences of the Shih-ching-shan Electrical Power Plant in Implementing the Eight Grade System") KJJP 12th October 1951 p 4.
28. Schran (op.cit) p 284
Chou Shu-k'ang (loc.cit) p 6.
An example of such a range is: TPJMCF : "Kuan-yü T'iao-cheng Kung-ying Ch'an-yeh Kung-jen, Chi-shu Jen-yüan Kung-hsin chi Kai-hsing Pa-chi Kung-tzu-chih ti Chih-shih" ("Directive on Adjusting Wages for Industrial Workers and Technical Personnel in Public Enterprises and Altering Grading to the 8 Grade System") 19th June 1950 CKKJ No 7 August 1950 p 50 supplemented by TPJMCF: "Wei Chih-hsing T'iao-cheng Kung-ying Ch'i-yeh Kung-jen Chi-shu Jen-yüan chi Kai-hsing Pa-chi Kung-tzu-chih chung Jo-kan Wen-t'i ti Chih-shih" ("Directive on Certain Questions in Carrying Out the Adjustment of the Wages of Workers and Technical Personnel in Publically Owned Enterprises and Altering Grading to the 8 Grade System") 7th July 1950 CKKJ No 7 August 1950 p 51.
29. TPJMCF directives 19th June and 7th July 1950 (loc.cit)
30. TPJMCF directive 7th July 1950 (loc.cit)
31. Wang Tzu-mien (loc.cit)
32. See chapter 1.
33. See for example JMJP 25th December 1948 p 2: "Hsin Chuang Mei-k'uang....." (op.cit)
34. Chou Shu-k'ang (loc.cit)
35. (ibid)

36. (ibid)
37. See for example Lao-tung No 11 6th November 1956 pp 8-9 translated in JPRS report No 515.
38. (ibid)
39. Schran (op.cit) p 290.
In some cases workers in a factory would be on the 8 grade standard whereas others would not be graded at all. Chang Chien : "Kung-tzu Kung-tso-chung ti Pu Ho-li Hsien-hsiang Shih Wo-men Lang-fei-le Kung-tzu Chi-chin" ("Irrational Phenomena in Wages Work has Caused us to Waste the Wage Fund") CKYTH No 69 (33) November 1954 p 28.
40. Schran (op.cit) p 289.
41. Schran (op.cit) p 290.
42. (ibid)
43. Kao Kang : "Jung-yü shih Shu-yü Shei-ti" (loc.cit)
44. See Chung-kuo Ch'ing-nien-pao September 6th 1961 p 1:"Study in Earnest for the Cause of Socialist Construction" translated in URS Vol 25 pp 308-312.
45. e.g. Chang Shih-lin (team leader of the 1202 drilling crew at the Tach'ing Oil Field) "Chinese People Resolved to Make Every Undertaking a Great School of Mao Tse-tung's Thought" Peking Review No 36 September 2nd 1966 p 22. Chang said: "In production, we regard the battle for production as a political one."
46. The slogan "Work is Struggle" has always been one of the most widely used of Mao Tse-tung's quotations. See Chung-kuo Jen-min Chieh-fang-chün Tsung-cheng-chih-pu (PLA General Political Department) Mao Chu-hsi Yü-lu (Quotations from Chairman Mao) August 1965 p 171 (from "Kuan-yü Chung-ch'ing T'an-p'an" 17th October 1945 Hsuan-chi Vol 4 p 116).
47. e.g. JMJP 9th April 1952 p 1 "Ta-tan Fang-shou T'i-pa Kan-pu" ("Boldly Set About Promoting Cadres").
48. An Tzu-wen: "Wei Hsiao-ch'u Tang Tsu-chih-nei ti Hsiao-chi ti ho Pu-chien-k'ang ti Hsien-hsiang erh Tou-cheng" ("Struggle to Get Rid of Passive and Unhealthy Phenomena in Party Organisations") speech at staff meeting for cadres of directly subordinate organs of the CCP.CC January 7th 1953 JMJP 12th February 1953 pp 1 & 3.
49. Mao Tse-tung: "Kung-tso Fang-fa Liu-shih T'iao (Ts'ao-an)" (loc.cit) point No 22 new page 32-33 in untitled collection of articles by Mao (Red Guard Source).
Mao Tse-tung: "Kuan-yü Hung Chuan' Wen-t'i ti Chih-shih" 31st January 1958 in Mao Tse-tung Ssu-hsiang Wan-sui (Long Live Mao Tse-tung's Thought) no publisher stated (Red Guard source) April 1967 p 17.
50. An Tzu-wen : "Wei Hsiao-ch'u..." (loc.cit)
51. (ibid)

52. Mao Tse-tung: "Kuan-yü 'Hung Chuan'....." (loc.cit)
53. Richman (op.cit) pp 52, 145, 211, 229, 288, 435-6 et passim.
54. In fact Kao Kang noted that many Party personnel had overlooked political questions in pursuit of production.
 Kao Kang: "Fan-tui Tan-wu T'ui-hua, Fan-tui Kuan-liao-chu-i" ("Oppose Graft and Degeneration, Oppose Bureaucratism") speech at top level Party members and cadres conference in the NE, 31st August 1951. Tung Pei Jih-pao December 1st 1951 reprinted in Chung-kuo Min-chu T'ung-meng Tsung-pu Hsüan-ch'uan Wei-yüan-hui (Propaganda Committee of General Office of the China Democratic League) : Tseng-ch'an Chieh-yüeh Fan T'an-wu; Fan Kuan-liao-chu-i (Increase Production and Practise Economy; Oppose Graft Waste and Bureaucratism) December 1951 pp 14-25. In May 1951 the CCP.CC NE Bureau had noted that Party members had been remarkably successful in learning technical skills.
CKKCT CYWYH Tung Pei chü : "Kuan-yü Tang tui Kuo-ying Ch'i-yeh Ling-tao ti Chüeh-i" ("Resolution on the Party Exercising Leadership over State Enterprises") May 1951.
Tung Pei Jih-pao 5th September 1951 pp 1-2.
55. Lao-tung No 4 18th February 1957 pp 13-14 and Lao-tung No 8 18th April 1957 p 14 in JPRS report No 754 Wages in Communist China January-June 1957 pp 34-35.
56. Lao-tung No 11 3rd June 1957 pp 19-21 in JPRS report 754 p 36.
57. (ibid)
58. Vogel, Ezra : "From Revolutionary to Semi-Bureaucrat: The "Regularisation" of Cadres" CQ 29th January-March 1967 p 49-51.
59. (ibid) p 51.
60. The large administrative regions were abolished in June 1954.
61. Lao-tung No 11 1957 pp 19-21 in JPRS 754 p 36 (loc.cit).
62. Schran (op.cit) pp 293-294.
63. The Wage Reform of 1956 was particularly weighted in favour of technicians. It introduced special technical bonuses and allowed for 'individual' wage standards for those technicians who were already on wage scales higher than line management.
64. Chung-kuo Ch'ing-nien No 5 March 1st 1955 pp 5-7 cited in Vogel (loc.cit) p 48.
65. Lao-tung No 8 18th April 1957 p 14 in JPRS report 754 p 35.
66. Ho Fu-pen (loc.cit)
67. A good example of the deleterious effects of an "egalitarian" wage system upon technical education is provided by the Shantung Aluminium Works where the workers felt that "studying technology was not as good as going home and growing vegetables" Lao-tung-pu, Kung-tzu-ssu, Shan-tung Kung-tso-tsu (Ministry of Labour, Wage Office, Shantung Work Team): "Shan-tung Lü-ch'ang T'iao-cheng Kung-tzu ti Ching-yen" ("Experiences of the Shantung Aluminium Factory in Adjusting Wage Systems") KJJP 6th October 1951 p 1.

68. See chapter 3.
69. Schran (op.cit) p 302.
70. See the various articles collected and translated in JPRS 1337-N Wages, Manpower and Standard of Living in Communist China 12th March 1959 45pp.
71. At that time there was much discussion of introducing payment according to need (the Communist principle) to supplement payment according to work (the socialist principle). (see JPRS 1337-N). There is no evidence to my knowledge however that any element of "payment according to need" was actually introduced into factories. At the Wuch'ang plenum of December 1958 the idea of "payment according to need" was given up.
72. Schran (op.cit) p 309
73. (ibid).
74. Chou Shu-k'ang (loc.cit).
75. (ibid)
76. (ibid)
77. (ibid)
78. Ts'ai-ching Yen-chiu No 7 15th October 1958 pp 22-24 in JPRS report 1337-N p 4.
79. Lao-tung-pu, Kung-tzu-ssu, Shan-tung Kung-tso-tsu:(loc.cit)
80. Chou Shu-k'ang (loc.cit).
81. (ibid)
82. Ts'ai-ching Yen-chiu No 8 15th November 1958 pp 34-7 in JPRS report 1337-N p 1.
83. Schurmann unpublished manuscript (op.cit) III - 36.
See also Ch'en Wei-shuo: "Tsou Hsiang Ho-li Kung-tzu Chih-tu ti Tao-lu" ("Walk Along the Road Towards a Rational Wages System") TPKY No 47 (1st January 1951) pp 25-29; No 48 (1st February 1951) pp 32-34; No 49 (11th February 1951) pp 37-39; No 50 (21st February 1951) pp 40-42. (This reference No 50p41)
84. Chou Shu-k'ang (loc.cit)
85. (ibid)
86. See chapter 6.
87. Chang Chien (loc.cit)
88. P'an Heng-yü: "Shen-yang Ye-lien-ch'ang Kung-tzu Kung-tso-chung Tsun-tsai-che Ching-chi-chu-i chi P'ing-chün-chu-i Hsien-hsiang" ("There Exists the Phenomena of Economism and Egalitarianism in Wage Work at the Shenyang Smelting Works") CKYTH No 69 (33) 21st November 1954 p 27.
89. Lao-tung No 3 3rd February 1957 pp 13-14 in JPRS report No 754 p 32.

90. Ts'ai-ching Yen-chiu 1958 No 6 pp 49-52 (in JPRS 1337-N p2-3)
91. (ibid)
92. Lao-tung No 11 3rd June 1957 p 18 (JPRS 754 p 42)
93. Lao-tung No 3 3rd February 1957 p 12 (JPRS 754 p 29).
94. See chapter 7.
95. See chapter 8. This movement was launched by Kao Kang on 31st August 1951.
Kao Kang : "Fan-tui T'an-wu....." (loc.cit).
96. According to Schurmann (unpublished manuscript III C 15-16) all such drives were designed primarily to cut down on waste caused by an excessive concentration on output targets.
97. See chapter 7.
98. Ha-erh-pin Tsung-kung-hui, Pan-kung-shih: (loc.cit)
99. e.g. Chou Ch'i-yü : "Shou-tu Shih-ching-shan Fa-tien-ch'ang Shih-hsing Ch'e-chien Ai-kuo Ching-sai Kung-yüeh" ("The Capital's Shih-shing-shan Electrical Power Plant Implements Workshop Patriotic Competition Compacts") KJJP 24th July 1951 p 1.
100. e.g. "Women Crew of March 8th Locomotive Take up Challenge of Soviet Sisters" NCNA Talien July 20 1951 in SCMP 199 July 20-21 1951 p 11.
101. see chapter 3.
102. e.g. Ha-erh-pin Tsung-kung-hui (Harbin General Labour Union): "Kuan-yü Tang-ch'ien Ai-kuo-chu-i Ching-sai ti Chih-shih" ("Directive on the Current Patriotic Competitions") CKKY Vol 2 No 8 20th December 1950 pp 53-56.
103. Ha-erh-pin Tsung-kung-hui, Pan-kung-shih (loc.cit)
104. (ibid)
105. Ha-erh-pin Tsung-kung-hui: directive (loc.cit)
- 106-109. (ibid)
110. Shao Li-sheng: "Ko-jen Ching-chi Ho-suan-chih" ("The Individual Economic Accounting System") CKKY Vol 2 No 11 24th March 1950 pp 21-28. Management was required to "express all production activities prominently and clearly in charts" (piao-pao)
111. For example Tung Pei Jih-pao carried a regular column entitled "Hung-pang" (Red Roll) (e.g. Tung Pei Jih-pao 8th May 1950 p 4).
112. Ai Wu (op.cit).
113. CB 99 July 15th 1951 p 1 (from Hong Kong Ta Kung Pao March 22nd 1951)

114. A whole hierarchy of such congresses was set up. In addition to model workers selected at enterprise level, municipal model workers were selected twice a year (before May Day and National Day) and those model workers who were to represent a national labour union were to be selected every one or two years.
Li Li-san : Report to 59th meeting of GAC (November 17th 1950) on the National Congress of Model Workers (held in Peking from September 25th to October 2nd 1950 together with the National Conference of Combat Heroes) CB No 54 January 12th 1951 pp 1-4.
115. CB 99 p 1.
116. Chang Li-k'o: "T'ui-kuang Hsien-chin Ching-yen Shen-ju Kung-ku Ai-kuo-chu-i Ching-sai" ("Propagate Advanced Experiences. Enter Deep and Consolidate Patriotic Competitions") CKKJ No 15 April 20th 1951 p 3.
117. JMJP 20th January 1951 p 2.
118. (16th March) CKKJ No 15 April 1951 p 7.
119. NCNA Shanghai 24th March 1951 (SCMP 87 March 22-24 1951 p 21)
120. NCNA Peking 27th March 1951 (SCMP 89 March 28-31 1951 p 33).
121. NCNA K'aifeng-Chengchow 28th March 1951 (SCMP 89 p 33).
122. Li Li-san: "K'ai-chan Lao-tung Ching-sai....." (loc.cit).
123. May 1st 1951 (CKKJ No 16 1951 p 31)
late June 1951 (SCMP 126 June 29-30 1951 p 12)
September 29th 1951 (SCMP 185)
124. NCNA Shenyang 28th April 1951 (SCMP 100 April 28-30 1951 p 8)
125. Ma Heng-chang: letter to Chairman Mao to commemorate 30th anniversary of founding of the CCP NCNA Peking June 30th 1951 in SCMP 127 July 1-3 1951 p 15.
126. Chieh-fang Jih-pao 15th July 1951 translated in SCMP 140 July 22-31 1951 pp 14-15. "Too Many Meetings Affect Model Worker Yüan Kai-li's (sic) Production Work and Health" (The surname should more properly be read Juan).
127. This was known as the "Red May Production Drive".
128. Chieh-fang Jih-pao 15th July 1951 (loc.cit)
129. (ibid)
February 7th was the anniversary of the massacre of strikers on the Peking-Hankow Railway by the warlord Wu P'ei-fu (1923) and July 1st was the anniversary of the founding of the Party (1921)
130. (ibid)
131. (ibid)
132. Li Li-san: "K'ai-chan Lao-tung Ching-sai....."(loc.cit)

133. Lai Jo-yü: "Ta-kuei-mo Ching-chi Chien-she Ch'ien-yeh ti Chung-kuo Kung-jen Chieh-chi" ("The Chinese Working Class on the Eve of Large Scale Economic Construction") 20th September 1952 in Jen-min Ch'u-pan-she: Chung-hua Jen-min Kung-ho-kuo San-nien-lai ti Wei-ta Ch'eng-chiu (op.cit) pp 151-156 (this ref. p 152).
134. (ibid)
135. Ching-chi Yen-chiu No 11 17th November 1958 pp 1-8 in JPRS 1337-N p 11.

CHAPTER SIX PLANNING AND ACCOUNTING

The focus of this essay is sociological and political rather than economic. It seeks to examine the prescriptions of the Soviet model of organisation and incentive that was applied to China in the early 1950s and the effect of this model on authority relationships within the Chinese industrial enterprise. Nevertheless, in discussing an organisation which was defined according to the economic accounting system and of which the *raison d'etre* was economic, it would be quite wrong to avoid economic problems. This chapter therefore will attempt to summarise that portion of secondary economic material that has a bearing on the major concern of this essay and will examine four questions directly relevant to the themes of democracy and authority; the involvement of workers in the discussion of plans, the relationship between a stress on output targets and the development of bureaucratism, the effect of tight controls on the conception of legality and the bureaucratic consequences of the adoption of the "economic accounting system". We shall be constantly aware of the contradiction between policy and resources that has figured so large in the previous discussion and especially on the contradiction between the levels of skill on the shop floor and the provisions of a detailed system of planning and accounting.

The Establishment of Control and Planning Organs

In chapter four we saw that the establishment of control tended to take precedence over the implementation of any prescribed form of organisation. In the period following

liberation, functional patterns of control were employed because they were the most appropriate in a situation of scarce managerial talent and low level of skills at the basic level. In the field of planning, the need to establish control resulted in the early creation of a banking system with very great powers and the promulgation of detailed regulations for physical control, such as those discussed in chapter three, because they were felt to be most appropriate in a situation of price and currency instability and where the supply situation fluctuated. The establishment of a planning network was to take much longer.

The Peoples Bank of China, which was set up on November 18th 1948,¹ was an extremely important control organ and has remained so throughout the past twenty two years. It is the one organ of government that has remained highly centralised throughout the history of the Chinese Peoples Republic, even at times when other financial organs, such as the Ministry of Finance, were decentralised.² The establishment of the Peoples Bank was followed by a series of regulations limiting the amount of money in circulation. Following the registration of assets, every enterprise was required by law to open a bank account and to deposit with the bank all cash over three days' normal expenditure (or in the case of enterprises in places where there was no branch of the bank, one month's normal expenditure).³ The bank was expected to have a complete picture of the operations of every enterprise in the country and to practise strict financial control.⁴ It was to ensure that the financial operations of enterprises were in accordance with the

stipulations of the state plan, to make deductions for industrial and commercial tax, to control the amount of above-plan profit that might be retained by the enterprise for investment purposes and to control the amount authorised for retention as working capital or in the form of bonus funds, welfare funds, etc.⁵ The bank was also empowered to make loans for purposes of capital construction, though until 1953 these were channelled through central ministries and only made directly to enterprises after that year.⁶ In 1954 a Peoples Construction Bank was set up which took over much of this function.⁷

We have already considered the measures that were taken in the North East in early 1950 to ensure physical control over lower level industrial operations. The tightness of such control meant that operational plans were of extremely short duration (10 days), due to the fact that the New Record Movement was in danger of running out of control.⁸

Plans of longer duration had been in existence, however, since the end of 1947, when the first annual construction and financial plan for the North East was put forward.⁹ In the years which followed, annual planning became more and more important, especially after the currency situation became stable and prices were brought under control. In 1951 a regional planning commission for the North East was set up¹⁰ and this was followed in 1952 by the establishment of a State Statistical Bureau (kuo-chia t'ung-chi-chü)¹¹ and a State Planning Commission (kuo-chia chi-hua wei-yüan-hui) in preparation for the First

Five Year Plan which began in 1953.¹² The priority given to the establishment of a planning network was reflected in the fact that, on its establishment in November 1952, the State Planning Commission was given status equal to the Government Affairs Council (the cabinet),¹³ which meant that its head, Kao Kang, who had been transferred from the North East, enjoyed status in the formal government apparatus equal to the Premier, Chou En-lai (though his status in the Party organisation remained lower).¹⁴ It was only after the Kao-Jao case¹⁵ that the State Planning Commission was brought under the newly-created State Council (kuo-wu-yüan) (1954) and made subordinate to the Premier.¹⁶

The Scope and Duration of Plans

The aim was to create an integrated Soviet-type planning network, but here as in other areas the contradiction between policy and resources was a glaring one. So long as allocation problems restricted the proportion of the market supply of products controlled by the state, the scope of planning would be restricted. By 1952 only 28 commodities were distributed by the state in a "unified" manner, rising to 96 in 1953, compared with over 1500 in the Soviet Union,¹⁷ and in 1953 only 195 categories appeared on the planned product list.¹⁸ Planning was frustrated by wide cost disparities between sections of the same industry¹⁹ and a continuing erratic relationship between planned and actual output due to supply difficulties.²⁰ Annual targets continued to have a limited operational significance right through into the period of the First Five Year Plan and in 1953 overall production targets were revised three times in one year.²¹ In the view of

one economist who has written on this subject, Dwight Perkins, such a situation was inevitable in a situation of under development where more sophisticated planning techniques on the whole were not very important.²²

As a result of supply difficulties, annual plans often appeared quite late in the year. Even though general control figures might be set as early as August and September of the previous year, some seven to nine months might elapse before a definitive plan went into operation.²³ Such a situation led to the phenomenon of "storming" which has always been a bugbear of Soviet management.²⁴ In situations where only the latter part of the year is covered by definitive targets the pace tends to speed up towards the end of the year, with a deleterious effect on quality of production and worker morale. Overtime becomes common and difficulties occur in adhering to wage targets. In China during the New Democratic period, this phenomenon seemed to be most marked in the construction industry,²⁵ which is quite understandable in a period of rapid rehabilitation of industrial plant. Many articles appeared in industrial journals condemning tardiness in putting plans into operation²⁶ and regulations were imposed governing the amount of permitted overtime. In September 1950, for example, the North East Industrial Department limited overtime to two hours per day and 48 hours per month and demanded that unions check that this regulation was adhered to.²⁷ It was, however, frequently violated. Sometimes workers' rest days were taken up by production duties²⁸ and workers were occasionally

coerced into working extra shifts in connection with movements such as the Korean War donation drive.²⁹ Complaints about such practices continued throughout the period. Such a problem could not be tackled effectively by dealing only with the symptoms (overtime, etc.) when the root cause was tardiness in planning due to supply difficulties, exacerbated by continuing warfare and military blockade.

Planning and the Participatory Conception of Democracy

It was not only irregular supplies and the rudimentary nature of planning that caused the late publication of annual and quarterly plans. Another important factor which caused delay was the requirement that workers should be involved in the process of planning. The formulation of plans was ideally to proceed according to a formula of "two down and two up". The relevant ministry, industrial department or management bureau would issue control figures which were sent down to the enterprise. The enterprise would then work these figures into a draft plan which would be sent back to the higher level. After making necessary amendments the higher level would send down the plan once again, whereupon the enterprise would organise detailed discussion of its provisions and draw up concrete work plans for each of its subdivisions (staff departments, shops, sections, etc.). Finally the resulting documents would be sent back to the higher level for final approval. This whole process might, in the case of an annual plan, take as long as eight months and involve a tremendous amount of discussion.³⁰

In the early period following liberation, factory management committees were required to discuss and approve plans submitted to them by the FGM.³¹ When the committee system was effective, workers would be represented on the factory management committee where matters of importance were deliberated on and discussion at shop, section or team level concerned detailed problems of implementation according to detailed sub-divisions worked out by the standing committee in its daily head-knocking sessions.³² The decline of factory management committees which directly represented workers' interests could lead to two possibilities. Either the discussion of all workers' interests would now be conducted at shop, section or team level with the result that such discussion would become inordinately long, or the discussion of detail at lower levels would proceed as before, with important questions settled by senior management. This latter course gave rise to criticisms of "bureaucratism".³³

In solving this problem, the role of the Party organisation was crucial. The Party organisation was required to ferret out all ideological obstacles in the way of plan fulfillment³⁴ and to keep management informed about worker opinion.³⁵ It was on the one hand to control any tendency towards bureaucraticism on the part of management and on the other to educate the workers as to their role in completing plans.³⁶ In performing a liaison function between management and workers the Party organisation was to steer a middle course between acting as the representative of the workers and an agent of management which might invest administrative commands with moral force. The tendency towards

the latter end of the above spectrum will be the main theme of chapter eight.

By 1953 the slogan "the state plan is law" had been advanced and the educative role of plan discussion was given particular stress. The process of "education" was, however, as time consuming as the process of consultation. The Anshan Iron and Steel Corporation, for example, submitted its 1953 draft labour plan to the Ministry of Heavy Industry at the end of 1952 and this was sent back to the corporation with the demand that the planned total number of employees should be reduced by 10,000. An amended plan could only be sent back once the various departments in this huge industrial complex had been mobilised to carry out discussion and education on the need to reduce the planned number of personnel. This procedure took a considerable amount of time and it was not until much later that the planned figure for personnel reduction was worked out at 10,288, with a corresponding planned rise in the labour productivity rate. A summary of the planning process was not published until October, when the corporation reported that by the end of the year the total number of employees would be 2,067 less than the revised plan approved by the ministry.³⁷

To evaluate the precise relationship between consultation and education in plan discussion, and indeed how democratic the whole process was, one must be in a position to examine not only the discussion of amended plans during the second "down" stage but also the discussion of the initial control figures sent down

by the higher levels, for it would be in this first stage that matters of principle were considered. Articles on the discussion of plans, however, seem to deal almost exclusively with the second "down" stage and were published for the guidance of cadres engaged in organising discussion.

Perhaps the main reason why discussion of the first stage of the planning process was not described in industrial journals lies in the fact that such discussion might contain material classified as "economic secrets". We noted in chapter one that a particular concern with economic secrets was manifested as early as 1949 and some managers went so far as to advocate not informing workers about the planning process, though such advocacy was sharply criticised. During the Three and Five Anti movements at the end of 1951 and beginning of 1952 the "theft of economic secrets" was considered to be a major crime,³⁸ and some former capitalists then employed as managers in the state sector were accused of utilising information gained by virtue of their new position to help private concerns which were still under their own or their relatives control.³⁹ Although a restriction on the publication of planning information would not do much to rectify this, it would at least restrict the amount of information directly accessible to the private sector and to other sections of the state sector eager for their share of scarce resources. The "up" and "down" process of planning was very similar to the process whereby official documents (such as the Party and state constitutions) were approved and it is significant that although examples of these have found their way out of China, as far as I

know, no similar economic document has emerged. I suspect that one will only be in a position to examine the discussions of initial control figures once one can talk to former managers in a way similar to Joseph Berliner, who was able to construct a detailed picture of Soviet management from interviews.⁴⁰

It is my impression that as the planning system took shape after 1951, very little worker initiative entered into the first stage of plan formulation. The slogan the "state plan is law" was taken very seriously and any attempt to alter control figures seems to have been resisted. In his report on the activities of the Party branch at the model Wu San factory, the Party secretary Liu Shih-hua is quite unequivocal:

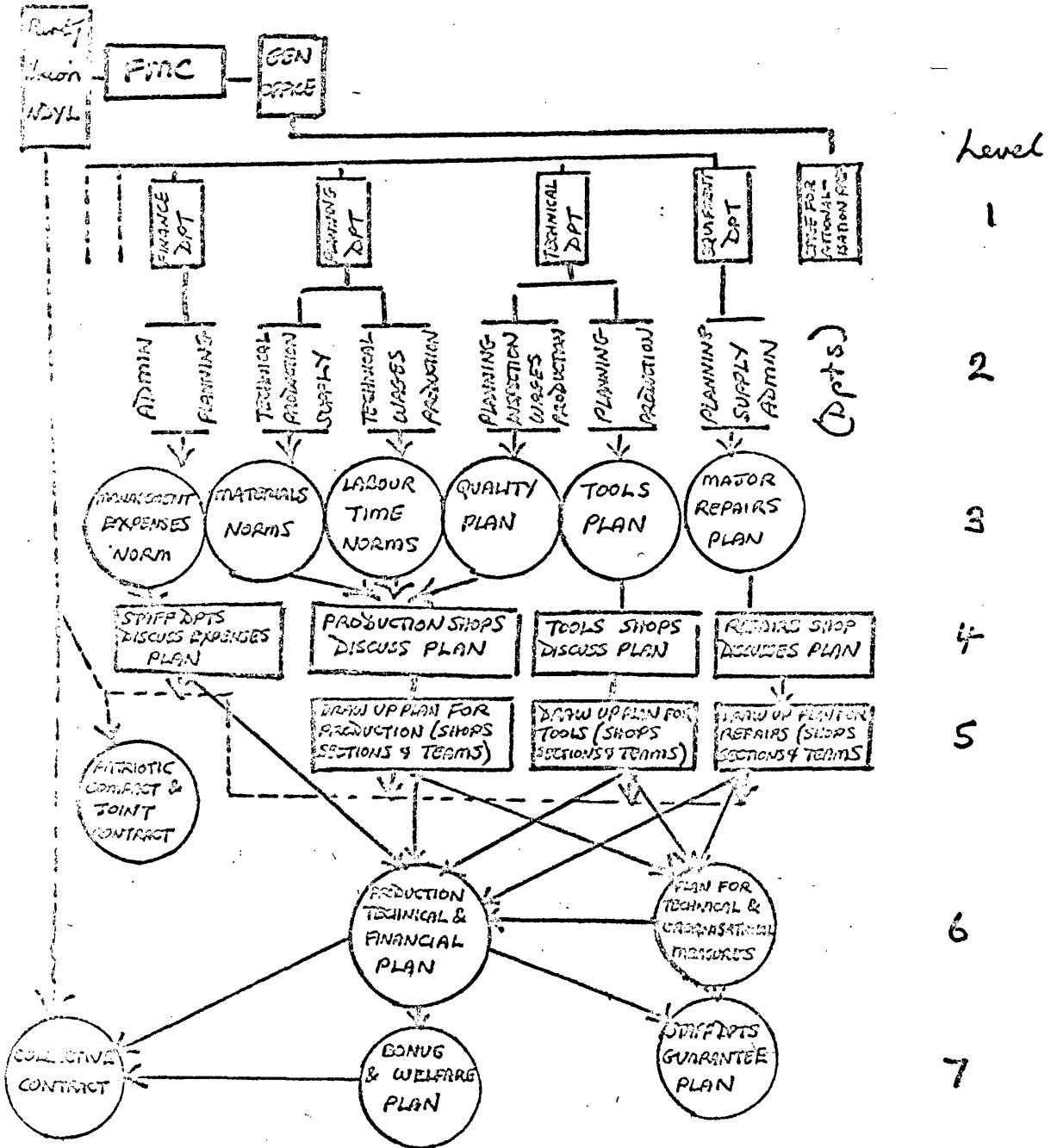
"There can be no disagreement, amendments (to the plan) or lowering (of targets). This is because the state plan is law. It is sacred and may not be violated. It is the concrete manifestation of the Party's policy for industrial production within the factory. If it is amended, this could affect the whole (nation's) economic construction and national industrialisation,"⁴¹

After the liberation of Shanghai it had been possible in a few cases for workers to take the initiative in determining not only planned targets, but what factories should produce. After the take over of the Shanghai factory of the Coca Cola Company, for example, workers were in a position to resist a demand that production be switched to making confectionary and to demand that the machines be used for producing soy bean sauce.⁴² Three years later worker initiative had been restricted to matters of operational detail.

Figure 13 shows in some detail a scheme put forward in 1952 by the Machine Industry Management Bureau of the North East Industrial Department,⁴³ for discussing the formulation of the two major enterprise level plans. These two plans were the production, technical and financial plan and its technical counterpart the plan for technical and organisational measures, which provided the basis for the drawing up of concrete work plans (tso-yeh chih-hua), which have already been mentioned. Figure 13 shows who was to take the initiative in formulating a particular plan (level 1), what other staff departments it should discuss this plan with (level 2), the name of the plan (level 3), who was required to discuss the terms (level 4), the resulting plans at shop, section and team level (level 5), the incorporation of these partial plans into the production, technical and financial plan and the plan for organisational and technical measures (level 6) and plans and contracts deriving from these two key plans (level 7). Intermediate guarantees might be formulated in the form of joint contracts and patriotic compacts (level 5) and these will be discussed in chapter seven. The whole process was to be supervised by the Party, union and Youth League organisation, who were to involve themselves actively in the formulation of a collective contract which tied the stipulations of the plan to working conditions, agreed wage rates, etc. It would be difficult to imagine how such a scheme, which demanded a considerable degree of coordination, could deal with anything other than matters of detail.

SPECIMEN CHART FOR MASS DISCUSSION OF ENTERPRISE PLANS

(Put forward by NEPS Industrial Dept. Machine Industry Management Bureau)



FMC = Factory Management Committee
NDYL = New Democratic Youth League

Source Tung Pei Kung-yeh No 94 11th May 1952 p 7

Priority of Targets and the Growth of Conservatism

Policy demanded that workers participate in basic level management and yet the growth of a planning system restricted the scope of their participation to matters of detail. Similarly, policy demanded that management give full vent to their creativity and yet the nature of the planning system resulted in what was described as "conservatism".

In chapter three we saw that during the New Record Movement, ten norms were prescribed. Of these, policy assigned priority to the quality norm, though in fact output norms tended to carry the greater weight, with the result that waste increased. As attempts were made to spread the planning network over the whole country, twelve targets became mandatory. Five of these were physical targets; output, total number of employees, trial manufacture of new products, total number of employees at end of the year and certain technical-economic norms. The remainder were money targets; gross value of output, cost reduction rate, cost reduction quota, total wage bill, average wage, labour productivity rate and profits.⁴⁴ The most important of these targets tended to be in practice the gross value of output, which in the opinion of Perkins was determined by the very nature of materials balance planning, since funds for future investment and bank loans were dependent upon the gross output value target to the detriment of other targets.⁴⁵

In chapter five I argued that it took some time to determine what elements of the Soviet model were inherently contradictory

and what were temporary contradictions caused by shortages of the necessary resources, and it was not until 1957 that published accounts appeared indicating that the excessive stress on output targets was due to systemic causes. In that year, the stress on the gross output value target was vehemently attacked by the economist Sun Yeh-fang (subsequently labelled as "revisionist"), who argued that it had nothing to do with value and was merely an accounting device for measuring physical volume.⁴⁶ The primacy of this gross output value target led to considerable waste, which Schurmann argues was one of the main reasons for the period drives to increase production and practise economy (which began in 1951), with the stress always on the second half of the slogan.⁴⁷ Despite these drives, however, there remained a tendency to overlook waste and high costs in the modern sector of industry.⁴⁸

During the New Democratic period many articles appeared criticising the neglect of other targets and the tendency for management to take increased production as the sole success indicator,⁴⁹ but such a practice was not described as due to systemic causes. Such a practice led not only to waste but also to "conservative thinking".⁵⁰ Management was unprepared to switch to new products that required a trial period of manufacture or which required modification of equipment, because such actions would slow down the rate of production.⁵¹ A second tendency was to concentrate solely on overall output figures without attempting to break them down into their constituent parts. In the sector controlled by the Ministry of Heavy Industry during the period January-April 1953, for example, the overall production figure was in excess of the plan, but when these figures were broken down it was found that in January 54%

of enterprises had not met their targets, in February 45%, March 30% and April 46%.⁵² Such a practice concealed inefficiency.

"Conservatism" in this sense indicated a reluctance to listen to any new ideas in pursuing a success indicator easily measurable by higher echelons. In such a situation rationalisation proposals would not be listened to since they would require testing. One might well argue that the stress on output targets contributed to the isolation of management from workers and was a contributory factor in the growth of bureaucratism. It is significant therefore that when the Great Leap Forward was launched, the even greater stress on output targets was accompanied by an unprecedented stress on technical innovation and getting management on to the shop floor.

Controls and the Growth of Illegality

The primary mechanism of physical control was the centralised system of allocating raw materials, machinery, etc., which was backed up by formal contracts between enterprises selling and purchasing these materials.⁵³ In 1950 such contracts were seen by Kao Kang to be essential prerequisites for the establishment of a planning system.⁵⁴ Physical control was also exercised by the formal control apparatus and the statistical system. As has been indicated, the main instrument of financial control was not financial targets as such, but controls over the sources and use of enterprise funds exercised by the banking system.⁵⁵ Such controls seem only to have been moderately effective. Just as

the provisions for a responsibility system that were laid down for the North East in early 1950 were violated to such an extent that a new campaign was launched in 1953, so the provisions for controls over planning did not prevent a situation where, during the Three Anti Movement, enterprise managers came under attack for attempting to turn state enterprises into private concerns.⁵⁶ Nor did such controls prevent new supply problems developing in the wake of the Three Anti Movement, resulting from the removal of large numbers of people in supply departments who had been accused of graft.⁵⁷

Even after the Three Anti Movement, enterprise managers continued to break through the rigid controls that were imposed upon them by delaying payment and purchasing on credit.⁵⁸ Such activities were technically illegal, though insignificant compared with the charges that were made during the Three Anti Movement. One commentator on Soviet management, David Granick, has pointed out that the one area in which Soviet and American managers are similar lies in their ability to break the law to get things done. In fact Granick goes so far as to say that the only way in which Soviet managers could achieve what was expected of them in the period of very rigid controls was to break the law.⁵⁹ Economic law breaking was always much easier in China than in the Soviet Union because there was always a substantial section of top Party leadership who winked at people who disregarded unreasonable regulations.⁶⁰ This difference may well stem out of a different conception of the role of law in the two countries, but more probably it reflected growing dissatisfaction

with the inflexibility of the Soviet model. In the period prior to 1953, however, there was probably a greater concentration on the need to adhere to state regulations on the part of senior Party personnel than later. By the second quarter of 1954, however, despite the regulation of 1950 prohibiting the obtaining of credit from sources other than the Peoples Bank, 17.2% of the total working capital of enterprises under the five industrial ministries derived from illegal sources (such as other enterprises).⁶¹

We have seen that the overwhelming emphasis in this early period was on getting production moving again and the pragmatic approach to problems that characterised the New Democratic Period meant that, when necessity demanded it, certain features of the Soviet model, such as the provision of one-man management systems of command and the introduction of piecework, were postponed. It is understandable therefore that once what were felt to be serious cases of law breaking were dealt with in the movements of late 1951 and early 1952, minor infractions would not be considered all that seriously. In a situation where the establishment of contracts was seen primarily as precursors of an effective planning system and only secondly as guarantees of plan fulfillment, one would not expect to find that curiously ambivalent attitude towards the "fixers" (tolkachi) that characterised Soviet management at the time.⁶² In the Soviet Union the institution of the "fixer" arose out of a highly bureaucratised planning apparatus where someone was needed to cut through red tape. The flexibility of planning during these early years in China when

managers were able to conclude supply and sales contracts fairly freely, probably meant that such a role was unnecessary. Even during the middle 1950s when tea-house transactions and the activities of unofficial brokers began to resemble Soviet practice, enterprises were able to employ purchasing agents quite legally.⁶³

The Economic Accounting System

The term "enterprise" was defined according to the "economic accounting system" (ching-chi ho-suan chih). A state run industrial enterprise was that unit of industry which maintained its own bank account and which enjoyed a certain degree of autonomy in the use of funds either allocated by the state or borrowed from the bank in accordance with the stipulations of the state plan. In the Soviet Union the economic accounting system (khozraschët) originated at the time of the New Economic Policy, when the basic economic accounting unit was more frequently the horizontally integrated "trust" than the much smaller enterprise.⁶⁴ We have seen that in China following liberation, trust-like organisations were occasionally advocated though the prescribed form of basic level organisation in the North East, which provided a model for the rest of the country, was usually a unit of one factory,⁶⁵ except in the case of vertically integrated corporations. The economic accounting status of constituent elements of corporations is by no means clear.⁶⁶

The economic accounting system was interpreted in primarily Stalinist, as opposed to NEP, terms, although Chinese material

explaining the economic accounting system described the NEP version in some detail and spelled out the contradiction between central planning and self reliance (tzu-li keng-sheng)⁶⁷ which was fought out in the Soviet Union in the 1920s and was to become salient in China in the middle 1950s. The Stalinist version of economic accounting was something much more than mere cost control.⁶⁸ It included almost everything that would be described in the West as business management and represented the whole operational side of the planning system within the enterprise.⁶⁹ Franz Schurmann has discussed in great detail the fluctuation within China of economic accounting defined as such and defined merely as a method of providing success indicators measurable in monetary terms.⁷⁰ This latter definition, which was advanced in the early 1960s, was associated with those "revisionists" who advocated a return to something more like a market economy.⁷¹ In the early 1950s, however, the term "economic accounting system" was inextricably associated with the planning system.

The first step in the implementation of the system was the registration of assets, which was the responsibility of the various take over organs and proceeded immediately after liberation. This was no mean task in a situation of regional price variations and currency instability.⁷² Following the registration of assets, directives were issued calling for the establishment of economic accounting systems, which was described as the "central task of management"⁷³ in a situation where waste was considerable. In chapter three we saw that the order of

priorities underwent some change during the course of the New Record Movement and after early 1950 control was given greater priority than mobilisation. Writing in February 1950, Cheng Hung-su noted considerable success in implementing the economic accounting system in the North East,⁷⁴ though in the light of the scathing criticism of waste made by Kao Kang in the autumn of 1951,⁷⁵ one might perhaps qualify Cheng's enthusiasm.

Articles explaining the system went to great pains to demonstrate that the prescribed view of an industrial enterprise was of an organisation that took as its objective "the rational pursuit of profit"; it was not a "yamen".⁷⁶ Fixed capital and part of working capital was part of the state budget and the remainder of working capital was to derive from bank loans or ploughed back profits. Once fixed and working capital was determined, the enterprise was to act independently in pursuit of planned targets.⁷⁷ Within the enterprise, control mechanisms were set up as part of the system, of which the most important was an independent accountant system⁷⁸ which gave the accountant the right to examine and supervise accounts without interference from line management or staff departments. The economic accounting system included a system for periodic planning, procedures for the acceptance of draft plans, inspection systems, the accounting of purchases, the storage and requisition of materials and the submission of accounts for approval. Systems for the periodic submission of statistics, the determination of norms, cost calculation and book keeping, the accounting of goods in transit pending sale and regular summaries of work done were

established. Also included under the rubric "economic accounting" were provisions for establishing the rights of creditors and liquidation of debts and a system for strengthening labour discipline and punishing cadres.⁷⁹

Though the main elements of the economic accounting system described above were the provision of systems for accounting production purchases and sales, the scope of definition was wide enough to be coterminus with management itself. In that it concerned itself with labour discipline and punishing cadres, the system had a very significant political as well as economic dimension. The close association of graft, waste and bureaucratism which were the "three Antis" of 1959, existed right from the time of liberation.

In that the economic accounting system embraced the whole of management, the various contradictory elements in the Soviet model that have been discussed had inevitably an effect on the working of this system. An obvious contradiction was between the demands of one-man management and that accounting be practised at all levels in an enterprise and the role of the accountant as an independent control officer. Where one-man management was effective, the role of the accountant was circumscribed⁸⁰ and it was not until the early 1960s that he eventually came into his own and was in an effective position to refuse the payment of unauthorised funds.⁸¹ A more important contradiction, however, resulted from the low level of education of junior line management. In 1950 cadres were instructed to be

flexible in implementing the economic accounting system and not to copy everything from the Soviet Union regardless of the concrete situation.⁸² At the same time a large amount of material appeared in the press describing in considerable detail the operation of khozraschët in the Soviet Union.⁸³ Articles demanded that economic accounting be practised not only at enterprise and shop level but also at work section team level and at the level of the individual worker,⁸⁴ and all production activities be expressed prominently and clearly in charts (piao-pao).⁸⁵ This involved a considerable amount of paperwork and depended for its success on the existence of an adequate system for communicating statistics.⁸⁶ It depended even more on a literate and highly skilled body of foremen.

We have seen that the one area where foremen were probably least competent was in the construction industry. In examining the contradiction between policy and resources therefore, let us look at the provisions for team level economic accounting in that industry where one would expect the procedures to be the most simple.

Economic Accounting at Team Level in the Construction Industry

In the construction engineering corporation under the ministry of Heavy Industry, the highly complex accounting procedures were replaced in July 1953 by a "simplified" procedure.⁸⁷ This procedure involved the production of an 'economic accounting handbook' consisting of 14 forms. Three days before the commencement of a particular job of work, the

production order (tiao-tu) team concluded a piecework contract with a team of workers which was based on the work plan. Four copies of this were made, and sent to the work team in question, the statistics team, the wages team and the work supervisor/inspector (this latter constituted an engineering work allocation form). At the same time the tiao-tu team filled out two copies of a form limiting the amount of materials that could be drawn (from stores), one copy being sent to the work team in question and one to the materials team where it constituted a materials allocation form. In addition, the production order (tiao-tu) team filled out a tools allocation form according to the requirements of the job, and this was forwarded to the tools team. In accordance with the allocation form the tools team prepared tools and made appropriate entries in a tools requisition handbook. After discussion the relevant work regulations, quality standards and responsibility systems were determined (and entered on paper).⁸⁸

During the course of work, the work team in question could draw upon tools held by the tools team by applying a seal to the tools requisition handbook. Materials could be acquired when the head of the work team applied his seal to the card limiting the use of materials for the particular job and the materials despatch officer applied his seal to a materials requisition form; this procedure would be followed as and when necessary and was designed to avoid the situation where teams acquired more materials than they actually needed and correspondingly wasted them. The leader of the work team was required to keep a daily log even when the team was not working, and this would be

submitted daily to the statistics team which would draw up a 'form showing the daily use of labour time'. This form showing the daily use of labour time would be compared with the work plan and thus would serve as a guide to the implementation of the latter. If an accident occurred during the work process, the safety technician would fill in an accident report form and if a work stoppage occurred or a situation occurred where work needed to be repeated, then a statistician would fill in a work stoppage form or a form showing work having to be done again. If the contents of the piecework contract, stipulations regarding materials' quality or quantity underwent change then the production order (tiao-tu) department would fill in a 'document showing changes in the contract' or 'a document showing changes in the stipulations regarding materials'.⁸⁹

When the work was completed, that is when the work team had completed the tasks stipulated in the contract, the work supervisor and the technical inspector would inspect the quantity of materials used and the quality of the finished work, and would fill in a 'slip requesting release of wages upon inspection of completed work'. This would be handed to the statistics team and the wages team. They would compare the contents of this request form with those of the 'form showing the daily use of labour time' and a previously completed attendance record, and upon this would make payment. After that, all the statistical information contained in these various forms would be scrutinised by higher levels when determining accounts according to the procedure of economic accounting.⁹⁰

The above was described as a "simplified" procedure and applied only to team level. One can imagine what might happen at higher levels when faced with an emergency construction job and indeed the above description helps us to understand the growth in the ratio of non-productive to productive personnel described in chapter four. One may understand too the venom with which red tape was attacked during the Great Leap Forward, when there was said to be a 70% reduction in the number of forms used in planning,⁹¹ and again during the Cultural Revolution.

The account of how economic accounting procedures should be carried on in the construction industry appeared before the various articles of late 1953 which expressed disquiet about the general level of skill and literacy of foremen in that industry⁹² and one might suspect that the detailed procedures were rarely put into operation. According to the economist Tso Ch'un-t'ai, writing in 1958, the lower level economic accounting systems were only tried out experimentally in a few enterprises⁹³ and one may well imagine why. There can be no clearer example of the contradiction between policy and resources than this.

Conclusion

It was probably in the field of planning and accounting that the contradiction between policy and resources was most marked. In the very early period price fluctuation and currency instability⁹⁴ made the whole process very difficult indeed. Costs were calculated according to many different methods; they were sometimes expressed in single figures for a certain period,

sometimes according to various stages in a production process; they sometimes related to each batch of finished products and sometimes separate sets of figures existed for each product made by a particular factory.⁹⁵ It was difficult to unify the whole process and flexibility was the order of the day.

At a higher level sophisticated planning techniques were probably not very important and at a lower level the detailed provisions of Soviet planning and accounting could have little relevance in a situation where levels of skill and literacy were low. Nevertheless, some of the problems that writers on Soviet management have noted, such as storming and stress on output, became quite marked during this period.

In this early period attempts were made to involve the workers in the discussion of plans but many factors militated against this - notably the sheer complexity of planning and the need to shorten the process of plan formulation.

During this early period it was probably difficult to see to what extent elements of the Soviet model were inherently irrational (in terms of its own goals) and to what extent problems were caused by the low level of technical resources that existed in China. By the mid 1950s such a distinction became possible. The reaction which followed had two dimensions. The first reaction, which became systematised in the early 1960s, was subsequently criticised as revisionist. It advocated less stress on central planning and more autonomy located at the level of the

FGM, who would be subject to a greater degree of market control.⁹⁶ The second reaction, that of the Great Leap Forward, advocated less stress on central planning and the location of a greater degree of autonomy at levels higher than that of the FGM (province and municipality)(Schurmann's decentralisation II)⁹⁷ and lower than that of the FGM (shops and teams)⁹⁸ with the whole process ideally linked by a Party organisation responsive to mass demands.

NOTES TO CHAPTER SIX

1. JMJP December 6th 1948 p 1.
2. Donnithorne (op.cit) p 403.
3. Cheng-wu-yüan (passed at 27th meeting): "Kuan-yü Shih-hsing Kuo-chia Chi-kuan ti Hsian-chin Kuan-li ti Ch'ieh-ting" ("Decision on Carrying out the Management of Ready Cash in State Organs") NCNA (Peking) 7th April 1950 Hsin-hua Yüeh-pao No 7 May 1950 p 128.
4. Donnithorne (op.cit) p 406.
5. (ibid) and Perkins Dwight: "Industrial Planning and Management" in Eckstein Galenson and Liu (eds). Economic Trends in Communist China Edinburgh University Press 1968 p 620.
6. Donnithorne (op.cit) p 421.
7. Donnithorne (op cit) p 411
8. See chapter 3.
9. Li Fu-ch'un: Speech to Third Financial and Economic Conference of the NE liberated areas. Summary in JMJP December 16th 1947 p 1: "Tung Pei Ts'ai-ching Hui-i Pi-mu Ch'ieh-ting Ts'ai-ching Chien-she Ta-kang" ("At the Closing of the Financial and Economic Conference in the NE, Policy for Financial and Economic Construction is Determined"). See also JMJP November 20th 1947 p 1: "Tung Pei I-chiu-ssu-pa-nien Chien-she Ta-kang" ("General Outline for Construction in the North East in 1948").
Ku Cho-hsin : "The Development of Planning in Industrial Construction in the Past Decade" Chi-hua yü T'ung-chi No 13 1959 (in ECMM No 204 March 14th 1960.)
10. Ku Cho-hsin (loc.cit).
11. Established August 8th 1952 Liu, Ta-chung "Quantitative Trends in the Economy" in Eckstein, Galenson and Lui (op.cit) p 90.
12. (ibid)
13. Klein and Clark: Biographic Dictionary of Chinese Communism 1921-1965 Cambridge Mass Harvard University Press 1971 p 433.
14. Klein and Clark (op.cit) pp 211 and 433-34.
15. The basic decisions regarding Kao Kang were taken at a politburo meeting in December 1953 and in February 1954 the Party's CC 4th Plenum attacked the idea of an independant kingdom (speech by Liu Shao-ch'i). The government re-organisation took place in September 1954 and Kao Kang was publically disgraced at the 5th plenum in March 1955. The exact date of his suicide in 1954 is uncertain. See Klein and Clark p 434.
16. Schurmann unpublished manuscript (op.cit) II 26-7.
17. Perkins (loc.cit) p 601 (from T'ung-chi Kung-tso July 14 1957 translated in ECMM 97 pp 21-27.

18. Schurmann unpublished manuscript (op.cit) III C5.
19. Perkins (loc.cit) p 605 (from Yu-se Chin-shu February 18th 1959 translated in JPRS report No 1090 D 21st December 1959 pp 1-9.
20. Perkins (loc.cit) pp 610-613.
21. Perkins (loc.cit) p 612.
22. (ibid).
23. Schurmann unpublished manuscript (op.cit) II 14-15 and 28.
24. See for example Granick David The Red Executive (op.cit) pp 267-270.
25. Yao P'u (loc.cit).
26. e.g. Yao P'u (loc.cit).
27. TPJMC: "Kuan-yü Kung-ying Ch'i-yeh Chien-ting Chi-t'i Hb-t'ung ti Chih-shih" ("Directive on Concluding Collective Contracts in Publically-run Enterprises") 18th September 1950 in Lao-tung Kung-pao No 6 January 1951 pp 27-28.
See also Chou Shu-k'ang (loc.cit) on union supervision.
28. Wang Ch'i-fan and Li Tsu-yin: "Tsen-yang Fang-chih T'ieh-lu Kung-jen Chia-pan Chia-tien" ("How to Stop Extra Shifts and Overtime for Railway Workers") KJJP 29th August 1951 p 4.
29. Ho Jen : "Hsing-cheng-shang Ch'iang-p'ao Kung-jen Chia-pan Ch'uan-hsien" ("Management Forces Workers to Work Extra Shifts as a Donation") letter to the editor of KJJP, KJJP 25th July 1951 p 2.
30. Schurmann unpublished manuscript (op.cit) II 14-15 and 28.
31. See chapter 1,
and Kao Fang-ch'i : "Wo-men shih Tsen-yang I-k'ao Kung-jen Chieh-chi Kuan-li Kung-ch'ang-ti" ("How We Relied upon the Working Class to Manage the Factory"), in Wu San Factory pp 86-101.
32. Kao Fang-ch'i (loc.cit)
33. See chapter 8.
34. Wu San Factory (op.cit) p 64 and pp 80-81.
CKKCT Tung Pei ch'ü : "Kuan-yü Tang tui Kuo-ying Ch'i-yeh Ling-tao ti Ch'ieh-i" May 1951 (loc.cit).
35. (ibid)
36. (ibid) and Wu San Factory p 81.
37. CKYTH No 30 21st October 1953 pp 30-31 : "Tsai Kai-shan Lao-tung Tsu-chih ti Chi-ch'u-shang Ting-ch'u Hsien-chin ti Sheng-ch'an Lao-tung Chi-hua" ("On the Basis of Improving Labour Organisation, Draw up an Advanced Production-Labour Plan").

38. See chapter 8.
39. Kao Kang: "K'o-fu Tzu-ch'an-chieh-chi Ssu-hsiang tui Tang ti Ch'in-shih; Fan-tui Tang-nei ti Yu-ch'ing Ssu-hsiang" ("Overcome the Corrosion of Bourgeois Ideology Oppose the Rightist Trend in the Party") report given at higher level cadres meeting of the CCP.CC NE Bureau January 10th 1952 JMJP January 24th 1952 reprinted in KPHHTL No 44 February 1952.
40. Berliner Joseph S (op.cit).
41. Wu San factory (op.cit) p 80.
42. Shanghai materials (op.cit) p 28.
43. TPKY No 94 11th May 1952 p 7.
44. Perkins (loc.cit) p 600
45. Perkins (loc.cit) pp 606-607.
46. Schurmann unpublished manuscript (op.cit) III C 15.
See also Sun Yeh-fang: "Ts'ung 'Tsong-ch'an-chih' T'an-ch'i" (Speaking of Gross Value of Output) Tung-chi Kung-tso No 13 14th July 1957 pp 8-14.
47. Schurmann unpublished manuscript III -46.
48. (ibid) III C-11.
49. e.g. Wang Chih-fang: "Wan-ch'eng Sheng-ch'an Tsung-chih Pu Teng-yü Ch'üan-mien Wan-ch'eng Kuo-chia Chi-hua" ("Fulfilling the Gross Value of Production Target Does not Equal the Complete Fulfillment of the State Plan") CKYTH No 8 11th March 1953 pp 20-21.
50. Liu Hsien-shu: "Yao Cheng-ch'eh Tui-tai Kuo-chia Chi-hua; Sheng-ch'an Kuo-chia Hsü-yao ti Ch'an-p'in" ("Treat the State Plan Correctly and Turn out Products which the State Needs") letter to the editor of CKYTH. CKYTH No 20 11th July 1953 pp 41-2.
51. (ibid)
52. CKYTH No 19 1st July 1953 pp 1-2: "Kuan-ch'e Tso-yeh-chi-hua Tsu-chih Chün-heng Sheng-ch'an" ("Implement the Work Plan and Organise Balanced Production").
53. Perkins (loc.cit) p 618.
54. Kao Kang: "Chan Tsai Tung Pei Ching-chi Chien-she ti Tsui Ch'ien-mien" (loc.cit).
55. Perkins (loc.cit) p 619.
56. Kao Kang: "K'o-fu Tzu-ch'an-chieh-chi Ssu-hsiang....."
January 10, 1952 (loc.cit)
Wang Ho-shou: "K'o-fu Fan T'an-wu, Fan Lang-fei, Fan Kuan-liao-chu-i Yün-tung-chung ti Yu-ch'ing Ssu-hsiang" ("Overcome Rightist Thinking in the Movement to Oppose Graft, Waste and Bureaucratism") report to meeting of cadres of NEPG Industrial Department -9th February 1952 TPKY No 85 11th February 1952 pp 1-4

57. CKKCT CYWYH Tung Pei chü : "Kuan-yü tsai (San Fan) Yün-tung-chung Chia-ch'iang Kuo-ying Ch'ang-K'uang Ch'i-yeh Sheng-ch'an Ling-tao ti T'ung-hsün" ("Communique Concerning Strengthening Production Leadership in State-run Industrial and Mining Enterprises During the Three Anti Movement") 20th February 1952 Hsin-hua Yüeh-pao 1952 No 3 7-8
58. Perkins (loc.cit) p 626.
59. Granick The Red Executive (op.cit) p 159.
60. Perkins (loc.cit) p 626.
61. Perkins (loc.cit) p 626 from Chung-kuo Jen-min Yin-hang (Peoples Bank of China): "Kuan-yü Ch'ü-hsiao Kuo-ying Kung-yeh-chien Yi-chi Kuo-ying Kung-yeh ho Ch'i-ta Kuo-ying Ch'i-yeh-chien ti Shang-yeh Hsin-yung Tai i Yin-hang Chieh-suan ti Pao-Kao" ("Report on Eliminating the Use of Commercial Credit within State Industry and Between State Industry and other State Enterprises as a Substitute for Bank Balances") March 30 1955 in Kuo-wu-yüan, Fa-chih-chü (State Council, Bureau of Legislative Affairs): Chung-hua Jen-min Kung-ho-kuo Fa-kuei Hui-pien (Compendium of Laws and Regulations of the Peoples Republic of China) Vol I pp 270-273.
62. Berliner (op.cit) Chapter XII pp 207-230.
63. Donnithorne (op.cit) pp 290-291 from Chieh-fang Jih-pao May 7th 1958 (SCMP 1794) "Ch'ing lien-ko Tea-House in Shanghai Enters a New Era" and Kuo-wu-yüan, Fa-chih-chü - compendium Vol VI pp 375-6.
64. Arakelian (op.cit) p 64.
65. see chapters 3 and 4.
66. Pending research on middle level economic administration, the picture will probably remain unclear. Schurmann (unpublished manuscript III) shows that there was a continuing debate as to the nature of economic accounting itself and whilst this system was in the process of change one cannot expect any clear cut answer as to the limits of internal and external accounting units.
67. Cheng Hung-su: "Ching-chi Ho-suan-chih ti Li-lun yü Shih-chien" ("The Theory and practice of the Economic Accounting System") CKKY Vol 1 No 10 15th February 1950 pp 19-26.
68. Arakelian (op.cit) p 92.
69. (ibid) and Cheng Hung-su: "Ching-chi Ho-suan-chih...."(loc.cit)
70. Schurmann unpublished manuscript (op.cit) Chapter III.
71. (ibid)
72. Tung Pei Jih-pao 7th April 1950: "Ju-ho Kuan-ch'e Ching-chi Ho-suan-chih" ("How to Implement the Economic Accounting System") CKKY Vol 1 No 12 14th April 1950 pp 37-8.

73. TPJMCF KYP directive 29th July 1949 cited in Chu P'u (loc.cit)
74. Cheng Hung-su: "Ching-chi Ho-suan-chih...."(loc.cit).
75. Kao Kang: "Fan-tui Tan-wu T'ui-hua....." August 31st 1951 (loc.cit)
76. Tung Pei Jih-pao "Ju-ho Kuan-ch'e Ching-chi Ho-suan-chih" (loc.cit)
77. (ibid)
78. (ibid)
79. (ibid)
80. Schurmann unpublished manuscript (op.cit) III 20.
81. (ibid)
82. Yü Wen-ch'ing: "Tung Pei Kung-k'uang Ch'i-yeh ti Ch'eng-pen Chi-suan (Chieh-shao TPJMCF KYP Chan-hsing Ch'eng-pen Chi-suan Kuei-ch'eng)" ("Cost Accounting in Industrial and Mining Enterprises in the North East (Introducing the NEPG Industrial Department's Temporary Regulations for Cost Accounting)" CKKY Vol 2 No 4 23rd August 1950 pp 5-9.
83. e.g. Cheng Hung-su: "Ching-chi Ho-suan-chih..." (loc.cit)
84. Shao Li-sheng (loc.cit).
85. (ibid)
86. It is doubtful whether a statistical network was operational on a national level until 1953. See Li Choh-ming: The Statistical System of Communist China Berkeley and Los Angeles; University of California Press 1962 p 8.
87. Chung-kung-yeh-pu, Chien-she Kung-ch'eng Kung-ssu (Ministry of Heavy Industry, Construction Engineering Corporation):"Chieh-shao 'Hsiao-tsiu Ching-chi Ho-suan Shou-tse'"("Introducing the Team Economic Accounting Handbook") CKYTH No 21 21st July 1953 pp 18-19.
- 88-90. (ibid)
91. Donnithorne (op.cit) p 467 from Chi-hua Ching-chi No 9 September 1958 pp 14-15.
92. See chapter 4.
93. Tso Ch'un-t'ai: "Wo-kuo Ching-chi Ho-suan ti Chien-li ho Fa-chan" ("The Establishment and Development of Economic Accounting in Our Country") Ta Kung Pao June 3rd 1962 cited in Schurmann unpublished manuscript III-31.
94. For a description of the confused state currency at the time of liberation see Hsieh Chia : Huo-pi Wen-t'i (The Problem of Currency) Tientsin Chih-shih Shu-tien July 1950.

95. Yü Wen-ch'ing (loc.cit).
96. Schurmann Ideology and Organisation (op.cit) p 303. Wheelwright & McFarlane (op.cit) pp 68-76, Schurmann: "China's 'New Economic Policy' - Transition or Beginning" CQ 17 pp 65-91.
97. Schurmann Ideology & Organisation (op.cit) p 207.
98. See Andors Stephen "Revolution and Modernisation: Man and Machine in Industrializing Society, The Chinese Case in Friedman & Selden : America's Asia p 404.

CHAPTER SEVEN INTERNAL CONTRACTS AND COMPACTS

We have considered so far the various elements of the "enterprisation" process individually. We shall now turn to the process whereby all these elements were brought together into formal documents which specified the responsibilities of individuals and units, laid down concrete wage scales and bonus systems for individual enterprises and integrated these with labour regulations and the current plan.

Right from the time of liberation, contracts were drawn up within industrial units specifying the rights, privileges and duties of management and workers and soon such contracts came to include guarantees that specific planned targets would be fulfilled. These collective contracts (chi-t'i ho-t'ung) varied in their duration and scope and might be anything from a charter of employment to a short-term productivity deal. In this chapter we shall consider the comprehensive model contracts that were propagated in Lushun and Talien in mid 1949 and their transformation into less ambitious documents as they were implemented elsewhere. Normally such contracts were concluded at enterprise level, though we shall see that sometimes they existed at higher and lower levels. Following the argument of chapter four that in certain sectors of industry new forms of organisation were superimposed on to existing forms of organisation, we shall note that this pattern of superimposition resulted in a peculiar kind of contract - the pao-kung contract which was to have quite significant political implications. Another kind of contract that will be discussed

here is the joint (co-ordination) contract (lien-hsi ho-tung) that added a contractual dimension to the network of responsibility within the enterprise.

In addition to internal "contracts", we shall consider the patriotic compact (ai-kuo kung-yüeh). The strict terminological difference between a contract (ho-t'ung) and a compact (kung-yüeh) lies in the fact that the former is the product of bargaining between two parties (management and unions), whereas the latter is an undertaking to fulfil a certain obligation which might be unilateral.¹ In the case of the patriotic compact that obligation was, at first, a general commitment to support the Korean War effort though later the patriotic compact became integrated with the planning network.

Annual Collective Contracts

A collective contract was an agreement between labour union and management in which both sides agreed on terms of service, wage scales, production norms, bonus systems, welfare facilities, working hours, shift organisation and provision for the day to day settlement of labour disputes. As one might expect, the earliest examples of such contracts may be found in the joint Sino-Soviet enterprises in Lushun and Talien and, in the light of our discussion in chapter three, one might also expect that such contracts would be highly ambitious and not suitable for immediate application elsewhere. In appendix 2, I have summarised one of the more comprehensive contracts that appeared in the Lushun-Talien area in 1949, that of the glass factory under the Far East Electronics Bureau.²

The Glass Factory contract reflected a situation which hardly pertained elsewhere. In Lushun and Talien, social security provisions had already been worked out, production was relatively stable, wage payment was made to a very large extent in money terms (though there was still a subsidy element in wages) and, in the glass factory, initial norms had already been worked out.³ Nevertheless the glass factory contract, which was put forward as a model, was rare even for Lushun and Talien and was concluded only one month after regulations governing collective contracts were put forward for that area;⁴ only one other factory in Lushun and Talien, the paint works under the same bureau, was able to conclude a contract in so short a time.⁵ I know of no industrial unit outside Lushun and Talien that was able to conclude a contract of such comprehensiveness as the glass factory and even in Shenyang where production was rapidly restored and where there were many advanced industrial enterprises, it was felt that the Lushun-Talien model was too comprehensive and of too high a standard to serve as a model for its own collective contracts.⁶ The contract is summarised in this essay because it was a national model, as is made quite clear by some of its stipulations (such as those for grade 2 factories) which had no relevance for the glass factory and were only appended for the guidance of other enterprises basing their own collective contracts on the Lushun-Talien model.

Within factories in Lushun and Talien during this early period there were usually three important documents at factory level upon the basis of which action concerning production,

employment, working conditions and welfare were taken - the production plan, the collective contract and the internal factory regulations. The production plan dealt with measures taken to fulfil the various targets described in chapter six. The collective contract dealt with production competitions, wage and bonus payments, guarantees and compensation, working hours, holidays, labour protection, the disposal of the social insurance and culture and education funds and the settlement of labour disputes within the factory. The internal regulations which usually appeared as an appendix to the contract dealt with such matters of detail as internal security regulations, procedures for requesting leave, procedures on entering and leaving the factory, the issue of identity cards, etc.⁷

These latter two documents were usually combined into one but in mid 1949 the provisions of the collective contract were not usually integrated with planned targets. This is probably because contracts of the Lushun-Talien type were worked out on an annual basis and it is doubtful whether annual plans had much operational force at that time within the enterprise; furthermore the relevance of annual targets for a contract that was concluded in July could not have been very great. For the integration of production targets into the terms of the contract, the duration of the contract must be coterminous with the operational production plan.

The terms of the contract which appear in appendix 2 are fairly self explanatory though one point deserves mention here. Provision was made in the contract for the establishment of a

conciliation committee (t'iao-chieh wei-yüan-hui) and if necessary the conveying of arbitration conferences (chung-ts'ai hui-i) at a higher level to settle labour disputes. One would like to know the relationship between the Party,⁸ the unions, the conciliation committees and the local labour bureau (when established)⁹ who were all explicitly charged with the settlement of internal disputes but I have seen no specific account of the process of arbitration and conciliation during the period under review.¹⁰

Monthly and Bi-monthly Collective Contracts

A more common type of contract employed in the North East in late 1949 and thereafter was the monthly or bi-monthly contract in which the stipulations of the short term operational plan were written into the terms of the contract. For example, the collective contract of the Shenyang Third Machine Building Factory for November and December 1949 stated precisely the planned targets down to the last machine.¹¹ It specified in what way costs were to be reduced and called for the establishment of certain management systems such as a system of personnel management, a costing system, a statistical system, a work schedule system, an inspection system, a system of individual responsibility, an accounting system, etc. Precise stipulations were made concerning the time machines were permitted to be in operation (not less than 96% of working time). A planned attendance rate was agreed upon (97%). Provision was made for schools and training classes, master apprentice contracts, the examination and reassessment of wage grades, regulations governing the treatment of rationalisation proposals

and agreements to reduce the injury rate. The Machine Building Factory also attempted to write into the contract the precise responsibilities of staff sections involved in planning; thus an attempt was made to integrate not only planning but also the system of responsibility into the terms of the contract. Whereas the Lushun-Talien contract was more like a charter stipulating terms of service, the Shenyang contract was a cross between a charter and a productivity deal concluded between management and unions. Though the Shenyang contract was less comprehensive than the Lushun-Talien contract it was more detailed in terms of its immediate goals. The fact that these short term contracts were an integral part of the planning procedure and concerned themselves with explicit production targets was reflected in the fact that they were sometimes called "production contracts".¹²

The short term Shenyang-type contract was much less detailed than the Lushun-Talien contract on the question of wages and this type of contract was deemed to be appropriate for plants where norms and wage scales were still in the process of being formulated.¹³ The implication was very clear that, in future, longer term contracts such as the Lushun-Talien type would become the norm, though in fact the opposite was to be the case. As the planning machinery became more consolidated, the contracts of the Lushun-Talien type were not to reappear, especially since many of their provisions were later taken care of by regional or national agreements (on social security, etc)¹⁴. The terms of the contract came more and more to reflect specific measures for plan fulfillment.

In the model Wu San Factory the collective contract which was drawn up quarterly at the same time as the factory work plan, was described as "a step in the direction of planned management".¹⁵ It was a way of linking not only welfare provisions with the production plan, but also of linking production tasks with each of the major and minor movements that were launched in industry throughout this period. For example, in the second, third and fourth quarters of 1951 three successive movements were given priority in the industrial sphere in the North East. These movements were to improve quality control (2nd quarter), to increase production and practise economy (3rd quarter) and to strengthen workshop work (4th quarter) and provision for each of these was made in the three collective contracts concluded by the Wu San Factory during these nine months.¹⁶

In the Wu San Factory the collective contract had by 1951 almost the force of law. It was seen as a kind of mini "Common Programme" (the provisional state constitution) for Party, management, labour union and Youth League.¹⁷ Later the analogy between collective contracts and constitutions became more explicit and in the 1960s actual "constitutions" for industrial enterprises began to appear, of which the most famous was that of the Anshan Iron and Steel Company, which was written by Mao and was said to embody his theory of industrial organisation.¹⁸ In this earlier period, however, collective contracts appeared more like productivity deals than constitutions, and were explicitly linked to planned targets.

In Cultural Revolution retrospect it would seem that the brevity that such contracts gained by the removal of those clauses which were covered by regional or national regulations was more than compensated for by the growth in the number of factory regulations that were appended to them. These were by no means inconsiderable in 1949;¹⁹ by the time of the Cultural Revolution cases were on record of factory regulations which consisted of booklets of over 200,000 characters and which included strict regulations on everything down to the placing of teacups.²⁰

Collective Contracts at Sub-factory Level

Normally collective contracts would be concluded only at enterprise level, though in the very early period contracts were sometimes concluded at lower levels. In the Wu San Factory, for example, a mini collective contract existed at team level until 1951 when it was replaced by a team compact (hsiao-tsu kung-yüeh)²¹ (a kind of patriotic compact which will be discussed later in this chapter). This was probably a consequence of the process described in chapter four where what happened at one level tended to be repeated in miniature at the next level down. By 1951, however, the existence of bi-partite agreements at lower levels was seen to be inappropriate and lower level contracts were replaced by patriotic compacts which reflected the determination of a unit to fulfil certain tasks and did not involve bargaining between two parties.²²

Collective Contracts at Supra-factory Level

Although collective contracts were concluded usually at

enterprise level and contractual agreements between the enterprise and supply and marketing agencies were quite separate from the collective contract, some overlap occasionally occurred. When, for example, it was felt necessary to tie down some planning or supply agency, a collective contract might be concluded at a level higher than the individual enterprise. For example, the Third Machine Building Factory in Shenyang could get no support for its September 1949 contract from the Municipal Machinery Bureau.²³ The account does not say why or in what form this lack of support manifested itself, but one might imagine that the bureau could not guarantee a supply of raw materials and was reluctant to ratify an agreement that might over-commit itself. This problem was dealt with by the Machinery Bureau initiating a collective contract that covered a number of factories and which formed the basis for individual factories to draw up their own contracts.²⁴ In such a case the freedom of action of unions and management in the individual factories was probably considerably restricted.

The imposition of a contract from above was a violation of the principle that contracts should be concluded by negotiation between union and management at enterprise level. Occasionally, however, the situation demanded that contracts be concluded at levels above the enterprise and attempts were made to secure full consultation and agreement at lower levels. Perhaps the most famous example of this was the collective contract of the Ch'angch'un Railway network of mid 1951 which covered all the workshops and construction units under its control.²⁵ The 62 clause contract was only concluded after

eight revisions, nineteen full days of discussion and the sifting of 6,074 suggestions which took four months. Such a contract seems however to be the exception rather than the rule.

Simple Pao-kung Contracts

A major theme of this essay has been the modification of the prescribed Soviet model in conditions of inadequate resources. The rudimentary nature of planning meant that the prescribed Lushun-Talien-type collective contract was not implemented very widely. Similarly, the persistence of contractual relationships in the construction industry combined with a pattern of organisational superimposition to produce a special kind of contract, the pao-kung contract. Like the growth of patterns of functional supervision which stemmed from the same causes, the pao-kung contract contained clauses very different from the ideal contractual relationships stipulated by the Soviet model and exemplified in the Lushun-Talien-type contract.

The term pao-kung is extremely difficult to translate. It is used normally to signify the process whereby a factory employs workers through an external contractor which in former days would be some species of gang boss. Such a contract, which continued to be concluded throughout the 1950s, is an external contract and is not discussed here. There was however a form of internal collective contract which also went under the term pao-kung contract.²⁶ Such a contract would be concluded in factories engaged in rehabilitation of plant and undergoing emergency repairs and represented a transitional stage during the process of abolishing the gang boss system.²⁷

Under the old gang boss system, wages and bonuses would be paid to the gang boss and he would decide on their distribution. When the gang boss system was abolished in the manufacturing industries, wage and bonus systems were established whereby the enterprises paid workers directly without going through any intermediary. In the construction industry, however, such systems were as difficult to institute as staff-line systems of command. When construction work was undertaken by a state construction corporation, an external pao-kung contract could be concluded (wai-pao) and workers could be paid directly by the construction corporation. Such a process was theoretically very simple, though in practice state construction companies came under very heavy criticism for graft during the Three Anti Movement.²⁸ Where construction work was an internal matter, however, although wages could now be paid directly to the workers, the weak control exercised by the factory for which the work was being done in a situation where construction tasks and repair tasks were constantly changing meant that an individual bonus system was particularly difficult to put into operation. Collective bonus systems were introduced, therefore, by which a lump sum was made over to a group of workers and divided out amongst its members according to criteria which the group itself decided.²⁹

In drawing up a pao-kung contract which formalised this process, the workers engaged in construction tasks were frequently represented not by the labour union, which being of an industrial as opposed to a craft nature represented everyone within the factory or mine, but by a "committee for emergency

repairs" (ch'iang-hsiu wei-yüan-hui) elected by the construction workers themselves.³⁰ Such contracts consisted simply of an undertaking by management to provide the necessary materials and to make individual payment and collective bonus payment in return for the completion of specific construction tasks.

Shih-kung Contracts

The simple pao-kung contract was a temporary expedient in the period of rapid reconstruction following liberation. In chapter four we saw that, in the construction industry, single-line gang organisation tended to be replaced by functional work-supervision (shih-kung) systems. The existence of such systems resulted in a modification of the simple pao-kung contract whereby bodies of workers entered into shih-kung contracts with the appropriate work supervision department.

In the Chin Hsi Cement Works, for example, an inspection was carried out at the end of 1950 when it was found that some 270 items of construction work had to be undertaken, which was more than could be handled by the works basic construction department (chi-chien-k'o). Production units and technical departments were required to provide labour to undertake these production tasks, but workers in these units were unwilling to involve themselves with building work which they considered was not their concern. To overcome this problem cadres and workers were deputed from all departments and amalgamated into a Construction Engineering Department (Kung-ch'eng-pu), which was divided into a number of specialist sub-departments and teams.

A small amount of the construction work to be undertaken was contracted out (wai-pao) to an external construction corporation, and the remainder handed over to this newly formed Construction Engineering Department, which was required to make plans for each item of work.³¹

After plans were formulated stipulating the numbers of workers necessary for each construction task, the labour union organised the ordinary production workers into teams, each of which entered into a shih-kung contract with the relevant subsection of the Construction Engineering Department. Such teams were placed under the functional leadership of each subdivision of the Construction Engineering Department responsible for a particular type of construction work at the basic level. Bonus payment was paid to the teams according to the degree to which they fulfilled the stipulations of the shih-kung contract. Because the bonus payments were determined by the particular construction jobs undertaken, such a system was called the internal pao-kung piecework system (nei-pao-kung chi-chien-chih).³²

The Political Implications of the Pao-kung System

The shih-kung contract was merely a slightly more sophisticated version of the simple pao-kung contract and formalised the temporary growth of patterns of functional supervision in the construction industry during this period. Its organisational implications are quite clear; its political implications, however, are far more interesting.

In concluding normal collective contracts, the workers were represented by the labour union, whereas in concluding simple pao-kung contracts, the workers were represented by no-one and participated directly in the process themselves. As such the pao-kung contract was praised in 1950 for giving workers an opportunity to participate in the democratisation of management.³³ Workers were in a position to divide out the bonus payment for themselves and were not bound by the union hierarchy. The official attitude was ambivalent, however, for warnings were issued that pao-kung contracts did not have universal application³⁴ and the shih-kung contract described above represents a step in the direction of greater control over the exercise of participatory democracy on the part of the workers. In the conclusion of the Chin Hsi shih-kung contracts, the role of the union was much greater than in the case of a simple pao-kung contract. The process whereby teams of workers were formed was described as "proceeding spontaneously under the leadership of the labour union"³⁵ and whatever degree of spontaneity this implied was much less than in the case of a simple pao-kung contract where the role of the gang boss was replaced by a committee elected directly by the workers. Such a difference in formulation would seem to indicate the first stage in a process whereby direct worker representation was replaced by indirect union representation which, as we have noted, characterised the movement to democratise management.

The internal system described above does not seem to have survived the beginning of the First Five Year Plan, although

the term remained throughout the 1950s where it indicated an external contract. During the Great Leap Forward however, internal pao-kung systems were to reappear in a situation where centralised controls were eased and where the concept of participatory democracy was reaffirmed.³⁶ Considerable research needs to be done however before we can determine to what extent the reappearance of such forms was due to loose control over labour at the basic level in a situation of rapidly changing production tasks and to what extent it was due to a belief in the intrinsically democratic nature of such organisation. From an economic point of view commentators on pao-kung type agreements in the early 1950s noted that they led to hurried planning, material supply problems and a lack of liaison between staff departments and teams,³⁷ which were precisely the problems encountered in 1958.

The Joint (co-ordination) Contract

One further type of bi-partite agreement that must be mentioned is the joint contract (lien-hsi ho-t'ung), which was designed to achieve co-ordination between the various workshops and staff departments within the enterprise. Like the collective contract, joint contracts appeared immediately after liberation and were considered to be one of the most important organisational forms employed during the early stages of the New Record Movement.³⁸

The most important stipulations of such contracts concerned the quality and quantity of raw materials and semi-finished products supplied by one part of the enterprise to

another or the frequency of supply. Such contracts were seen to be particularly important in effecting co-ordination between the various staff departments and production units, who tended to focus on different targets (for example, between an accounting department concerned with cost reduction and production units concerned with gross output) and in preventing wide disparities in quality control standards and norms between one part of the enterprise and another.³⁹

Joint contracts were considered to have a political significance which it was the duty of the labour unions to propagate.⁴⁰ Such contracts were felt to be particularly useful in preventing ill feeling between one sub-unit and another. For example, in the Shenyang Wool Weaving Mill a contract was drawn up between the wool sorting team and the wool blending team stipulating the proportion of lumps or small broken pieces the former was permitted to send down to the latter and thus, it was hoped, avoiding mutual recriminations.⁴¹ Concluding such contracts was one of the first tasks of fledgling union organisations during the New Record Movement and such a task was useful in recording on paper how successful the union was in overcoming tension within factories. Joint contracts were also seen as useful in developing a responsibility system, for they specified the responsibilities of one sub-unit to another, but it was anticipated that they would gradually be assimilated into collective contracts.⁴²

Contracts and Compacts

The above forms of internal contract were so called because they were the product of negotiation between management and union (or emergency repairs committees in the case of simple pao-kung contracts). We shall now consider a different kind of document which appeared later than the contracts and was only integrated into the planning system in late 1951, the "patriotic compact". In fostering such compacts the role of the union was not one of workers' representative in negotiations with management, but the propagandist of Party and management.

I have so far suggested three factors in work motivation - material gain, prestige accruing to model workers and guilt deriving from inadequate fulfillment of internalised group norms.⁴³ To these a fourth element must be added - patriotic fervour. Right from the time of the Yen-an Production Movement through the movement to support the front during the latter stage of the Civil War, an attempt was made to add a patriotic dimension to work motivation.⁴² The movement to draw up patriotic compacts which arose out of the Movement to Resist U.S. Aggression and Aid Korea in 1951 was, however, more sophisticated than these earlier movements in that it attempted eventually to integrate patriotic motivation with the systems of planning and responsibility.

The Korean War Donation Drive

A donation drive to support the Korean War effort commenced in the first half of 1951. During this drive,

individuals, families and units of production, residence and administration undertook to donate specific sums of money to purchase armaments for Korea. Contracting individuals or groups would make a donation plan,⁴³ which could be expressed either in monetary terms or more probably in terms of armaments. To facilitate this, an official conversion table was published as follows:-⁴⁴

JMP ₩	5,000 million	=	1 bomber
JMP ₩	2,500 million	=	1 tank
JMP ₩	1,500 million	=	1 fighter aircraft
JMP ₩	900 million	=	1 piece of artillery (field)
JMP ₩	800 million	=	1 anti-aircraft gun.

Every effort was made to achieve identification between the donating unit and the front and weapons purchased would be frequently named after the donating unit.⁴⁵

The movement was as much political as it was economic. It aimed to integrate macro-politics with the day to day concerns of ordinary individuals⁴⁶ in much the same spirit in which Committees for the Study of Current Affairs took a leading role in the Democratic Reform Movement. Cadres whose over-zealous desire to meet donation plan targets resulted in coercion were vehemently denounced on the grounds that they negated the role of political education, which was of the utmost importance.⁴⁷

In the early part of 1951 the donation drive was not linked with the process of planning and units of all shapes and sizes contracted to make donations. Contracting units might be anything from province, municipality or hsien right down through

production team or family to the individual.⁴⁸ Such agreements might either express a guarantee to make a direct donation or a contribution to the war effort through economy and increased production. In the latter case, the size of the donating unit was very important. The political aims of the donation drive would best be served if some degree of congruence could be achieved between the donating unit and the group with which the individual made the strongest identification. In the case of a worker making a direct donation, this unit might well be the family, but in the case of an agreement to increase production and practise economy in support of the war effort, this group would normally be the work team or work section. This was not only the unit with which the individual identified in production competitions but was also the unit against which activist-guilt orientation could be most immediately measured. If the donating unit were too large,⁴⁹ it would be extremely difficult to achieve congruence between the various elements of work motivation, and if the unit were too small, agreements might cut across normal lines of group orientation and control would be particularly difficult.

Attempts were made, therefore, to achieve congruence between donating units and work units.⁵⁰ In Peking, for example, during the early part of 1951, the donating unit was often the urban ward (ch'd) or a particular segment of society (business circles, etc.). After May Day, however, attempts were made to restrict the size of the donating unit in industry to the workshop or team⁵¹ and the role of Party and government at urban ward level changed to a co-ordinating one. Periodic

"Resist American Imperialism and Aid Korea Congresses" were held at that level to achieve standardisation in the donation movement and to provide some element of competition.⁵²

Early Patriotic Compacts

Whereas in early 1951 the size of a donating unit might vary, patriotic compacts tended to coincide with work units right from their very inception at the beginning of China's involvement in the Korean War in November 1950.⁵³ At first such patriotic compacts did not include the specifications of donation plans and were just declarations of intention to meet production targets as a contribution to the war effort, to maintain vigilance against spies and saboteurs, to conduct patriotic propaganda, and study current affairs.⁵⁴ The procedure for developing the movement to draw up such compacts was exactly the same as that of the Democratic Reform Movement. Party and union cadres would organise a general programme of denunciation of the pre-liberation crimes of the Japanese and American imperialists and then, on the basis of this initial mobilisation, the focus of the movement was moved nearer to the daily activities of the workers. Off-duty time was used to educate workers on the need for such compacts. Forums were held at which the compacts of model teams were examined, and these provided models for the formulation of compacts within the remaining teams.⁵⁵

In early 1951 compacts were frequently so vague as to be unworkable and the specific contribution to the war effort was stipulated in a separate donation plan. In the patriotic

compact of the Chen Huan (World Shaking) Spinning Mill in Wuch'ang, for example, clauses appeared such as "Support the Communist Party" and "Get a grip on production" without any indication of what this meant in concrete terms and how one could check up on the fulfillment of these clauses.⁵⁶ To achieve greater specificity handbooks were published showing what patriotic compacts ought to look like.⁵⁷

In one such handbook published in September 1951, the models of specificity which it quotes seem to me to be still rather vague. Two of these compacts of April and May 1951 are translated in Appendix 3.⁵⁸ They show that by the spring of 1951, the terms of compacts had not yet been integrated with physical contributions to the Korean War effort and actual planned targets. There appeared to be some confusion between a demand for specificity and a demand that compacts reveal a higher degree of political consciousness. For example one production team had written into its patriotic compact an undertaking not to listen to the "Voice of America"; this was revised as an undertaking not to listen to any reactionary radio station⁵⁹ which, however laudable from a political point of view, must have created problems of definition and was hardly a move in the direction of specificity. These early compacts were most specific in their provisions for patriotic education. For example, compacts included undertakings for collective study of newspaper articles, though the time devoted to this end was usually very short (sometimes only five minutes daily).⁶⁰ This may reflect a low level of literacy or the fact that workers were too busy with production duties.

It was perhaps because the terms of the patriotic compacts were so general and that they were not closely integrated with concrete production targets that the charge of formalism was frequently made.⁶¹ For example, an investigation of 16 units (13 factories, one harbour district, one municipal ward and one communications corporation) carried out by the Lushun-Talien municipal committee of the Party in July 1951 noted that only three of these units had anything like a good record in compact fulfillment, the remaining units being characterised by formalism. In some cases the leadership could not remember the stipulations of the compact and had not transmitted their provisions downward, let alone adhered to the principle of voluntarism and spontaneity.⁶² Demands were made for strict inspection of the fulfillment of compacts and their periodic revision, lest they fail to reflect current production capacity or were not renewed after completion.⁶³ Such demands would indicate that, in some cases, compacts had by that time been integrated with production tasks, but I have seen no examples of any compact which showed such integration as early as August 1951.

Before any really effective method could be devised to integrate patriotic compacts with concrete donation agreements and production plans, an effective system for checking up on the implementation of such contracts had to be devised, and this was particularly necessary in a situation of growing bureaucratism on the part of Party and management and "economism" on the part of labour unions in the period prior to the Three Anti Movement. In addition to the routine publication of

blackboards and posters showing the current state of compact fulfillment,⁶⁴ three methods of checking up progress in compact fulfillment were put forward.⁶⁵

Firstly, an inspection group might be organised in each unit that had concluded a patriotic compact to mobilise the workers to ensure its daily fulfillment. This inspection group would organise periodic forums to discuss the current implementation of the compact where criticisms and self-criticism might be practised. The ideal frequency for such forums was weekly, and at the weekly meetings the inspection group would deliver a summary of its daily inspections.⁶⁶ Secondly, compact fulfillment might be investigated by higher level labour union organisations, such as was undertaken by the Shanghai General Textile Union in April 1951.⁶⁷ Thirdly, the periodic "Resist American Imperialism and Aid Korea Congresses" might investigate the compacts, though this would be applicable only for larger units (factories) since it would be impossible to listen to reports about compacts made in every production team in every factory in a whole urban ward of hsien.⁶⁸

By the autumn of 1951 the donation drive had grown into a major movement to "Increase Production and Practise Economy" which was justified in terms of its contribution to the war effort. By that time, many of the original donation targets had been met and the donation drive as such drew to an end in December 1951,⁶⁹ showing contributions to the tune of JMP ¥ 4,617,800 million, which was said to be sufficient to purchase over 3,000 armoured vehicles or over 5,000 pieces of

artillery.⁷⁰ At that time precise figures showing the expenditure of funds were not given and no specific associations were made between a particular donating unit and a particular tank or aircraft.

During the last few months of 1951 various regions formulated "Increase Production and Practise Economy Plans" which were expressed in millions of tons of food grains, and the purchasing power of these economy targets in terms of military equipment was often stated in the propaganda.⁷¹ Similar plans were also formulated at enterprise level⁷² and below; at team level their terms were incorporated into patriotic compacts.⁷³ As the compacts became more specific in terms of production targets however, their specifically patriotic element became more generalised.

The Wu San Factory - An Example of the Integration of the Patriotic Compact and the Planning Apparatus

As the donation drive grew into the major economy drive at the end of 1951, so patriotic compacts became linked to the planning apparatus. This point may be best illustrated in the case of the model Wu San Factory in Shenyang.

At the beginning of 1951, in addition to a team plan (hsiao-tsu chi-hua), three other documents existed at team level - the "team compact" (hsiao-tsu kung-yüeh), the "team contract" (hsiao-tsu ho-t'ung) and a team "declaration of determination" (to fulfil production goals) (hsiao-tsu chüeh-hsin-shu). As we have indicated, the difference between a contract (ho-t'ung) and a

compact (kung-yüeh) lies in the fact that the former is an agreement between two parties, whereas the latter may be a unilateral agreement to fulfil a certain task; the difference between a compact and a declaration of determination (chüeh-hsin-shu) lies in the fact that the former is an on-going document that is constantly revised, whereas the latter is only related to one specific temporary end. After the discussion at the Wu San Factory it was decided that the conclusion of bipartite agreements (ho-t'ung) at team level was inappropriate and such contracts should be concluded at factory level between management and unions. Similarly, declarations of intention were temporary documents that could be done away with in 1952 when there was felt to be a need to "rationalise" internal agreements. This left the team compact which, being the concern of everyone in the team, was renamed the "collective compact" (chi-t'i kung-yüeh).⁷⁴

We have seen that the relationship between the team plan which specified concrete production tasks and the patriotic compacts in the period prior to the autumn of 1951 was not very close. In the Wu San Factory the team compact (which was not called "patriotic" but which contained clauses concerning production, livelihood, ideology, education, etc., and was to all intents and purposes much the same as a patriotic compact) was changed into a collective compact which only contained guarantees of fulfillment of quantity and quality targets, guarantees that principle obstacles to plan fulfillment facing the team would be overcome, and concrete measures to unite the terms of the compact with the main current political or

economic movement.⁷⁵ The collective compact was now closely tied to the team plan and was an integral part of the planning apparatus. In that it specified who should do what in terms of fulfilling planned targets, it was also tied in with the responsibility system.

Once the compact was tied to the plan, it was subject to the kind of problems discussed in the last chapter. Both plan and compact had to be discussed together at the beginning of each planning period. In the Wu San Factory the basic operational plan was a monthly one, and discussion had been streamlined to the point that, by 1952, the plan could be issued at the beginning of the month. It was sometimes not until the tenth of the month, however, that the monthly compact was concluded.⁷⁶ Just as a delay in putting a plan forward resulted in "storming" at the end of the planning period, so a delay in putting a compact into operation was said to result in shoddy work at the beginning of every planning period when workers had not made agreements as to quality. The model Wu San Factory was able to overcome this by working out a system whereby the factory's planned production targets were handed down on the 15th of the preceding month, submitted to the shops on the 20th, discussed in the teams on the 25th, incorporated into compacts by the 30th to go into operation on the 1st of the next month. On the first and second of the month progress in implementing the preceding compact was summed up and compared with other teams. In the case of a team that undertook a number of different work processes, time was saved by appointing mutual aid groups to examine each individual process during the summing up period.⁷⁷ In the light of our discussion in the last

chapter it would seem that few factories were so fortunate in being able to plan so far in advance.

Even at the model Wu San Factory the vice of formalism existed. Frequently during the summing up period at the beginning of each month workers apologised for not fulfilling certain tasks which they promised to do the following month, but never did.⁷⁸ Clearly there was a need for some additional control mechanism to check up on the implementation of compacts while they were in operation and team leaders were given instruction in how to conduct "focalpoint investigations."⁷⁹

Conclusion

The various types of contract and compact described above attempted to specify in documentary form the types of organisation and incentive that have been described in previous chapters and each of the problems we have considered in those chapters has a bearing on the nature of the documents.

In chapter one for example, we noted a contradiction between the representative and the participatory conception of democracy. This was of particular relevance for the role of the labour union in negotiating contracts. In the case of conventional collective contracts the union was to represent the workers; in the case of a shih-kung contract the union was to lead the spontaneous efforts of the workers to form teams and negotiate contracts (whatever that might mean), whereas in the case of a simple pao-kung contract the unions were to stay outside a process in which workers participated in contract negotiation through a committee directly elected for that

purpose. In chapter four we noted that the need to assert control over the basic level upon the abolition of the gang boss system resulted in patterns of organisation which were very far from the Soviet model. This resulted in a process where shih-kung contracts were concluded formalising these patterns of organisation. In chapter three we noted a considerable gap between the prescriptions of Lushun and Talien and what happened in the rest of the country, due to a lack of resources. Hence the model collective contracts that were formulated in Lushun and Talien were not found elsewhere. The stipulations of such contracts concerning piecework and the payment of white collar workers could not be emulated in other regions until very much later, as we have seen in chapter five. In chapter six we saw that the process of involving workers in the discussion of plans delayed their implementation; the conclusion of internal contracts and compacts could not but add to the delay.

In our discussion of internal contracts we have seen that during the New Democratic Period, attempts were made to integrate all the various contracts and compacts into a unified network of planning and responsibility, since it was necessary to specify one integrated hierarchy of ends and values against which rationality might be measured. Even in model units such as the Wu San Factory, however, it was difficult to avoid the vice of formalism, which figured so prominently in chapters one and two. In the remaining two chapters we shall consider those two organisations that were specifically entrusted with the task of combatting bureaucratism and giving life to a process that could so easily become ossified.

CHAPTER SEVEN NOTES

1. This distinction is taken from Wu San factory (op.cit) p 127.
2. See appendix 2. in Chung-hua Ch'uan-kuo Tsung-kung-hui Pien-chi Ch'u-pan-she (ACFL Editorial and Publishing House); Chi-t'i Ho-t'ung Shou-ts'e (Collective Contract Handbook) Vol 2 Peking Kung-jen Ch'u-pan-she May 1950 pp 193-209.
3. (ibid) p 187.
4. (ibid) A decision on collective contracts was taken by the Lushun-Talien Labour Union on March 1st, an order issued by local government on June 1st and the glass factory contract drawn up one month later.
5. (ibid)
6. (ibid)
7. (ibid) pp 231-234.
8. Perhaps the clearest example of Mao's views on the role of Party branches in industry was when he castigated Party cadres for not dealing with the problem of bureaucratism by educative means before the strikes of 1956. The implication was that the Party should stop disputes coming to a head. Mao Tse-tung: "On the Correct Handling....." (loc.cit).
9. On the role of labour bureaux see Howe, Christopher Employment and Economic Growth in Urban China 1949-57 Cambridge University Press 1971 Chapter 5.
10. It is unlikely that the process of conciliation and arbitration made much headway until after the labour union crisis and the Three & Five Anti Movements were over. The Three Anti movement was one in which direct action by the Party organisation was brought to bear on intra-factory problems (see chapter 8) and this led to a large number of sackings (see chapter 8 and Howe (op.cit) p 96). This did not indicate much success in conciliation and arbitration. By 1952 Howe notes that the mediating role of the labour bureaux was not given so much stress (Howe p 100).
The formal regulations for settling labour disputes may be found in PFLP: The Trade Union Law of the Peoples Republic of China 1951 pp 27-32.
11. Chi-t'i Ho-t'ung Shou-ts'e (op.cit) pp 249-263.
12. (ibid) pp 265-273.
13. (ibid) p 187.
14. For a description of these various labour insurance regulations see Kallgren, Joyce "Social Welfare and China's Industrial Workers" in Barnett : Chinese Communist Politics in Action (op cit) pp 540-573. The most important of these regulations were the NE regulations (1st April 1949) National regulations (passed 23rd February 1951) and National (amended) regulations 10th January 1953.
15. Wu San Factory (op.cit) p 46.

16. (ibid)
17. (ibid)
18. See "Constitution of Anshan Iron and Steel Company - Spurs Revolution and Production" Peking Review 1970 No 16, p 3 which compares Mao's Anshan Constitution with the "revisionist" Magnitogorsk Constitution. The Anshan constitution was formulated on March 22 1960 but was not implemented until March 22nd 1968 when the Anshan Municipal Revolutionary Committee was set up and Liu Shao-ch'i finally discredited. In the Anshan Constitution, 5 principles were laid down for running socialist enterprises:-
1. 'keep politics firmly in command'
 2. 'strengthen Party leadership'
 3. 'launch vigorous mass movements'
 4. 'institute the system of cadre participation in productive labour and worker participation in management, of the reform of irrational and outdated rules and regulations and of close cooperation among workers cadres and technicians'.
 5. 'go full steam ahead with technical innovations and the technical revolution. This order of priorities is quite different from the earlier collective contracts'.
- See also: Peking Review 1970 No 14 p 11: "Long Live Victory of the Constitution of Anshan Iron and Steel Company".
19. Chi-t'i Ho-t'ung Shou-ts'e (op cit) pp 231-234.
20. See for example NCNA report on the Shanghai No 17 cotton mill (SWB 4th June 1969).
See also the various articles on the Anshan Iron and Steel Corporation in Peking Review (e.g. 1970 No 14 p 11, 1970 No 16 p 3)
21. Wu San Factory p 127
22. (ibid)
23. Chi-t'i Ho-t'ung Shou-ts'e (op.cit) pp 188-189.
24. (ibid)
25. NCNA Peking, May 18th 1951 SCMP No 106 May 21-3 pp 30-1.
26. On the difference between internal and external pao-kung systems see:- An-shan Kang-t'ieh Kung-ssu, Chi-pen Chien-she-ch'u (Anshan Iron and Steel Corporation, Basic Construction Division): "Tsen-yang Chih-hsing Chi-pen Chien-she-ti Nei-pao-kung Chih-tu" ("How to Implement the Internal Pao-kung System in Basic Construction") TPKY No 63 1st July 1951 pp 11-14.
27. Chi-t'i Ho-tung Shou-ts'e (op.cit) p 188.
28. e.g. TPKY No 87 1st March 1952 pp 12-14 : "Chi-pen Chien-she Pu-men ti T'an-wu Fen-tzu Tsen-yang Chin-hsing T'an-wu" ("How Corrupt Elements Practise their Corruption in Basic Construction Departments").

29. Chi-t'i Ho-t'ung Shou-ts'e (op.cit) p 188.
30. (ibid)
31. Huang Yu-feng & Lin Ming-chang: "Wo-men Yung (Nei-pao-kung Chi-chien-chih) Chin-hsing Tung-chi Ta-chien-hsiu Kung-tso" ("We Use the (Internal Pao-kung Piecework System) to Carry out the Great Winter Inspection and Repairs") TPKY No 45 1st January 1951 pp 23-24.
32. (ibid)
33. Chi-t'i Ho-t'ung Shou-ts'e (op cit) p 188.
34. (ibid)
35. Huang Yu-feng & Lin Ming-chang (loc.cit)
36. Schurmann Ideology and Organisation (op.cit) p 294.
37. Huang Yu-feng & Lin Ming-chang (loc.cit)
38. Chi-t'i Ho-t'ung Shou-ts'e (op.cit) pp 189-90.
39. (ibid)
40. Chung-hua Ch'üan-kuo Tsung-kung-hui, Sheng-ch'an-pu: Sheng-ch'an Kung-tso Shou-ts'e (op.cit) pp 231-2.
41. Chi-t'i Ho-t'ung Shou-ts'e p 189.
42. Chung-hua Ch'üan-kuo Tsung-kung-hui, Sheng-ch'an-pu: Sheng-ch'an Kung-tso Shou-ts'e pp 231-2. The joint contract was described as a method to secure co-ordination deriving from a situation where there was imbalance between the degree of mass mobilisation and the development of the New Record Movement. It was a way of bringing backward shop up to the level of advanced shops.
43. See chapter 3.
44. NCNA 7th June 1951 SCMP No 112 8-9th June 1951 p 2.
45. e.g. SCMP 122 June 22-23 1951 p 9.
46. JMJP 2nd June 1951 : "Kuang-fan Ting-li Ping Jen-chen Chih-hsing Ai-kuo Kung-yüeh" ("Establish Far and Wide Patriotic Compacts and Conscientiously Implement them") reprinted in Chung Nan Jen-min Ch'u-pan-she: Tsen-yang Ting-li ho Chih-hsing Ai-kuo Kung-yüeh Hankow September 1951 pp 1-6.
47. NCNA 13th June 1951 SCMP No 116 June 14th 1951 p 5.
48. JMJP: "Kuang-fan Ting-li....."(loc.cit)
49. JMJP: "Kuang-fan Ting-li..."(loc.cit) warned against this tendency.
50. Chang Ch'ing-chi: "Pei-ching-shih ti Ai-kuo Kung-yüeh Yün-tung" ("The Patriotic Compact Movement in Peking Municipality") JMJP 10th July 1951 reprinted in Chung Nan Jen-min Ch'u-pan-she: "Tsen-yang....." (op.cit) pp 34-37.
51. (ibid)

52. (ibid)
53. The first compact was drawn up on November 7th 1950 JMJP 29th July 1951 p 1: "Cheng-ch'ü An-shih Wan-ch'eng Tseng-ch'an Ch'uan-hsien Chi-hua" ("Strive to Complete on Time Plans for Increasing Production and Making Donations").
54. See Appendix 3.
55. Hu P'ing: "Tsen-yang tsai Kung-ch'ang Ch'i-yeh-chung Ting-li Ai-kuo Kung-yüeh" ("How to Formulate Patriotic Compacts in Factories and Enterprises") JMJP 22 May 1951 reprinted in Chung Nan Jen-min Ch'u-pan-she: "Tsen-yang...." (op.cit) pp7-10.
56. Ting Tan & Chou Su-chen: "Wu-ch'ang Chen-huan Sha-ch'ang T'ui-hsing Ai-kuo Kung-yüeh ti Ching-kuo" ("The Experiences of the Chen Huan (World Shaking) Spinning Mill in Wu-ch'ang in Promoting Patriotic Compacts") Ta Kung Pao 5th July 1951 reprinted in Chung Nan Jen-min Ch'u-pan-she: "Tsen-yang...." (op.cit) pp 42,47.
57. Chung Nan Jen-min Ch'u-pan-she: "Tsen-yang..."(op.cit)
58. Source: Ting Tan and Chou Su-chen (loc.cit)
59. Chin Feng: "Tsen-yang Chien-ch'a ho Hsiu-ting Ai-kuo Kung-yüeh" ("How to Check up on and Amend Patriotic Compacts") JMJP 23rd May 1951 in Chung Nan Jen-min Ch'u-pan-she "Tsen-yang..." (op.cit) pp 30-33.
60. See appendix 3.
61. Tung Pei Jih-pao: "Chieh-ch'a Ai-kuo Kung-yüeh Chiu-cheng Hu-shih Cheng-chih Ch'ing-hsiang" ("Investigate Patriotic Compacts and Rectify the Tendency to Overlook Politics") JMJP 14th July 1951 p 1 (reprinted)
62. (ibid)
63. NCNA August 8th 1951 SCMP No 150 August 9th 1951 pp 10-11.
64. Hu P'ing (loc.cit).
65. Chin Feng (loc.cit)
66. (ibid)
67. (ibid)
68. (ibid)
69. Chung-kuo Min-chu T'ung-meng Tsung-pu Hsüan-ch'uan Wei-yüan-hui: Tseng-ch'an Chieh-yüeh Fan T'an-wu; Fan Lang-fei; Fan Kuan-liao-chu-i (op.cit) p 125.
70. (ibid) pp 122-23.
71. (ibid) p 126.
72. (ibid) p 127 and p 116
73. (ibid) p 127 and p 111.

74. Wu San Factory (op.cit) p.127.
75. (ibid)
76. (ibid) p 128.
77. (ibid)
78. (ibid)
79. (ibid)

PART THREE PARTY AND UNION

We have seen that one of the main reasons why the Soviet model could not be introduced in its entirety was that there were insufficient human and technical resources. In this section we shall see that the organisational perspectives of the Chinese Communist Party were such that there were also ideological problems which must be included in any explanation of how the Soviet model was received.

We saw in the first section that the Soviet model of organisation could not be implemented in the enthusiastic atmosphere engendered by the New Record Movement and the prescriptions of systems of responsibility could only follow that movement. Similarly, it was not until after all the minor political movements had escalated into the mammoth "Three-Five Anti" Movement of 1951-2 that additional progress could be made in implementing the Soviet prescriptions over much of the country. In initiating radical change, the Party in this early period exercised a degree of power in excess of that required merely to guarantee plan fulfillment and perform the function of propagandist, inspector and co-ordinator. By late 1952, however the composition of the Party in the industrial sector had undergone considerable change, and what enterprise Party branches gained in terms of numbers they lost in effective power.

In these final two chapters the main theme will be that of bureaucratism and initiative. We shall see that the complacency of cadres transferred from the rural to the industrial sphere led to "rectification". The Three Anti Movement, which in some

respects created conditions which represented a partial reversal of the process of Sovietisation, led to a situation where many Party branches were reduced to the role of adjuncts of management, which was condemned most strongly in the mid 1950s. The bureaucratism of overwhelmed union cadres led to a demand that they define their new responsibilities, and when union independence took the form of "economism", they were reduced once again into merely "schools for management". Union cadres could only complain that they were considered "fourth class".

As agents of radical change in our period of study the Party and the unions created the conditions whereby their own functions could be restricted, at least temporarily.

CHAPTER EIGHT THE PARTY BRANCH

In this chapter we shall examine changes in the power and role of the Party organisation within industrial enterprises during the New Democratic Period. The first half of this chapter will discuss chronologically the decline in the power of the Party over management from a situation immediately following liberation, where Party committees were sometimes in a position to take over the functions of management itself, to that of 1953 where, in practice, many Party branches had become little more than adjuncts of management. We shall consider the phenomenon of "bureaucratism" and complacency in the period up until the end of 1951 and how the problem was dealt with during the Three Anti Movement. In our period of study the Three Anti Movement against graft, waste and bureaucratism occupies a very important position, since it was the one period which saw a reversal in the process whereby Party branches were weakened and horizontal linkages with local government and local Party committees eroded. In the second half of the chapter three functions of the Party branch will be discussed - that of liaison, control and propaganda, all of which underwent a change in the period; by 1953 the third of these functions was the most important.

Party Monopoly of Power

Following the liberation of the major cities in North East China in the autumn of 1948, Party cadres were transferred from the rural areas and the military to serve in the industrial sphere.¹ Many of these cadres had little idea about how an industrial enterprise operated,² and had spent their

revolutionary career in a completely different milieu. Many of them not only lacked industrial experience but administrative experience in general. According to Ch'en Po-ta, the Army could not afford to release personnel with great administrative experience whilst the fighting was still going on,³ and the administrative ability of both Party and Management that Liu Shao-ch'i observed in Tientsin was almost unbelievably low.⁴

In such a situation "left" excesses in the treatment of technical personnel were quite common.⁵ Such excesses were described as "adventurism", or the "standpoint of the rural villages",⁶ and these were precisely the problems which Liu Shao-ch'i was sent to Tientsin to deal with. At that time in Tientsin Party personnel were engaged in a struggle with technicians and factories had been placed under an extremely low level of Party control - that of the street governments.⁷ At a time when "take-over", democratic reform and the restoration of production were entrusted to the leadership of local Party committees,⁸ horizontal links were probably of far greater importance than vertical (ministerial) ones. In such a situation the power of the Party military organisation was extremely great. Party organisations were sometimes in a position to absorb factory management committees, take over their functions, and exercise leadership⁹ in much the same way that was attempted later during the Great Leap Forward.¹⁰

Commenting on this situation in 1956, Li Hsüeh-feng, whilst condemning the Party's usurpation of managerial position, looked upon this early period as one in which the Party did exercise

correct leadership over industrial enterprise in striking contrast to the period of "one-man management" which followed.¹¹ Speaking at a time when the principle of collective leadership was reaffirmed, Li was particularly concerned at the erosion of the principle of collective leadership and individual responsibility which had been practised by the Peoples Liberation Army during the war.¹² In this early period cadres brought with them into the industrial sphere this tradition of collective leadership and individual responsibility but it was mixed with an attitude of contempt for the workers among their least conscious members. In August 1951, An Tzu-wen, Deputy Head of the Organisation Bureau of the Central Committee, noted that, not long previously, the prevalent opinion of members of a North China Party school was that since the revolution had been led by peasants and a few intellectuals, not much attention should be given to the workers; after all, they had made rifles for the enemy.¹³ An observed a widespread tendency for Communist Party cadres who had served in the countryside to resent the privileged position of workers in the new society;¹⁴ their opinion of retained management could scarcely have been much better.

Numerous articles appeared in the press during this early period condemning the cavalier treatment accorded to technicians by Party personnel from the rural areas¹⁵ and such conduct was sharply criticised by Kao Kang, who throughout this period tended towards a Stalinist line, which is perhaps ironical in the light of the subsequent criticism that he had proclaimed himself the leader of the "Party of the Revolutionary Bases and

the Army".¹⁶ Kao was particularly concerned about a tendency for the Party committee in factories to usurp the functions of senior line management, as is illustrated in the following quote:-

"There are some comrades amongst us who consider that the secretary of the Party committee or Party branch can replace the system whereby the FGM enjoys overall responsibility. This idea is manifestly wrong. Party committees and Party branches are not administrative organs within the factories. They are the leading organs of the vanguard of the working class within the enterprise. They should call upon Party members to stand at the forefront of production and become models in fulfilling the production plan. They must supervise and advance the implementation of that plan. They may make timely suggestions when necessary but cannot replace the FGM or the system whereby the FGM enjoys overall responsibility. All members of the Communist Party in enterprises must know that each state enterprise must work under the economic plan for the whole country and that that plan is formulated by state organs under the leadership of the Party Central Committee or representative organs of the Central Committee. The responsibilities of the FGM are given him by higher organs of state and are determined not only by the needs of his own factory but also by the requirements of the co-ordinated national plan. If the FGM is made responsible not to leading organs of state or organs responsible for enterprises at a higher level but to a Party committee or Party branch within the factory and if the production plan of a particular enterprise is made not to originate from higher organs of state or higher level organs responsible for enterprises but is formulated by the factory Party committee or Party branch, then there will be no longer any co-ordinated leadership (ling-tao i-yüan-hua): co-ordinated leadership will be split and shattered. We must understand that Party organs should not and can not replace state organs."¹⁷

The above quote from Kao Kang indicates not only that the power of the Party branch was to be weakened but that the vertical component in the dual-rule scheme of control was also to be strengthened, and we have seen already the very tight provisions for vertical control that were formulated for the North East in early 1950.¹⁸ These were a far cry from the provisions made in Yen-an in 1942, when the dual-rule scheme of

control was introduced to counter bureaucratism, and which strengthened the power of Party branches at the lower level.¹⁹

The Growth of Vertical Channels of Command

So long as military control commissions were the primary form of local government, the horizontal component in the dual rule scheme continued to be significant since these control commissions maintained representatives in the enterprise with ultimate power of veto. As the functions of the military representatives were replaced by the Party organisation, and as the power of industrial departments grew, however, the significance of the horizontal linkages declined in enterprises which were state-run. By mid 1951, Kao Kang noted that, in sharp contrast to one year previously, local Party and government organs had tended to abdicate all responsibility for state-controlled enterprises.²⁰ Local Party and government tended to regard the production status of state enterprises as the responsibility of superior economic organs and were unwilling to interfere in their operation.²¹ Similarly, there was a tendency for the management of state enterprises to recognise only leadership from above.²² Such a situation isolated management from their own Party committee, which was responsible in the first instance to local level Party committees, and their own union committee, which was responsible to the local general labour union. Kao Kang demanded that leading personnel of all enterprises should take the initiative in obtaining the leadership and help of local Party committees and that they should educate the whole body of white and blue collar workers in how to obey the laws and decrees of local government. He

laid the major responsibility for internal liaison directly at the feet of the local Party organisation, which was to check up on how state enterprises in their area were carrying out central policies and their portion of the state plan.²³ Local Party committees were to be directly responsible for mass work in all enterprises in their area and were responsible for the workers' political education. They were to correct any illegal behaviour on the part of enterprise cadres, to root out graft and to assume responsibility for security work.²⁴ Though economic departments of local government had certain responsibilities for state enterprises within their area of jurisdiction concerning supply and control of raw materials, the main link of a state enterprise with local government was via the Party organisation. The Party was also to involve itself in labour control,²⁵ for this was one of the major fields of tension between enterprises in the post-liberation situation. In 1951 problems occurred, such as the hijacking of personnel by government organs without any reference to local Party or government authority²⁶, and offers of better living and working conditions were made to workers already employed in other enterprises.²⁷ In assuming duties concerning labour control, the Party was to overlap the local labour bureaux that were set up precisely to deal with such problems.²⁸

Ever since 1942 the strengthening of vertical channels of command in China has been associated with the growth of bureaucratism.²⁹ I suggested in chapter four that the increase in numbers of personnel at middle levels of organisation

resulted from the growth of staff-line systems of command and that this increase insulated the top of an organisation from the bottom. In view of the complex relationship between old and new patterns of control which characterised the period down to the end of 1951, it would be rash to speak of a bureaucratic cycle developing in this period. We shall see, nevertheless, that the growth of bureaucratism which became a major target in the Three Anti Movement of the autumn of 1951 was not simply the result of a hangover from pre-liberation days and not simply a result of a tendency to relax following liberation.

Bureaucratism

As the term was used during the early 1950s "bureaucratism" signified a process whereby leaders lost contact with the masses. The term, in itself, indicated nothing about how hard particular cadres worked, or how enthusiastic they might be about what they considered were their duties. In fact, the term "hard-working bureaucratism" (hsin-hsin k'u-k'u kuan-liao-chu-i) was employed to designate those cadres who lost contact with the masses precisely because of their enthusiasm for work.³⁰ The growth of this phenomenon was, to a large extent, due to the lack of knowledge on the part of senior Party and management cadres who devoted all their energies to learning about problems of production.³¹ In the Wu San Factory, for example, almost all senior Party cadres and line managers came from outside the industrial sphere, whereas all the technicians were old factory personnel.³² If the newly transferred personnel were to be in a position to reform the knowledgeable technicians they had to learn rapidly about the rules of production. The

Party secretary of the factory, Liu Shih-hua, confessed in late 1952 that, after his transfer from the army to serve as Party secretary of the factory following the liberation of Shenyang in the autumn of 1948, he resolved to spend all his time going around the shops learning about technology, to the detriment of his political duties.³³ So long as Party and senior management cadres devoted all their energies to studying technology, they were in no position to penetrate the middle layer of administration that had remained from former times. In the North East, which experienced the highest turnover of senior management following liberation, due to the fact that managers had been transferred south and many factories were not in operation at that time,³⁴ some 70-90% of white collar staff were designated suitable for remoulding and for immediate retention in August 1948.³⁵ They were said, however, to have the attitude of old intellectuals and to look down on the workers.³⁶ If senior Party personnel neglected their technical studies to undertake the political task of remoulding them, what they gained in terms of time might be lost in terms of respect. The abandonment of a radical solution to such a problem on the grounds that this would harm production resulted inevitably in the bureaucratic insulation of senior management and the perpetuation of a highly stratified form of organisation within the enterprises. Such was the logic behind the extreme Yang Ch'üan situation that was described in chapter two, in which the gang boss system was preserved almost intact until pressure was brought to bear from the outside.

So long as senior management and Party personnel were insulated from contact with the shop floor, due to their

preoccupation with studying how planning worked, a particular power structure would exist within industrial enterprises which was remarkably similar to that of the rural areas where rich peasants continued to exercise a considerable amount of power.³⁷ Of course, there was a considerable difference between the rich peasant and the retained middle level technician that I have chosen to call an "industrial kulak", in that the former usually derived his power more from traditional connections than a knowledge of agricultural techniques, whereas the latter derived his power more from a knowledge of technology than traditional connections, though as we have seen in chapter two, traditional connections were by no means inconsiderable in the industrial sphere. Furthermore, just as former middle peasants became rich peasants once landlords were removed, so a new genre of "industrial kulak" emerged after democratic reform.

The Case of the Penhsi Coal Sorting Department

To exemplify this point, let us consider the case of the Coal Sorting Department of the Penhsi Iron and Steel Corporation.³⁸ Here, both Party and senior management were too busy working out the details of implementing planned management to worry about the ideology of lower level cadres. One middle level manager, Hsia Chung-yü, had come to the fore in the New Record Movement as an enthusiastic worker and had been promoted to a management position for which he lacked both technical and political qualifications. Hsia typified the new industrial kulak who had been promoted after the former middle level management had been removed during democratic reform. He

was feared by the workers and had only a moderate level of skill.³⁹

At the end of 1949 a worker by the name of Ch'ang T'ai-tzu, who had been sent on a six month course to a workers' political university, returned to Penhsi to find that an old dust collecting machine was working as inefficiently as in Kuomintang times and was polluting the atmosphere. Hsia Chung-yü had tried to mend it but, because he had not sought the advice of the workers, only succeeded in putting it out of action for a whole day, which cost the corporation a considerable sum of money. Ch'ang considered that the reason that the mending job had been botched was due to the fact that Hsia and the workers were more concerned with achieving new records than they were with safety and machine maintenance. On returning to the corporation, Ch'ang had been elected the chairman of a branch labour union and, in that capacity, forwarded a worker's suggestion for the renovation of the dust collecting machine to Hsia Chung-yü. On receiving this Hsia was furious because, after failing to renovate the machine himself, he had no confidence in an ordinary worker's ability to do so. He refused to implement the suggestion on the grounds that a delay in production would have to be sustained, and accused Ch'ang of attempting to sabotage the New Record Movement.⁴⁰

On hearing that a quarrel had developed between Ch'ang T'ai-tzu and Hsia Chung-yü, the Party secretary, Chiang Ning, did not investigate the situation and decided quite arbitrarily that anyone who was attempting to sabotage the New

Record Movement must be politically backward. He removed Ch'ang from his position as branch union chairman and treated with hostility anyone who spoke on Ch'ang's behalf. The immediate result of this was that workers became alienated from the Party and lost faith in the idea of democratisation and rationalisation proposals, for even Ch'ang, a graduate of a workers' political university, could not get his voice heard.⁴¹

Ch'ang was not, however, to let the matter rest there. He wrote a letter of complaint to the North East General Labour Union, who forwarded it to the Organisation Bureau of the North East Bureau of the Party Central Committee. The Organisation Bureau sent down an investigation team (liao-ch'a tsu), consisting of two representatives of the Organisation Bureau, two representatives of the North East General Labour Union, one representative of the North East Coal Miners Union and one representative from the newspaper Lao-tung Jih-pao. This team, under the leadership of the Penhsi Municipal Party Committee, conducted an investigation which lasted one week; after that the team instructed the Penhsi Party committee how to deal with the matter and handed over the results of the investigation to the press.⁴²

The press comments were particularly interesting. Most blame was heaped, not upon the industrial kulak Hsia Chung-yü, who was felt to be a suitable candidate for remoulding, but upon the Party secretary Chiang Ning, who apparently had not only dissolved the labour union without investigating the matter, but had attempted to justify his action when the affair escalated by digging up circumstantial evidence that Ch'ang had been engaged

in sabotaging the Party's underground military work during the war (again without investigating the true facts). Chiang's bureaucratic action in dissolving the labour union was considered by the North East Party newspaper Tung Pei Jih-pao to be a reflection of Party work in general in the Coal Sorting Department, where 14 out of 17 Party members were unskilled and were in no position to decide whether the suggestion promoted by Ch'ang was good or bad.⁴³

I have recounted the above case at length because it illustrates quite clearly the point that where old industrial kulaks (gang bosses, etc.) had been removed and where considerable power resided at middle levels of management, the failure of the Party organisation to keep its grip on the actions of lower level cadres resulted in actions reminiscent of the former gang-boss days. What is particularly worthy of note is that the official attitude seemed more concerned with the technical competence of lower level Party members than the high-handed actions of a new industrial kulak, and most blame was heaped upon Chiang Ning, who had responded in time honoured way to the possibility that he himself would be accused, by searching for historical evidence that Ch'ang had always been politically questionable.

The Expansion of the Party

Following the Second Plenum of the Seventh Party Central Committee in March 1949, when a decision was taken to shift the focus of Party work from the countryside to the cities,⁴⁴ an all out effort was made not only to improve the technical skill of

Party personnel transferred to the industrial sphere, but also to take into the Party large numbers of skilled workers and technicians. During the New Record Movement, this latter process, which bore a remarkable resemblance to Stalin's "Leninist Levy",⁴⁵ resulted in a rapid rise in Party membership and, in practice, a decline in the political qualifications for membership. One of the explicit aims of the movement was to increase the proportion of industrial workers in the Party, and enthusiasm for production began to be seen as a sufficient indicator of political consciousness;⁴⁶ (in the light of the above discussion of the activities of Hsia Chung-yü, this was clearly questionable).

In the Raw Materials Department of the Antung Paper Works, for example, Party membership rose from nine on the foundation of the branch on October 1st 1949 (4.8% of employees) to 53 by the end of November 1949 (26.5% of employees), and this expansion was directly attributed to the New Record Movement.⁴⁷ In the North East Smelting Works the proportion of Party members rose from 3.2% in August 1949 to 14% by the end of 1950, of whom two thirds were skilled workers, and the Youth League was expanded to comprise 45.3% of those whose age qualified them for membership.⁴⁸ By May 1951 the proportion of Party members in enterprises in the North East was said to be 11.4% of the total number of workers⁴⁹ and, at that time, (when there were some three million industrial workers in the country as a whole) the Party Central Committee announced that it planned to recruit one third of all industrial workers into the Party within five years.⁵⁰ In August 1951 An Tzu-wen reported that by the time 13,000 Party branches had been set up in industrial

enterprises and 200,000 workers had recently been brought into the Party.⁵¹ Such a rapid increase could not but have an effect upon the quality of Party membership and an effect upon the relationship between old and new cadres.

Complacency of Old Cadres and their Resentment of the New

Perhaps the major reason why the New Record Movement was used to expand the Party was because the Party was heavily weighted in favour of its peasant component in a situation where the workers were held to be the "masters of society". There is, however, another dimension which must be mentioned, and that was that complacency was rife amongst the old cadres who had moved to the cities. In the opinion of Kao Kang in September 1949, there were very few cadres in the North East who were hard working and who did not struggle for fame and material betterment.⁵² As has been indicated, the majority of cadres did not know how to discharge their new duties, which was reflected in the fact that they kept convening unnecessary meetings, and although they tended to abide by higher directives, they were not guiltless of attempting to feather their own nests. A smaller group were bombastic show-offs obsessed by their own official classification or, if on a salary basis, the number of wage points they were earning.⁵³ According to Kao Kang, the Party had been affected by "the depraved ideology of remnant feudal elements and capitalists, petty bourgeois individualism and defects in ideological and educational work".⁵⁴ Kao noted that cadres frequently rationalised their indolent attitude in political terms and, when admonished for relaxing on entering the cities, they accused their accusers of "taking a rural

viewpoint" and of not realising the importance of the united front between workers, peasants, petty bourgeoisie and national capitalists.⁵⁵

The old cadres did not take kindly to the rapid expansion of the Party and the employment of new cadres whom they felt to be their political inferiors, thus displaying a lack of political consciousness on their own part. The following extract from a letter to Hsüeh-hsi, the semi-official theoretical journal of the Party,⁵⁶ refers not to industry but to government administration. It nevertheless speaks volumes about the decline in the political consciousness of old cadres and their contempt for the political consciousness of the new cadres:-

"In our organ (of government) there are very few old cadres. Many cadres have newly joined our work, the majority of whom are intellectuals straight from school. They have not been steeled in a life of struggle and in general their level of political consciousness is very low. I nevertheless have to do work similar to those new cadres and receive the same treatment. Some of these new cadres are even preferred by the leadership and are entrusted with even more important tasks than I. I feel that the higher levels have assigned to me work inappropriate (to my experience) and do not trust me sufficiently..... Some people say that the old revolution(aries) are not (considered) as good as the new revolution(aries). I too am of that opinion. When I conveyed my opinion to the higher levels, not only did they not accept it but criticised me for (displaying) the "ideology of the meritorious" (kung-ch'en ssu-hsiang) saying that my feelings were backward, proud and complacent. They demanded that I cogitate on the matter but I have thought for a long time and am not convinced.....Can one say it is fair treatment if the fruits of victory which we paid for with our flesh and blood are enjoyed by those who have not worked for them."⁵⁷

Needless to say, this attitude was roundly condemned.

Within industrial enterprises, the friction between old and new cadres might take the form of conflict between cadres

transferred from the rural sphere and new technocratic management, and such conflict was criticised as a manifestation of "the ideology of power and prestige" (ch'üan-wei ssu-hsiang)⁵⁸. Friction, however, might occur between different levels of the Party organisation itself. In Cultural Revolution retrospect, one might conclude that there was some substance in Kao Kang's alleged insistence that there were two parties, that of "the revolutionary bases and the army" and that of the "white areas"⁵⁹ which had developed with quite different organisational perspectives. Until the mass of Cultural Revolution is fully sifted we will probably be unable to say to what extent friction may have occurred in the period following liberation between those cadres who had been active in factories in the white areas before liberation and those who were transferred from the rural areas and the army. I have looked in vain for any contemporary account of, for example, how old Party members who had been active in the Shanghai Peace Preservation Corps co-existed with Party secretaries transferred from outside the industrial sector. In this connection, it is most significant that the one top Party leader who was chosen to deal with the left excesses in Tientsin was a man who had considerable experience in both the revolutionary bases and the white areas.

In lieu of any contemporary evidence, one might get some idea of the problem from Ai Wu's novel "Steeled and Tempered", where two levels of Party secretary are portrayed, one newly transferred to the Liaonan Iron and Steel Works and initially helpless in the face of a mass of complicated personal relationships and jealousies, and the other (a shop level

secretary) who enjoyed a considerable amount of influence in the works due to the fact that he had been employed there some years. The power and influence of the shop level Party secretary was not, however, matched by a high level of political consciousness, and he emerges as a rather slipshod but not unsympathetic character.⁶⁰ As we have noted, this novel was written during the Great Leap Forward, and seems to have as its didactic purpose the portrayal of the wisdom of a transferred Party secretary who eventually came to understand the political situation in the Steel Works clearer than anyone else, and it may not be a completely true picture of reality. Secondly, there was no actual conflict between the two levels of Party secretary. Nevertheless, the novel does spell out a potential source of tension that further research might substantiate.

By mid 1950 the complacency of old cadres, their contempt for the new cadres, and the dilution of Party spirit consequent upon the rapid expansion of the Party, reached such a point that the Third Plenum of the Seventh Central Committee called for a rectification movement to overcome bureaucracy and complacency amongst Party and union cadres.⁶¹ This rectification movement focussed on the field of financial and economic administration (and included Party work in the industrial enterprises). Launched by Mao on 6th June 1950, the movement aimed to root out bureaucratism and commandism (much the same thing in this context)⁶² and dragged on throughout the rest of 1950 and 1951. As we shall see in the next chapter, the movement had a far greater effect upon the labour unions than the Party organisation, though certainly not the effect intended. We have

seen that the process of rectification was not able to cause the Party to give completely effective leadership during the "supplementary lesson in democratic reform" of 1951, and it was not until the Three Anti Movement that a full scale attempt was made to mobilise the workers to unleash the greatest political movement to sweep through the industrial sector in China from liberation until the Great Leap Forward, a movement which combined all the other parallel movements into one.

The Three Anti Movement

The New Record Movement, which was launched in the autumn of 1949, grew into a Movement to Increase Production and Practise Economy, which was formally launched at the end of August 1951,⁶³ also in the North East. As we have seen, this movement absorbed the Korean War donation drive and assumed a macro-political importance. Its major aim was to eliminate waste, which was seen to derive from political as well as economic causes. It merged, therefore, with the three major political movements of 1950-51, the Democratic Reform Movement, the Party rectification movement and the Union rectification movement, to form a Three Anti Movement, which added two more targets, graft and bureaucratism, to that of waste.

At first an attempt was made to examine the political factors that had led to waste. One of these was the rural viewpoint which continued to consider large scale industry in much the same way as small scale agricultural production. The cavalier attitude towards planning on the part of cadres of a rural orientation was likened to that of peasants who believed

they could move seedlings from one place to another.⁶⁴ An attempt was made to involve the whole Party and all administration in a discussion of waste, the rural mentality, and the economic consequences of bureaucratism.⁶⁵ The discussion then moved to a stage of great generality in which all the post liberation targets for reform, such as the tendency to relax after victory, to feather one's own nest and tardiness in implementing democratic reform, were put forward. During this stage, principal targets of the movement were entrusted with the task of leading it so that their own lack of zeal could provide an indicator of backward thought.⁶⁶ Once criticism started it moved closer and closer to the daily concerns of the workers and extended beyond the Party. During this process the large number of activists who had been involved in disclosing cases of waste, graft and bureaucratism were taken into the Party. The Cultural Revolution parallel is striking,⁶⁷ although one should note this was the basic technique for all mass movements from 1943 down to recent years.⁶⁸

Formal leadership in the movement was usually vested in Increase Production and Practise Economy Committees (tseng-ch'an chieh-yüeh wei-yüan-hui) at municipal level,⁶⁹ organised according to the United Front principle,⁷⁰ in much the same way as the Democratic Reform committees discussed in chapter two. In practice however, the Party organisation assumed leadership in the movement and acted through these bodies.⁷¹ As far as industrial enterprises were concerned, leadership in the movement came from the local Party committee and this helped to counter the excessive growth of vertical channels of command,

which had been condemned by Kao Kang in June 1951.⁷² Within higher level vertically organised structures, Retrenchment and Economy Committees (Ching-chien chieh-yüeh wei-yüan-hui) were set up to flush out bureaucrats at higher levels of economic administration.⁷³ Sometimes bodies of the same name were formed within industrial enterprises,⁷⁴ though they were subject primarily to local Party control through the enterprise Party committee.⁷⁵

The initial stage of the movement was one of mobilising the workers within the enterprise. Teams consisting of the FGM, Party secretary, labour union chairman and Youth League Chairman would go down into the workshops to propagate the ideas of increasing production and practising economy, and to help them formulate Increase Production and Practise Economy Plans.⁷⁶ Once cases of waste, graft and bureaucratism were discovered, enterprise Party committees would mete out penalties, providing that the cases were not too serious. Serious cases were to be submitted to the local Party committee, or in some cases Party committees in higher level economic organs (especially when the theft of economic secrets was involved).⁷⁷ In the initial stage, which lasted down until the end of 1951, the focus was on serious crimes and statistics that were released dealt with the serious cases that had been handled by the courts. In the East China region, for example, higher level courts and organs of the procuratorate (chien-ch'a chi-kuan) had dealt with 179 cases of graft by mid December 1951, involving some ¥29 million and, according to the East China Peoples Control Commission (Hua tung Jen-min Chien-ch'a

wei-yüan-hui), the amount of money involved in cases of graft and loss of state property in the region from September 1950 to November 1951 was some ¥124,000 million. 650 people had been convicted by courts in the region, of which 470 were employed in government departments or financial and economic enterprises. Of these, 356 were retained workers and 133 new cadres.⁷⁸ However impressive the above totals might sound, they were small in comparison to the figure for the movement as a whole. According to the historian Ho Kan-chih, by the end of the movement, 4.5% of all state officials in China (including enterprise management and Party cadres) had received some punishment.⁷⁹

In January 1952 the movement was accelerated and the number of targets widened. At that time Kao Kang observed that the Party had been corroded by bourgeois ideology and influence in an increasing manner during the recent past,⁸⁰ and retained personnel (some of them Party members) were said to be attempting to turn the new state enterprises into private enterprises.⁸¹ Former capitalists now employed in the state sector were said to be using economic information to help their relatives and colleagues in the private sector⁸² and government officials were said to be taking bribes to treat former capitalists leniently.⁸³ Kao Kang was particularly concerned about an increasing tendency to rehabilitate former managers, and prophesied that unless an excessive reliance upon the bourgeoisie was corrected, the end of the Party was in sight.⁸⁴ Kao criticised enterprise Party branches for not extending the movement down beyond a few obvious cases of waste⁸⁵ and

criticised those leading cadres who had allowed a considerable backlog of cases to pile up.⁸⁶ It would seem that by this time the policy of placing targets of the movement in leading positions was beginning to reveal a situation where movement designed to combat bureaucratism was being run bureaucratically, and Kao Kang was in a position to expose the guilty. Summoning leading cadres to a meeting under the North East Bureau of the Party on January 10th 1952, Kao demanded action on the backlog of cases within two days or immediately upon the return of such cadres to their units; otherwise they would be dismissed as bureaucratic and corrupt.⁸⁷

Though primary responsibility for leading the Three Anti Movement within an industrial enterprise was that of the Party committee, most leading personnel were involved in one way or another, often to the detriment of their production responsibilities. Many leading personnel were so busy investigating complaints that production declined.⁸⁸ The situation was made particularly serious by the fact that, as one might expect, graft was most prevalent in supply departments, and once personnel were flushed out of these departments there was no-one to guarantee a regular supply of materials.⁸⁹ A further factor which hindered production was a deliberate go-slow policy on the part of some management, who felt that their past was not unsullied.⁹⁰

During the month of January 1952 the North East Bureau of the Central Committee reported that, out of a total of 49 planned product targets in the Industrial Department's network,

29 had not been reached. In enterprises under the Light Industry Bureau, half had not completed their work for the month. None of the targets for principal products in the Textile Management Bureau had been reached. Other examples are given of the effect of the movement on production, such as a rise in the accident rate, failure to receive supplies, and a decline in the quality of products during the month of January 1952, the climax of the movement.⁹¹ This fall in production, although only temporary, stands in contrast to the Democratic Reform Movement, in which it was claimed that production did not decline significantly.⁹² Failure to integrate successfully the political and economic movements meant that the Movement to Increase Production and Practise Economy continued long after the conclusion of the Three Anti Movement, which in 1952 merged into a Five Anti Movement⁹³ and moved from the public to the private sector.

Efforts were made in February 1952 to minimise the adverse effects of the movement by working out a concrete division of labour within the enterprise. The FGM was by that time to concern himself solely with questions of production, and other management cadres were instructed to spend at least two thirds of each eight hour day dealing with production problems. The remaining one third might be spent on the Three Anti Movement, as well as part of their spare time. Immediate remedial measures were put forward to solve the problems of shortage of personnel in supply departments due to the removal of "tigers" (principal culprits), and white and blue collar workers were instructed to work out ways of combining "tiger bashing" (ta-hu) with

emulation movements. The North East Bureau of the Party Central Committee demanded that enterprises guarantee not only to fulfil their production plan for March 1952, but also to make up for the decline in production suffered during the very active period of January and February.⁹⁴

After March 1952, the steady rise in production in the state sector seems to have been resumed, and the whole focus of mobilisation within state-run industrial enterprises switched to the Movement to Increase Production and Practise Economy, as the Three and Five Anti Movements were formally ended in various regions during June and July 1952.⁹⁵

The Movement to Establish a Responsibility System

The Three Anti Movement arrested for a time the process whereby the horizontal component in the dual-rule scheme of control was eroded. The movement gave a considerable amount of power to the enterprise Party Branch, though no instances are on record, to my knowledge, of the Party taking over the functions of management, such as occurred in the period immediately following liberation and were to occur in the Great Leap Forward.⁹⁶

Following the Three Anti Movement the focus changed in a way reminiscent of early 1950 from mass mobilisation to labour discipline, and the role of the Party changed from the mobiliser of the masses to an instrument whereby a sense of discipline might be inculcated. The new stress on responsibility and one-man management of early 1953, which was discussed in chapter

four, resulted in a strengthening of the vertical component in dual-rule, which this time was reinforced by the extension of external control organs down into the enterprises.⁹⁷ Now the Party organisation was no longer to be the organisation exclusively concerned with checking up on the bureaucratic actions of management. Commenting on the problem of bureaucracy in January 1953, An Tzu-wen noted that many of the errors and shortcomings repudiated during the Three Anti Movement had been "revived or had assumed proportions even more serious than hitherto".⁹⁸ The prescribed solution this time was not another mass movement but an attempt to strengthen external control agencies (Peoples control commissions, etc.)⁹⁹ which, together with the stress on one-man management, tended to reduce the role of the Party to one of political education.

In July 1954, Jen-min Jih-pao noted that:-

"In the past few years, each branch of industry was busy with democratic reforms and the restoration of production. Consequently, however correctly labour may have been organised within the enterprises, not a lot of experience was accumulated. It was impossible therefore to establish a comprehensive system for consolidating labour discipline. Today the situation must be changed. Labour discipline must be established by means of legal forms."¹⁰⁰

The whole tradition of the Communist Party was one where discipline was fostered by education and group pressure, not by the force of law, and there was consequently a reaction to the above demand. Some cadres felt that the imposition of legal regulations encouraged passivity and was the "working style of warlords".¹⁰¹ The official attitude was that the experience of the past few years had shown that the absence of regulations led to slackness and allowed individual bad elements to work their

way into peoples organisations.

"We must be clear that what threatens the normal progress of production and affects the labour activism of the masses is not that discipline is too strict but that it is too slack."¹⁰²

The new stress on discipline of 1953-4 took the form of a movement very different to the Three Anti Movement. The Movement to Establish a Responsibility System of 1953 did not involve much mass mobilisation. Various articles noted that there was a tendency for workers not to denounce leading cadres out of a fear of retribution¹⁰² and workers tended to show a lack of confidence in the effectiveness of discussions convened by the Party organisation.¹⁰³ Some workers felt that the proper procedure for discussion should be "officials to officials and people to people" (kuan hsiang kuan, min hsiang min),¹⁰⁴ which was a complete negation of the spirit of late 1951 and early 1952. What was even more serious were disclosures that the reluctance of workers to get involved in the movement sometimes resulted in the preservation of the gang boss system as late as 1953.

In the building site of the Harbin Industrial University, for example, an investigation into the reason why workers were not getting their wages when there were work stoppages started as an investigation into the phenomenon of a lack of responsibility for wage payment, and finished up as an anti-gang boss struggle when it was found that the head of the reinforced steel girder team was a former gang boss who was pocketing a cut of the wages in time honoured tradition.¹⁰⁵ The new stress on

discipline had prevented the workers from denouncing their superior, though one might ask why he had not been denounced in the Democratic Reform and Three Anti Movements.

The initiative in the above anti-gang boss struggle seems to have come from management rather than Party,¹⁰⁶ which was characteristic of the movement to establish a responsibility system. The movement commenced at the Harbin work site when management called a meeting of all technical personnel, at which a high level Party cadre from outside the organisation spoke. This cadre reported on the difference between management in public and private concerns and pointed out that the aim of the responsibility system movement was "not to rectify people but to improve work".¹⁰⁷ After that the workers were encouraged to reveal examples of a lack of responsibility, and technical personnel were educated on the need for such a system.

In the movement which followed all sorts of examples of graft were revealed, where people had taken advantage of a situation where no one had been responsible for a particular work task. These ranged from deliberately falsifying accounts to using three inch instead of four inch nails.¹⁰⁸ The volume of complaints in the 1953 movement, however, was much smaller than in the Three Anti Movement of 1951-2 and, if in fact the shortcomings repudiated in the Three Anti Movement "had been revived or had assumed proportions even more serious than hitherto", one can only assume that a movement that sought to improve work rather than rectify people was not the most appropriate one in the circumstances.

This was to be the keynote of the First Five Year Plan - not to rectify (at least in the radical Three Anti sense) but to improve work. In that the Party's job was to rectify people. It was to have a lean time.

The Structural Liaison Function

In the light of the above summary of the political climate in which enterprise Party branches operated, we may now turn to consideration of what I feel to be the three major functions of the Party branch - structural liaison, control and propaganda education. Official Chinese descriptions of the functions of the Party branch talk about "leadership", "supervision", "education" and "guarantee" as its principal functions. With the exception of education, these terms are somewhat confusing and will be integrated with the first three headings in the following discussion.

We saw in earlier chapters that in conditions short of perfection, both staff-line and functional systems of organisation depend for their effectiveness upon co-ordinating structures, which in the former cut across vertical channels of command and in the latter ensure that the functions of technical agents do not overlap. In addition to structures which perform the function of horizontal co-ordination, any organisation that wishes to minimise alienation between structures at its top and bottom must make provision for mechanisms that effect vertical liaison. In Chinese terminology, leadership that proceeded according to the first principle was referred to as "co-ordinated leadership" (ling-tao i-yüan-hua),¹⁰⁹ and the system whereby vertical liaison was effected was included under the rubric

"democratic centralism" (min-chu chi-chung-chih) and the mass line (ch'ün-chung lu-hsien).¹¹⁰

In the immediate post liberation situation, the factory management committee was to fulfil both the function of horizontal co-ordination (between military representative/Party, labour union and management) and vertical liaison between management and workers. In the words of Kao Kang, "our factory management committees are both democratic and centralist institutions".¹¹¹ Of slightly more importance as a horizontal co-ordinating structure was the standing committee of the factory management committee where the FGM, the Party secretary and the labour union chairman met in daily "head knocking session", and who were ideally linked vertically with the workers through the Party and union structure. Similarly, the main liaison structure at shop level was the "three-man joint meeting" (san-jen lien-hsi hui-i) of similar composition appropriate for this lower level.¹¹² Such liaison structures were to be responsible not only for day to day co-ordination and vertical liaison, but also for the formulation and implementation of collective and joint contracts stipulating the interdependency of the constituent parts of the enterprise.

We saw however in chapter one that the problem of horizontal co-ordination and vertical liaison was not solved effectively by the provisions of the democratisation movement and we have noted in this chapter that bureaucratism continued to be an important problem. Commenting on the confusion in enterprises in the North East in July 1951, Chang li-k'o noted

that up to that time liaison had been very bad and everybody "did his thing" (ko hsing ch'i shih). Unless liaison was strengthened, there would either be complete confusion of function or rigid specialisation of function in which "the labour union concentrated on democratisation and management concentrated on centralism and carrying out one-man management".¹¹³ In situations where the above structures were not very effective, the role of the Party as an agent of horizontal co-ordination and structural liaison was very important.

Where liaison is impossible, a body entrusted with this function either becomes utterly powerless and subordinates itself to one of the bodies between which it is maintaining liaison, or takes over leadership from both of the bodies and treats liaison as direction. Both patterns could be discerned in this early period. The Antung Machinery factory provides us with an example of the first extreme. Here the Party committee was unable to maintain liaison between management and labour union, with the result that the labour union was taken over by corrupt elements and a saboteur became union chairman. This drove the Party to the side of management, from which position it "helped the labour union to sort itself out" during the New Record Movement.¹¹⁴ The Wu Erh factory, which we mentioned in chapter one, provides us with an example of the second extreme. Here the Party committee took over the functions of the factory management committee and turned that body into an enlarged Party committee.¹¹⁵ Such a situation was the subject of attacks by Kao Kang, which we quoted earlier in this chapter. A third

possible permutation, also attacked by Kao Kang, was where the Party took a syndicalist line and backed the labour union in its usurpation of the functions of management;¹¹⁶ We shall return to this in the next chapter.

If the Party was not to take everything on to its own shoulders, what exactly was meant by the Party "exercising leadership". In the ideological sphere the exercise of leadership by the Party committee indicated the total responsibility for creating an organisation ideology and for macro-political education. In the field of organisation, I take it to mean exercising control over liaison structures which were to effect horizontal linkage and to unite the principles of democracy and centralism. As an independent organisation the Party was, in the early period, to carry out this aspect of leadership through channels other than its own organisation. It was to act through the factory management committee and three-man meetings where it brought management and union together, and its mass work was to be conducted through the medium of the labour unions. It was to exercise control over the formal and informal network of communication in the enterprise and to initiate joint discussion at those points where there was a blockage in communication.¹¹⁷ Party committees could, however, only act effectively through other organisational structures when those structures were performing properly. In a situation where labour union committees might be corrupt and where bureaucracy was rife, the Party committee might cut through formal liaison and co-ordination structures and exercise direct leadership over the basic level. Such

power exercised by the Party committee was not direct line power, for the Party committee occupied no position in the line, but functional power.

Functional power may be defined as power that stems not from status or position in a formal hierarchy but from the nature of the work performed. We have seen that technical cadres frequently exercised such power in a situation where the technical level of line management was low, and that attempts were made in 1953 to restrict such functional power to matters that were described as technical professional work (yeh-wu).¹¹⁷ Ideally the Party was to exercise such power in the non-technical sphere, but since "politics was the lifeblood of economics,"¹¹⁸ it was very difficult to define what exactly the non-technical sphere was. In the Wu San factory, for example, the Party organisation was expected to organise research into problems of production, supervise the writing of teaching material on norm determination, and guide discussion in such work.¹¹⁹ So long as the Party was to exercise such leadership effectively, the phenomenon of "multi-headed leadership" (to-t'ou ling-tao) could not be avoided, and any attempt to implement staff-line systems of command could not but dilute the power of the Party organisation.¹²⁰

As regards democracy, the functional role of the Party was extremely important. It has been argued by organisational theorists, that the prevalence of functional contacts minimises the tendency towards authoritarianism, since they impose restraints on the exercise of power throughout an organisation.¹²¹

It has been argued that the greater specialisation and the consequent growth of functional networks which overlay formal patterns of authority helps to explain why organisational absolutism has been less prevalent since the industrial revolution.¹²² Modern organisational absolutism attempts to deal with the problem of functional overlay by increasing the number of functional agents performing a given function at any level and by the creation of a number of parallel hierarchies, any one of which may be by-passed by the hierarchy that communicates best with the leadership of the organisation at any given time.¹²³ So long as Party leadership did not share its functional jurisdiction over a particular level of work, then the existence of the Party organisation could offset the authoritarian tendency of management. In the Three Anti Movement, for example, Party committees were in a position to combat bureaucratism at any level of organisation. In 1953, however, the attack on multi-headed leadership reached a new height and the Party was joined by a number of parallel hierarchies (external control apparatus, etc.) which diluted its power, resulting in a pattern of single-headed leadership and multiple control (in the Schurmann-Chou Fang sense of the word, which signified checking up after the event).¹²⁴

In the light of the criticism of the dilution of Party power, which grew in direct proportion to the growth of other parallel hierarchies, it would seem that the following hypothesis was confirmed: "For any given level of functional importance in a system the power residing in a functional agent (functionary) is inversely proportional to the number of other

system functional agents performing the function."¹²⁵ In such a situation where a number of weak control organs co-existed intra-enterprise communication tended to move along a single channel, with the consequent growth of what industrial sociologists term "noise entropy",¹²⁶ where communications became distorted by people at lower levels screening messages going to the leadership of an organisation in order to present their own performance in the best possible light. Attacking this tendency, An Tzu-wen noted in early 1953:-

"What is especially serious and most harmful to the Party is the fact that when reporting on work to the upper levels, only the achievements and not the shortcomings, only the good news and not the bad news, only the merits and not the failures are told."¹²⁷

One wonders whether An, as Deputy Head of the Party's Organisational Bureau, realised that such a phenomenon was the direct result of diluting the functional power of the Party organisation. One might wonder too whether Kao Kang realised that the decline in lateral liaison with local government was due to exactly the same cause.

The Control Function

Before discussing this second function of the Party organisation, some mention must be made of the terminological difficulties associated with the English word "control". The term "control" that occurs in Western management literature, is usually translated by the Chinese word k'ung-chih (控制)¹²⁸ and signifies a process whereby the leadership of an organisation determines the actions of lower level structures and personnel. It is this term that appears in the word "control figures" (k'ung-chih shu-mu), which provided the basis for planning. Control in this sense was the prerogative of

management, not of the Party organisation. A number of other terms exist which have also been translated "control". The first of these, chien-ch'a (監察), is taken by Schurmann (from Chou Fang) to mean checking up after the event, in distinction to chien-tu (監督), which he translates "supervision" and which signifies the checking up on actions whilst they are still going on.¹²⁹ The term chien-ch'a (監察) is the term used in control commission (chien-ch'a wei-yüan-hui) and procuratorate (chien-ch'a-yüan), which ideally judge legal cases after the event. In the industrial sphere, however, control organs (chien-ch'a chi-kuan) frequently became involved in checking up on actions whilst they were in progress.¹³⁰ In addition to the above terms, two others are frequently used, both pronounced chien³-ch'a². The first of these (檢察) is primarily a legal term indicating examination and prosecution and the second (檢查) is an extremely common term indicating the process of checking up on actions during and after the event, both in the legal sphere and outside. The question is made even more complicated by the use of other terms, such as tu-ch'a (督察) (on-going inspection), k'ao-ch'a (考察) (exploratory research), tiao-ch'a (調查) (specific investigation), etc., all of which have some bearing on the English concept "control". To avoid a discussion that is too abstruse, I shall accept Schurmann's somewhat over-simplified distinction between chien-tu and chien-ch'a (監察) and confine myself to a discussion of supervision and control in the sense of checking up during and after the event.

In a lengthy document published in September 1951, the North East Bureau of the Party Central Committee attempted to define the function of the Party organisation in the industrial enterprise as follows:-

"The Party is the highest organisation form of the working class. It is an independent political organisation. It has total responsibility for the ideological leadership of the factory or mine and has the responsibility for supervising the production work of management. According to the laws and decrees of the state, the plans of higher level economic organs and the directives of higher level Party committees, the factory or mine Party committee unifies thought and guarantees that the thought and actions of Party, management, labour unions and Youth League are in accord. This is done by strengthening ideological leadership and taking the implementation of the economic plan as its central task." 131

Supervision (chien-tu) in this sense allowed the Party organisation to interfere in the implementation of policy at the basic level when it felt that the laws and decrees of the Party and state were being violated and, in the Three Anti Movement, the scope of this intervention was very wide indeed. In the period prior to that movement, organisations other than the Party were usually only involved in checking up on activities at lower levels when the Party was found to be bureaucratic or corrupt. Such ad-hoc investigations need not necessarily involve the formal control apparatus (Peoples Control Commissions). We saw in chapter two that in the Yang Ch'üan case, the formal control apparatus was not involved at all and the initial investigation was carried out by a newspaper reporter. In the case of the Coal Sorting Department of the Penhsi Iron and Steel Corporation, the investigation team (tiao-ch'a-tsu) was only sent down when the Party organisation was charged with being bureaucratic and again the formal control

apparatus was not employed.

The problem of control from organs outside the enterprise was complicated by the fact that Peoples Control Commissions usually dealt only with people who did not hold Party posts, as illustrated in the following example.¹³²

In the 24th North East Military Engineering Works, the FGM was responsible for demolishing a building near the works in order to use the building materials to expand his own factory. The building in question had changed hands several times since 1937, and its last owner had handed it over to the Military Engineering Works for a token sum of money which had never been paid. At first the Military Engineering Works had tried to get rid of the building, and offered it to the hsien government, who could find no use for it. Finally, in January and February 1950 the FGM secured the agreement of the former hsien magistrate and former hsien Party secretary to demolish the building and use the materials for refurbishing the Military Engineering Works.

As soon as demolition commenced, the workers joined in a free for all gutting of the building and helped themselves to materials such as lead from the roof. Someone sent a letter describing this situation to Tung Pei Jih-pao, who, instead of publishing it, forwarded it to the new hsien Party secretary. The hsien Party secretary should have conducted an investigation into the matter through the factory Party apparatus, but instead he just drafted a report on the basis of the letter which had arrived via the newspaper and sent it on to the Provincial Party Committee. Eventually the matter came before the North East

Peoples Control Commission, who appointed a control officer to investigate the situation. The control officer organised an investigation group, which eventually presented a report to a special meeting, at which the Head of the Military Engineering Department made a self confession about his dilatoriness in controlling what went on in his department. On the recommendation of the Peoples Control Commission, the FGM was dismissed his post and the former hsien magistrate and current Party secretary censured. The former hsien Party secretary, however, who had authorised the destruction of state property in the first place, was not punished by the Peoples Control Commission, but handed over to disciplinary organs of the Party.

Thus we see a fairly clear example of control being exercised by the formal control structure only after the Party authorities had shown that they were incapable or unwilling to deal with the problem in hand. Nevertheless, although control was exercised by organisations other than the Party, the punishment of Party officers was in the final analysis held to be the function of the Party itself (except in the simple case of censure). Secondly, we see another example of the tremendous importance exercised by the Press as a control mechanism. As in the Yang Ch'tan case, the press took the initiative in bringing the matter before the appropriate authorities, and was reluctant to publish anything unless the material had gone through the proper channels. In fact, Tung Pei Jih-pao published its own self confession on 8th April 1950, stating that its initial account of the value and description of the property concerned had been inaccurate.¹³³

Thus control during this early period might be exercised by all kinds of structure above the enterprise when the Party organisation in question was defective. In some cases, the fact that structures other than the Party had to be employed was explained as due to the fact that there were not enough Party members in the enterprise in question. In the Shihchingshan Iron and Steel Works, for example, the director (ching-li) and military representative were held to be guilty of "hard working bureaucratism" and had failed to notice that equipment was lying about the works in heaps exposed to the elements. This time an inspection corps (chien-ch'a-t'uan 检查团) was sent down by the central Finance and Economic Commission and the Enterprise Department of the North China Peoples Government, which rectified the situation and gave impetus to the rapid expansion of the Party to stop such a situation occurring again.¹³⁴

The rapid expansion of the Party was, however, no guarantee against bureaucratism, as the Three Anti Movement demonstrated. During that movement, control over the bureaucratism within the enterprises was exercised by the Party organisation through the local Increase Production and Practise Economy Committees. Paradoxically, it was partly as a consequence of the fact that the enterprise Party committees were expected to exercise detailed control over the implementation of plans that they were made subject to such stringent controls from local Party committees. In September 1951 the North East Bureau of the Party Committee noted that, in the years since liberation, the Party organisations in the North East area had been remarkably successful in learning managerial and technical skills;¹³⁵ they

were thus able to control plan implementation. Some three months later, however, the head of that bureau, Kao Kang, noted that certain Party cadres were overlooking political questions in pursuit of production and that they considered being asked to do Party work as "taking advantage of honest men".¹³⁶

This was the old question of ts'ai and te. As cadres were transferred from the rural sphere following liberation, the criterion of te demanded that they achieve ts'ai, and in achieving ts'ai, they neglected te and were criticised during the Three Anti Movement. In late 1952, after the Three Anti Movement was concluded, an attempt was made to steer between the two extremes of subordination to management and interference in everything. In the words of the Party secretary of the model Wu San Factory:-

"In short when the Party committee is engaged in political and ideological leadership, when, with production as its central task, it is unifying operational measures to guarantee and supervise the implementation of higher directives and the state plan, under no circumstances may it interfere with the management work of the FGM. Of course it cannot descend into routine practical work and thus be indistinguishable from management."¹³⁷

As the power of the external control agencies grew and the horizontal component in the dual-rule scheme of control withered, the control function of the Party committee was restricted to convening meetings to discuss political obstacles standing in the way of plan fulfillment and reporting to the FGM on how the plan was being fulfilled. Such was the description of Party work at the model Wu San Factory made by its Party secretary at the end of 1952, in which the function of the Party as "guarantor" of plan fulfillment was given great

stress.¹³⁸ The enterprise Party committees remained, however, answerable in the first instance to local Party committees and the fact that their independence of action was not totally eclipsed was attested to by Li Hsüeh-feng at the Eighth Party Congress.¹³⁹ They were in a position to be completely revitalised in 1957-8,¹⁴⁰ in contrast to the Soviet Union, where to all intents and purposes Khrushchev was compelled to engage in the creation of a different kind of Party with completely different relations with formal state administration.¹⁴¹

Propaganda and Education Function

Although the Party organisation was required to act as a co-ordinating and liaison structure and was required, for a time at least, to control the bureaucratic behaviour of management, most of the literature on the functions of the Party organisation in the enterprise deals with its educative and propaganda function.

During the New Record Movement, as we have seen, there was a tendency for the Party organisation to take everything on to its own shoulders, and this was most noticeable in the fields of propaganda and education.¹⁴² Instructions of early 1950 urged Party branches to share these tasks with management and unions¹⁴³ and an attempt was made to draw local Party committees into the task of co-ordinating propaganda work,¹⁴⁴ at a time when the horizontal links were growing weaker. We have seen that in the early period there was a tendency for Party cadres to concentrate solely on technical work to make up for their own inadequacy, and cadres frequently complained that this did not leave them enough time to conduct propaganda.¹⁴⁵ The focus of

educational work was on technical matters and improving literacy rather than political education.¹⁴⁶ Various methods were suggested to overcome this one-sided stress on basic skills and discussion of these methods became a major topic of the various propaganda conferences which were held in enterprises at this time.¹⁴⁷

In organising propaganda work the Soviet experience was explicitly drawn upon,¹⁴⁸ and a distinction was made between "propaganda" and "agitation". "Propaganda" consisted of explaining to workers the logic behind a certain policy and systematising their thoughts, whereas "agitation" was defined as the promotion of a single course of action and unifying thought. In theory, "agitation" spelled out what a worker should do and "propaganda" explained to him why he should do it. It was pointed out that "propaganda" without "agitation" would make it impossible to unite the workers to pursue a common goal, and "agitation" without "propaganda" would make it impossible to persuade workers why the goal was worthwhile in the first place.¹⁴⁹ The Soviet distinction between "propaganda" aimed at Party members and worker activists and "agitation" aimed at the masses does not seem to have been made. The two extremes, therefore, were conscious confusion and unconscious unity. The task of the Party was to steer between these two extremes.

Initially a distinction was drawn between higher level "propagandists" (hsüan-ch'uan-yüan) with a good grounding in Marxism, Leninism and Mao Tse-tung's thought, and lower level agitators (ku-tung-yüan) who understood government policy and

had close ties with the masses.¹⁵⁰ Later however, a more common distinction was to be between lower level "propagandists" (hsüan-ch'uan-yüan) and higher level "reporting officers" (pao-kao-yüan)

It was this second distinction that was put forward as an attempt was made to establish a propaganda network on a national scale after the Central Committee Decision on Propaganda of January 1951.¹⁵¹ This decision called for the recruitment of large numbers of Party propagandists to explain to the masses current domestic and international developments (and thus to link production with support for the Korean War), to publish Party policy and the policies of the Peoples Government, to publicise the duties of the masses, and in particular those duties directly related to the period of time (i.e. the current political or economic movement) and the locality in question, to narrate model experiences in production and other fields, to refute reactionary rumours and mistaken ideas, to assist the Party in its choice of propaganda material, and to make regular reports to Party committees on the state of the people's consciousness.¹⁵² Much of the source material for this essay derives from such material, for precise instructions were given on each of the major movements of the time and on political and economic organisation. The numerous pamphlets issued during this period have provided us with what is, in my opinion, the richest source of information on basic level policy from liberation until the Cultural Revolution, although perhaps the material of 1956-7 is more startling in its revelations.

Within each factory, propagandists were appointed and their duties were determined by the enterprise Party committee.¹⁵³

Representatives of these propagandists were to attend regular propaganda meetings at hsien level and above and as many as possible were to attend special training classes at Party schools.¹⁵⁴ In addition, higher level Party committees were required to send down reporting officers to the factories to give speeches on major issues.¹⁵⁵ To help propaganda work in the factories, journals were published¹⁵⁶ and regional posts for disseminating propaganda set up.¹⁵⁷

It is very difficult to make any generalisation on the ratio of propagandists to workers in the factories. At the beginning of 1951, the ratio at Anshan was 1:20-25¹⁵⁸ (mainly Party members), whereas by the end of 1952 the ratio at the Wu San Factory was something of the order of 1:10 or 1:5-6, if one includes the even lower level or propaganda-activist, which compares with a Party membership ratio of 1:11.¹⁵⁹ These figures are, of course, much higher than for urban areas in general, where in Shanghai, for example, in September 1951 the ratio was 1:326.¹⁶⁰ In the model Wu San Factory there were either 248 or 316 propagandists (from two different undated accounts around the end of 1952), 157 propaganda-activists, 7 reporting officers, 12 broadcasters, who together organised 30 broadcast listening groups (with 500 people taking part), 60 newspaper reading groups (with 500 people taking part), 8 art groups, one cultural workers' team (wen-kung-tui), 11 smaller cultural workers' groups (wen-kung-tsu) and one band.¹⁶¹ Unfortunately, we are not told how many workers there were in the factory, but I estimate some 2-3,000 people.¹⁶² The Wu San Factory did not pretend to be typical, but it illustrates the kind of propaganda organisation that was aimed at.

The one striking thing about the propaganda material for the early 1950s is its sheer detail. Pamphlets appeared on every conceivable subject, right down to the layout of a meeting hall.¹⁶³ As far as I know, nothing so detailed existed before or after, at least for general consumption. This is, of course, a very subjective impression, for one cannot judge a question like this without having been there in the period in question. It was certainly more detailed than the material available in bookshops during the middle 1950s, about which I can speak from personal observation. Many of the propaganda handbooks of the early 1950s resemble military basic training manuals, and the contradiction between this type of literature and macro-political propaganda, such as on the Korean War, was a glaring one. It was all too easy for the old rural cadres, whom Kao Kang described as unwilling to bother with administrative detail,¹⁶⁴ to overlook the former and it was all too easy for worker cadres of a low level of literacy not to understand the latter. We saw in chapter four that in the very early period political consciousness did not always go together with a high level of literacy, at least in the immediate post liberation situation, and the Party secretary of the Wu San Factory noted that the keeping of propagandists' diaries was a useful way in raising their literacy level.¹⁶⁵ Furthermore, one of the major arguments in favour of radio propaganda was that many workers were illiterate.¹⁶⁶

The Party branch was to achieve some kind of appropriate mix between the two types of propaganda and to devise a way of maintaining revolutionary fervour and a concentration on detail.

In the early 1950s, it would seem that the Party believed that enthusiasm could co-exist with administrative detail. We have seen however that a concentration on detail led frequently to "hard-working bureaucratism", where whatever enthusiasm a Party cadre might have was not much use if there were no time for him to communicate it to the masses. The prescribed attitude was one not of enthusiasm per se but of "activism", which was infectious and, having looked at the detailed cost accounting manuals of the period, my mind boggles at the thought of an activist cost-accountant. During the Great Leap Forward, this problem could only be dealt with by an insistence that Party cadres did not encumber themselves with administrative detail, and both the Great Leap Forward¹⁶⁷ and the Cultural Revolution¹⁶⁸ were most iconoclastic in their treatment of detailed regulations.

Not only was there a potential contradiction between activism and attention to detail, but also between medium and message. For example, the Party was to propagate the attack on functional leadership, and yet in so doing it exercised itself a kind of functional leadership. If the Party ceased to exercise functional leadership, it would no longer exercise any leadership at all and would become only the adjunct of management, with scarcely any more power than personnel management in a traditional western factory.

Formal and Informal Structure

In chapter four, we saw that a lack of necessary resources resulted frequently in patterns of organisational superimposition where the network of control (in the sense of k'ung-chih) was

not congruent with the formal organisational structure. In 1953 an all out attempt was made to achieve congruence and to replace patterns of functional supervision by a staff-line system. In this chapter we have seen that the Party organisation was similarly superimposed upon the formal organisation and likewise exercised functional supervision over the shop floor. Unlike the shih-kung and tiao-tu systems, however, the system of Party organisation was a permanent feature that could never be replaced so long as the particular resource-lack that it was required to control (inadequate political consciousness) was present, and so long as informal networks of power and communication overlay the formal organisational structure. In Marxist terms, its function could only be replaced when administration was truly by things.¹⁶⁹ In the meantime, the role of the Party organisation in relation to that part of human behaviour in the organisation that was not prescribed by, nor in accord with, formal regulations.

From Frederick Taylor through to Stalin, there have been organisational theorists who chose either to neglect informal organisational networks or to attempt to force them into prescribed formal patterns. Under such systems, personnel management is concerned with creating "organisational men." An alternative approach seeks to focus loyalty not upon the organisation, but upon levels both higher and lower than the organisation. At the lower level, it seeks not to force people into subdivisions of the formal organisation, but to infuse existing levels of group solidarity with commitment to the same values as the formal organisation. At higher levels, it

seeks not to extend the focus of loyalty through a hierarchy of formal organisation, but to focus it on a particular symbol cluster which is the source of legitimacy, of not only the different levels of formal organisation, but also of informal groupings.

The above "protestant" model is, I think, relevant to a study of Chinese organisation. At the risk of grossly oversimplifying the problem, I would characterise the difference between the view of organisation inherited by the Communist Party from its rural experience and the Soviet view as follows. The former saw the individual's primary loyalty to the small group and to a cluster of symbols at the national level, whereas the latter saw the individual's primary loyalty to a level higher than the small group - to the organisation and an extension of that loyalty through a complex hierarchy, at the apex of which stood the same symbol cluster. In the Soviet view, commitment to any group smaller than the organisation or its subdivisions was seen as potentially disruptive and this resulted in atomisation.¹⁷⁰ In the Chinese rural view, the key to unity lay not in smashing informal structures, but in politicising them, and the key actor in that process was the Party organisation.¹⁷¹

In our study so far we have seen the curious phenomenon of traditional work gangs continuing after liberation, after changing their names to "teams", and a process of democratic reform which sought to create new forms of "rational" organisation but, which in fact concentrated simply on rooting out gang-bosses. We have seen a situation where groups were

allowed to form "spontaneously" (under labour union leadership) to effect emergency repairs. The use of the word "spontaneous" could well be a meaningless propaganda device, but it might also mean that there were some pre-existing patterns upon which groups could be formed, and all that really concerned Party and management was how such groups might be led. Such a practice was very different from the Soviet prescription of the production territorial system, where the nature of production determined the structure of organisation and the network of command. It is my subjective impression that, until 1953, it was not absolutely clear whether existing structures should be politicised as a prelude for organisational change or whether organisation changes should be pushed through to provide a focus for new commitments. As long as the former was considered a realistic alternative, the independent role of the Party organisation was extremely important. After 1953, however, when the production territorial system and one-man management was pushed most vigorously, the prescribed role of the Party could be no more than an adjunct to a process which sought to bring as much of the informal organisation as possible under the control of the formal organisation, rather than the former process which sought primarily to correct individual behaviour and focus loyalty on the new national symbol cluster. It was Mao's view (in 1962) that adherence to the Soviet model (until 1958) was unpleasant but necessary.¹⁷² In a situation where the gang boss system persisted and where traditional practices such as the employment of relatives were continued, perhaps some drastic policy was necessary. The reaction, however, was to be the Great Leap Forward and more particularly the Cultural

Revolution, which saw a reaffirmation of the protestant principle, not only of organisation but also of committment.

Conclusion

I have attempted to demonstrate in this chapter a decline in the independent role of the Party within Chinese enterprises from liberation until 1953. Such a decline was not however a very steady one, for in the Three Anti Movement that decline, together with the erosion of horizontal linkages, was temporarily reversed.

In examining the role of the Party as an agent of liaison and control, we have seen that an increase in the number of control structures diluted its effectiveness as a check on the arbitrary actions of management, and the doctrine of one-man management made such actions more possible. In such a situation democracy, however defined, could not but be weakened. As a result of the growth of patterns of one-man management, the major persisting role of the Party was that of propaganda. Ironically, in the period of the greatest Party independence, Party members were frequently too busy learning technology to exercise this role effectively and it was only after the power of the Party organisation had been restricted that the propaganda role was effectively exercised. By that time propaganda was to reinforce the directives of management.

We have seen that the rapid expansion of the Party resulted in a somewhat different membership composition by the beginning of the First Five Year Plan. The change in membership composition must surely have been an important factor in the

change in organisational perspective from one which stressed the combination of collective leadership and individual responsibility to one which in practice was more of single leadership and multiple control.

In terms of rationality, I have attempted to suggest that the relationship between organisational change and politicisation might have raised questions of priority in the hierarchy of immediate ends against which organisational rationality might be measured. This question is left open, since no conclusion is really possible without detailed comparison of organisational priorities, both in the rural and urban spheres, throughout the whole period from 1937 onwards.

1. e.g. Wu San Factory (op.cit) p55.
Liu Shao-ch'i: "Report on Labour Union Work" (loc.cit).
2. (ibid)
3. Ch'en Po-ta: "Pu-yao Ta-luan Yüan-lai Ch'i-yeh Chi-kou"(loc.cit)
4. Liu Shao-ch'i: "Report on Labour Union Work" (loc.cit)
5. CKKCT CYWYH Tung Pei chü : "Kuan-yü Chin-i-pu T'uan-chieh Kung-ying Ch'i-yeh-chung Chi-shu Jen-yüan yü Chih-yüan ti Chih-shih" ("Directive of Furthering Unity with Technical Personnel and White Collar Workers in Publically-run Enterprises") 18th April 1950 TPKY No 21 1st May 1950 pp 2-4.
6. e.g. Hsin-hua-she: "Chien-ch'ih Chih-kung Yüan-tung Cheng-chüeh Lu-hsien Fan-tui (Tso)-ch'ing Mao-hsien-chü-i" ("Maintain the Correct Line in the Movement of White and Blue Collar Workers and Oppose Left Adventurism") February 7th 1948 in Hsin-min-chu Ch'u-pan-she: I-chiu-ssu-ch'i-nien i-lai Chung-kuo Kung-ch'an-tang Chung-yao Wen-chien-chi (op.cit) pp 56-61.
7. Lieberthal (loc.cit) p 511.
8. Li Hst'eh-feng: Speech to CCP 8th Congress 1956 (loc.cit)
9. Ling Hua-ch'un (loc.cit) see chapter 1.
10. Schurmann: Ideology and Organisation (op.cit) pp 293-296.
11. Li Hst'eh-feng: Speech to CCP 8th Congress (loc.cit).
12. (ibid)
13. An Tzu-wen: "Tsen-yang I-k'ao Kung-jen Chieh-chi" ("How to Rely upon the Working Class") speech to meeting at labour union cadres school, basic level union cadres training class KJJP 31st August 1951 pp 1 & 4.
14. (ibid)
15. e.g. CKKCT CYWYH Tung Pei chü directive 18th April 1950 (loc.cit)
16. CCP CC: "Resolution on the Anti-Party Bloc of Kao Kang and Jao Shu-shih" (March 1955) - extract in Chai: Essential Works of Chinese Communism New York; Pica Press 1970 pp 342-345.
17. Kao Kang: "Chan Tsai Tung Pei Ching-chi Chien-she ti Tsui Ch'ien-mien" March 13th 1950 (loc.cit).
18. See chapter 3.
19. Selden (op.cit) pp 250-257.
20. Kao Kang: "Tsai Tung Pei Chü Ch'eng-shih Kung-tso Hui-i ti Tsung-chieh" ("Summing up Speech at NE Urban Work Conference May 18-June 2 1951") Tung Pei Jih-pao 25th June 1951 reprinted in Hsin-hua Yüeh-pao Vol 4 No 4 August 25th 1951 pp 839-841.
21. (ibid)

22. (ibid)
23. (ibid)
24. (ibid)
25. In a situation where the main link with local government was via the Party organisation, and where management was more concerned with vertical than horizontal channels of communication (note 22), the relations between the Party organisation and the local labour bureaux would seem to be very important. Howe gives the impression, however, that the labour bureaux were ineffective in maintaining good relationships with enterprises due to the fact that they were grossly inefficient and made a "hiring charge" for their services. This led to a growth of an illegal labour market which grew in size until labour regulations were partially lifted in 1956 (see Howe op.cit pp 78-80). Since it was the function of local Party committees to correct the illegal behaviour of enterprise cadres, the growth of this market does not attest to their success in this function, except in a situation where mass mobilisation techniques were employed (the Three Anti Movement) when the labour bureaux appeared to be most ineffective (Howe p 96).
26. NCNA 30th July 1951 p 1 SCMP 146 July 31 1951 pp 7-8.
27. Lao-tung-pu (Ministry of Labour): "Kuan-yü Ko-ti Chao-p'in Chih-kung ti Chan-hsing Kuei-ting" ("Temporary Regulations on Each Area Offering Employment to White and Blue Collar Workers") 15th May 1951 in Cheng-wu-yüan, Ts'ai-cheng Ching-chi Wei-yüan-hui: Compendium Vol 3 Pt 3 p 1066.
28. See Howe (op.cit) Chapter 5.
29. Selden (op.cit) pp 245-257.
30. JMJP : "Hua Pei Shih-ching-shan Kang-t'ieh-ch'ang Ta Chien-ch'a Ch'ien-hou" ("The Circumstances of the Great Investigation of the North China Shih-ching-shan Iron and Steel Works") JMJP 3rd March, 24th March and 20th April 1950 summarised in Shanghai Hsin-hua Shu-tien: Fan-tui Kuan-liao-chu-i (oppose Bureaucratism) September 1950 pp 3-9.
31. (ibid)
32. Wu San Factory (op.cit) p 102.
33. (ibid) p 55.
34. See chapter one.
35. CKKCT CYWYH : Tung Pei chü: decision August 1st 1948 (loc.cit).
36. (ibid)
37. See Bernstein: "Problems of Village Leadership after land Reform" CQ 36, October-December 1968 pp 1-22. Bernstein demonstrates that not only did former rich peasants maintain their power but many party cadres became much richer and new rich peasants began to appear. There was much polemic over this rich peasant line during the Cultural Revolution.

38. Tung Pei Jih-pao 3rd April 1950: "Pen-hsi Mei-t'ieh Kung-ssu Mei-k'uang-pu Kung-jen Ch'ang T'ai-tz'u Chieh-fa Ling-tao Pu Min-chu ti Ching-kuo ho Tiao-ch'a Chieh-lun" ("The Circumstances of the Disclosure of a Lack of Democracy on the Part of the Leadership by Ch'ang T'ai-tz'u, a Worker in the Coal Mining Department of the Penhsi Coal and Iron Corporation and the Conclusions of an Investigation") (amended slightly to give background information and reprinted in Shanghai Hsin-hua Shu-tien: Fan-tui Kuan-liao-chu-i (op.cit) pp 37-39.
Ch'ang T'ai-tzu: "Shen-su-hsin Yüan-wen" ("Letter of Complaint to editor of Tung Pei Jih-pao - Original Text") 3rd April 1950 reprinted in Shanghai Hsin-hua Shu-tien: (op.cit) pp 40-47.
Tung Pei Jih-pao 3rd April 1950: "Fan-tui Ch'i-yeh Kuan-li-chung ti Pu Min-chu Yü Kuan-liao-chu-i Tso-feng" ("Oppose an Undemocratic, Bureaucratic Working-style in Enterprise Management") reprinted in Shanghai Hsin-hua Shu-tien (op.cit) pp 50-52. Lai Han-ying: "Kuan-yü Ch'u-li Ch'ang T'ai-tz'u Wen-t'i ti Tzu-wo Chien-t'ao" ("Self Confession on Dealing with the Question of Ch'ang T'ai-tz'u") Tung Pei Jih-pao 7th April 1950 reprinted in Shanghai Hsin-hua Shu-tien (op.cit) pp 53-4.
- 39-43. (ibid)
44. Pei-p'ing Chieh-fang Pao (Peiping Liberation Daily): 25th March 1949 p 1: "Chung Kung Ch'i-chieh Erh-chung Ch'üan-hui Wan-man Pi-mu" ("The Second Plenum of the 7th CC Closes").
45. See Schapiro L. The Communist Party of the Soviet Union London Methuen 1963 pp 310-313.
45. Note also Trotsky's comment Trotsky: The Revolution Betrayed New York Pioneer Publishers 1945 excerpt in Wright Mills C: The Marxists Penguin Books 1963 p 308.
46. see for example JMJP: "An-tung-shih-wei Ch'uang-tsao Ch'i-yeh-chung Tang ti Kung-tso Hsin Fang-shih" ("The New Method Adopted by the Antung Municipal Party Committee in Establishing Party Work in Enterprises") CKKJ No 3 April 15th 1950 pp 31-32.
47. Tung Pei Jih-pao: "An-tung Tsao-chih-ch'ang Yüan-liao-k'ö Chih-pu Sheng-li ti T'ui-chin-le Ch'uang Chi-lu Yün-tung" ("The Party Branch of the Raw Materials Department of the Antung Paper Works Promotes Successfully the Movement to Create Records") reprinted in CKKJ Vol 1 No 3 15th April 1950 pp 32-33.
48. Hsiao Feng : "Tung Pei Yeh-lien-ch'ang shih Ts'en-yang Kuan-ch'e Kuan-li Min-chu-hua ti" ("How the North East Smelting Works Implemented the Democratisation of Management") in Lao-tung Ch'u-pan-she, Pien-shen-pu: Ch'i-yeh Kuan-li Min-chu-hua pp 55-67.
49. Kao Kang: "Tsai Tung Pei Ch'ü Ch'eng-shih Kung-tso Hui-i ti Tsung-chieh" June 2nd 1951 (loc.cit).
50. An Tzu-wen: "Tsen-yang I-k'ao Kung-jen Chieh-chi" (loc.cit)
51. (ibid)
52. Kao Kang: "Jung-yü shih Shu-yü Shei-ti" September 8th 1949 (loc.cit)
53. (ibid)
54. (ibid)

55. Kao Kang: "Fan-tui T'an-wu T'ui-hua, Fan-tui Kuan-liao-chu-i" - August 31st 1951 (loc.cit).
56. Strictly speaking the Party CC had no official theoretical journal until 1958 when Hung Ch'i (Red Flag) began publication. In practise however Hsüeh-hsi (Study) served this function.
57. Li Lung : "Wei-shen-mo Pi-hsü K'o-fu (Kung-ch'en) Ssu-hsiang" ("Why Must We Overcome the Ideology of the Meritotious") letter to the editor of Hsüeh-hsi Vol 3 No 7 1st January 1951 p 8.
58. See Wu San Factory (op.cit) p 80.
59. CCP CC: "Resolution on the Anti-Party Bloc of Kao Kang and Jao Shu-shih" (March 1955) (loc.cit).
- The only conclusion we can come to at this stage is that there remained a number of leadership groups within the Party which at some stage in the past forty years were identified in a particular context (for example the December 9th group which came under attack in the Cultural Revolution) (see Klein, D "The State Council and the Cultural Revolution" CQ No 35 July-Sept 1968 pp 89-91) and the various Field Army groups (see Whitson W "The Field Army in Chinese Communist Military Politics" CQ No 37 January-March 1969 pp 1-30. To what extent this kind of grouping reflected a potential two Party situation is difficult to say. It is also impossible to determine how Kao defined the rural-military and white area orientation for there was considerable movement between the liberated and white areas during the war. It could be that Kao was only reflecting a continuation of the tension that had existed between local and transferred cadres which had existed from Yen-an days. Selden (op cit p 231) describes a situation where different types of cadre occupied different levels of administration.
60. Ai Wu Steeled and Tempered (op.cit)
61. Mao Tse-tung: "Wei Cheng-ch'ü Kuo-chia Ts'ai-cheng Ching-chi Chuang-k'uang ti Chi-pen Hao-chuan erh Tou-cheng" ("Struggle for the Attainment of a Basic Turn for the Better in the National Financial and Economic Situation") speech to 3rd plenum of 7th CC 6th June 1950 JMJP 13th June 1950.
62. See Teng T'o: "Cheng-feng Yün-tung tsai Kuo-chia Chien-she Kung-tso-chung ti Chung-yao-hsing" ("The Importance of the Rectification Movement in National Construction Work") Hsüeh-hsi Vol 2 No 11 16th August 1950 pp 3-5.
- See also Chang P'ing-hua : "Kuan-yü Tsung-chieh Kung-tso Cheng-tun Ssu-hsiang Tso-feng ti Pao-kao" ("Report on Summing up Work and Rectifying Ideology and Working Style") to a conference of Party cadres in Wuhan in KPHHTL No 16 September 1950 pp 106-114. Chang describes commandism as "virulent bureaucratism".
63. Kao Kang: "Fan-tui T'an-wu T'ui-hua, Fan-tui Kuan-liao-chu-i" August 31st 1951 (loc.cit).
64. JMJP 16th June 1951 p 1 : "Mei-yu Kung-ch'eng She-chi jiu Pu-k'e-neng Shih-kung" ("Without Engineering Design, One Cannot Undertake the Work").

65. e.g. Ch'un-chung Jih-pao (Sian) October 8th 1951: "CCP Committees in Party and Mass Organs Map Out Plans to Study Party Reform Work" (translated in CB No 158 15th February 1952 pp 30-31.
66. The following quote from Kao Kang is illustrative of this process: "By uncovering the bureaucratism existing in the leadership, many cadres have come to realise that they have consciously fallen into the pit of corruption just because of their lack of self examination. In the course of self-criticism, the leadership has found that they have lost no prestige before the workers, but, instead, have been able to see ways of improving their leadership." Kao Kang: "Fan-tui T'an-wu T'ui-hua, Fan-tui Kuan-liao-chu-i" August 31st 1951 (loc.cit). See also note 87.
67. In the Cultural Revolution, Party officials who were considered to be guilty of corruption were drawn into leading positions during the campaign against the "four olds" and then were entrusted with the job of passing on propaganda which came to be aimed increasingly at the kind of conduct of which they themselves were guilty. As their enthusiasm waned and as they came increasingly to protect their own position, the radicals could launch an attack which dislodged them from power. In this process large numbers of activists came forward to lead the revolution. This process applied to all levels. At the highest level Liu Shao-ch'i and P'eng Chen were at various times charged with leading the Great Socialist Cultural Revolution.
68. This process was first articulated by Mao in "Some Questions Concerning Methods of Leadership" (June 1943). Mao describes the changes in the composition of a movement's "leading group" as new activists came forward and reveal the old leadership as degenerate. Mao Tse-tung : SW (English) III pp 117-122. In the original version, these activists who emerge to replace former members of the leading group are referred to as "heroes" though this word is omitted from the SW version. Chieh-fang Jih-pao 4th June 1943 translated in Schram, Stuart: The Political Thought of Mao Tse-tung (enlarged and revised edn,) Penguin Books 1969 p 316.
See also Compton Boyd Mao's China : Party Reform Documents 1942-44 University of Washington Press 1966 (1952) p 178.
69. Jao Shu-shih: "Wei K'ai-chan Tseng-ch'an Chieh-yt'eh Fan-tui T'an-wu, Fan-tui Lang-fei, Fan-tui Kuan-liao-chu-i erh Tou-cheng" ("Struggle to Develop (a Movement to) Increase Production and Practise Economy, Oppose Graft Waste and Bureaucratism") (excerpts) - mobilisation report to East China Higher Level Government Cadres Meeting 17th December 1951 Hsin-hua Yt'eh-pao No 1 1952 pp 19-20.
70. The composition of the Shanghai Municipal committee is discussed in Gardner, John: "The Wu-fan Campaign in Shanghai: A Study in the Consolidation of Urban Control" in Barnett: Chinese Communist Politics in Action (op.cit) pp 477-539.
71. Kao Kang: "Ch'uan-mien K'ai-chan Tseng-ch'an Chieh-yt'eh Yt'ung-tung: Chin-i-pu Shen-ju Fan T'an-wu, Fan Lang-fei, Fan Kuan-liao-chu-i ti Tou-cheng" "(Carry Further the Struggle against Graft Waste and Bureaucratism in the Overall Campaign for Increasing Production and Practising Economy)" speech to top level cadres in the NE 26th October 1951 Tung Pei Jih-pao December 1st 1951 reprinted in KJJP 1st December 1951 p 1.

71. Kao insisted that enterprise Party committees exercise leadership in the movement under the leadership of local Party committees.
72. Kao Kang: "Tsai Tung Pei chū Ch'eng-shih Kung-tso Hui-i ti Tsung-chieh" June 2nd 1951 (loc.cit).
73. Jao Shu-shih: "Wei K'ai-chan....." 17th December 1951 (loc.cit).
74. Provision for these was made in :- Chung Nan Chūn-cheng Wei-yūn-hui (Central South Military Government Commission) 4th session: "Kuan-yū K'ai-chan Tseng-ch'an Chieh-yūeh Yūn-tung Pan-fa ti Chūeh-i" ("Resolution on Measures for the Development of the Movement to Increase Production and Practise Economy") November 21st 1951 KPHHTL No 41 December 1951 (reprinted January 1952).
75. Kao Kang: "Ch'ūn-mien K'ai-chan....." 26th October 1951 (loc.cit)
76. Tung Pei Jih-pao 6th December 1951: "Kao Kang T'ung-chih Chih-shih Chia-ch'iang Kung-ch'ang Ch'e-chien Kung-tso" ("Comrade Kao Kang Issues Directive on Strengthening Work in the Shops") reprinted in Hsin-hua Yūeh-pao 1952 No 1 p 149.
77. This crime became one of the "antis" in the Five Anti Campaign and received considerable publicity at the beginning of 1952, see JMJP 21st February 1952: "Fan-tui Tao-ch'ieh Kuo-chia Ching-chi Ch'ing-pao ti Tsui-hsing" ("Oppose the Crime of Stealing State Economic Information") reprinted in Hsin-hua Yūeh-pao 1952 No 3 pp 4-5.
According to the head of the NEPG Industrial Department, Wang Ho-shou, many cadres in the North East were selling documents to "bad merchants". Wang Ho-shou: "K'o-fu Fan Tan-wu....." 9th February 1952 (loc.cit).
78. Jao Shu-shih: "Wei K'ai-chan....." 17th December 1951 (loc.cit)
79. Ho Kan-chih: Chung-kuo Hsien-tai Ko-ming shih (The Contemporary Revolutionary History of China) Hong Kong 1958 pp 366-367 cited in Schurmann: Ideology and Organisation (op.cit) p 318.
80. Kao Kang: "K'o-fu Tzu-ch'an-chieh-chi Ssu-hsiang....." January 10th 1952 (loc.cit).
81. (ibid) and Wang Ho-shou (loc.cit).
- 82-87. (ibid)
88. CKKCT CYWYH Tung Pei chū : "Kuan-yū tsai (San Fan)....." communique 20th February 1952 (loc.cit).
89. (ibid)
90. (ibid)
91. (ibid)
92. see chapter 2.
93. The five antis were graft, tax evasion, theft of state property, cheating on government contracts and stealing state economic information.
94. (ibid)

95. See CB 201 August 12th 1952. Here a number of articles are translated dealing with the conclusion of the Three Anti Five Anti Movements in various regions and the renewed stress on increasing production and practising economy. According to Howe (op.cit p 96) the unemployment consequences of the Five Anti Movement was one of the major factors in bringing it to a halt in May 1952.
96. Schurmann: Ideology and Organisation(op.cit) p 293 and Andors (loc.cit) p 405.
97. This process began with the publication of financial and economic control regulations (December 27 1952) which demanded that a control group be set up in each enterprise. This group was to concern itself with both political and economic matters. At this stage control personnel were selected from the personnel roster of the enterprise. Schurmann notes that one of the first accounts of the operation of an enterprise control organ is that of the Shih-ching-shan Iron and Steel Works in July 1953 where workers were enjoined to voice their complaints to this group rather than higher level organs or the newspapers. At this stage enterprise control work was more concerned with political than economic questions and control officers were probably under the tight control of the FGM. By the end of 1953, control work became more concerned with economic control and in 1954 the Harbin System of external economic control was put forward and a Ministry of State Control set up. See Schurmann: Ideology and Organisation Chapter 5 and in particular pp 322-339
98. An Tzu-wen: "Wei Hsiao-ch'u....." January 7th 1953 (loc.cit)
99. (ibid)
100. JMJP 6th June 1954: "Chin-i-pu Kung-ku Lao-tung Chi-lü"(Further Consolidate Labour Discipline") reprinted in Hsin-hua Yt'eh-pao 1954 No 7 p 37.
101. (ibid)
102. (ibid)
103. e.g. CKYTH: "Ha-erh-pin Kung-yeh Ta-hst'eh Kung-ti shih Ju-ho K'ai-chan Tse-jen-chih Yün-tung-ti" ("How the Movement to Launch a Responsibility System was Launched at the Work Site of the Harbin Industrial University") CKYTH No 7 1st March 1953 pp 25-28.
- 104-108. (ibid)
109. See for example Kao Kang: "Chan Tsai Tung Pei Ching-chi Chien-she ti Tsui Ch'ien-mien" March 13 1950 (loc.cit) in which Kao talks about the Party committee's usurpation of managerial position as a violation of "co-ordinated leadership."
110. An exposition of the mass line may be found in : "Resolution of the Central Committee of the Chinese Communist Party on Methods of Leadership" passed by the Political Bureau of the CC June 1st 1943.

110. (cont'd) "In all our Party's actual work, correct leadership must come from the masses and go to the masses. This means taking the views of the masses (unintegrated, unrelated views) and subjecting them to concentration (they are transformed through research into concentrated systematized views), then going to the masses with propaganda and explanation in order to transform the views of the masses, and seeing that these (views) are maintained by the masses and carried over into their activities. It also means an examination of mass activities to ascertain the correctness of these views. Then again there is concentration from the masses and maintenance among the masses. Thus the process is repeated indefinitely, each time more correctly, vitally and fruitfully. This is the epistemology and methodology of Marxism-Leninism. Compton (op cit) p 179. Another translation may be found in Mao Tse-tung: Selected Works III p 119.
111. Kao Kang: "Chan tsai Tung Pei....." March 13 1950 (loc.cit)
112. Chang Li-k'o: "How to Overcome Formalism" (loc.cit)
113. (ibid)
114. Tung Pei Jih-pao: "An-tung Tsao-chih-ch'ang....." (loc.cit)
115. Ling Hua-ch'un (loc.cit) see chapter 1.
116. Kao Kang: "Chan tsai Tung Pei...." March 13 1950.
117. See chapter 4.
118. The phrase "political work is the lifeblood of all economic work" (cheng-chih Kung-tso shih i-ch'ieh ching-chi kung-tso ti sheng-ming-hsien) was put forward by Mao in 1955 in his introductory note to "Yen-chung ti Chiao-hsün" ("A Serious Lesson") in Chung Kung Chung-yang Pan-kung-t'ing: Chung-kuo Nung-ts'un ti She-hui-chu-i Kao-ch'ao (Socialist Upsurge in the Chinese Countryside) (selections) Peking Jen-min Ch'u-pan-she 1956 p 255. This was at a time when the reaction against an excessive concentration of economic work was beginning which was to culminate in 1958 when the slogan "politics in command" (cheng-chih kua-shuai) was given great prominence. The particular relationship between politics and economics had, however, long been a tenet of Leninism. See Lenin V.I. "Once Again on the Trade Unions, The Current Situation and the Mistakes of Trotsky and Bukharin" January 1921 Selected Works (1967) Moscow p 527 in which Lenin says: "...politics is a concentrated expression of economics.... ...Politics must take precedence over economics. To argue otherwise is to forget the ABC of Marxism".
119. Wu San Factory (op.cit) p 58 and p 81.
120. Such was the implication of Li Hsüeh-feng's attack on one-man management. Li Hsüeh-feng Speech to CCP 8th Congress 1956 (loc.cit)
121. Pfiffner and Sherwood (op.cit) p 336.
122. (ibid)

123. This process is discussed with reference to Stalin in Schapiro and Lewis: "The Role of the Monolithic Party under the Totalitarian Leader" in Lewis Party Leadership and Revolutionary Power in China University of Cambridge Press 1970 p 125.
124. Schurmann: Ideology and Organisation p 192 See discussion later in this chapter.
125. Dubin Robert "Power and Function" unpublished manuscript cited in Pfiffner and Sherwood (op.cit) p 337.
126. Pfiffner and Sherwood (op.cit) p 297.
127. An Tzu-wen: "Wei Hsiao-ch'u....." January 7th 1953 (loc.cit)
128. See for example Yin Ku (loc.cit).
129. Schurmann Ideology and Organisation p 192. This distinction is taken from Chou Fang: Wo-kuo Kuo-chia Chi-kou (The State Structures of Our Country) Peking 1955 (1st edn.) 1957 (2nd edn.) p 133.
130. Schurmann: Ideology and Organisation (op.cit) p 332, 337.
131. CKKCT CYWYH: Tung Pei chü: "Kuan-yü Tang tui Kuo-ying Ch'i-yeh Ling-tao ti Ch'ieh-i" May 1951 (loc.cit).
132. Tung Pei Jih-pao 3rd and 8th April 1950 reprinted in Shanghai Hsin-hua Shu-tien: Fan-tui Kuan-liao-chu-i (op.cit) pp 95-106.
133. (ibid)
134. Shanghai Hsin-hua Shu-tien: Fan-tui Kuan-liao-chu-i (op.cit) pp 3-9.
135. CKKCT CYWYH: Tung Pei chü "Kuan-yü Tang tui Kuo-ying Ch'i-yeh Ling-tao ti Ch'ieh-i" May 1951 (loc.cit)
136. Kao Kang: "Fan-tui T'an-wu T'ui-hua, Fan-tui Kuan-liao-chu-i" August 31st 1951 (loc.cit)
137. Wu San Factory (op.cit) p 80.
138. (ibid)
139. Li Hs'ieh-feng: Speech to CCP 8th Congress 1956 (loc.cit)
140. Schurmann: Ideology and Organisation ...pp 284-296.
141. See Crankshaw Edward: Khrushchev's Russia Penguin 1959 (reprinted 1963) p 69. Schapiro (op cit p 564) does not record any fundamental changes in Party composition in the first five years after Stalin's death but does note its completely changed relationship to Government and sees the Khrushchev-Malenkov dispute in this light (p 576). Except perhaps for the Kao Kang issue, the supremacy of the Party in China seems to have been unchallenged at the highest levels although at lower levels the party organisation was frequently eclipsed.

142. Li Cho-jen: "Tsai Tung Pei Kung K'uang Ch'i-yeh Hsüan-ch'uan Ku-tung Kung-tso Hui-i-shang ti Chiang-hua" ("Speech at the Work Conference on Agitprop Work in Industrial and Mining Enterprises in the NE") 26th May 1950 Tung Pei Jih-pao 3rd June 1950 reprinted in Shang-hai Tsung-kung-hui, Wen-chiao-pu (Shanghai General Labour Union Culture and Education Department): Kung-ch'ang-chung ti Hsüan-ch'uan Ku-tung Kung-tso (Agitprop Work in Factories) Shanghai Lao-tung Ch'u-pan-she October 1950 pp 7-13.
- 43-146. (ibid)
147. Liu Chih-ming : "Ch'i-yeh Hsüan-ch'uan Ku-tung Kung-tso-chung ti Chi-ko Wen-t'i" ("Several Questions on Agitprop Work in Enterprises") in Shang-hai Tsung-kung-hui, Wen-chiao-pu (op.cit) pp 14-24.
- 48-149. (ibid)
150. "Chia-ch'iang Kung-ch'ang Hsüan-ch'uan Ku-tung Kung-tso" ("Strengthen Agitprop Work in Factories") preface to Shang-hai Tsung-kung-hui, Wen-chiao-pu (op cit) pp 1-3.
This distinction is taken from Lenin V.I. What is to be Done (1902) in Selected Works Moscow 1967 pp 152-153. According to Lenin propaganda could be understood only by comparatively few persons whereas agitation was for the masses.
151. CKKCT CYWYH: "Kuan-yü tsai Ch'üan Tang Chien-li tui Jen-min Ch'üan-chung ti Hsüan-ch'uan-kang ti Ch'üeh-ting" ("Decision on the Establishment Throughout the Party of a Propaganda Network for the Popular Masses") 1st January 1951 JMJP 3rd January 1951 p 1.
- 52-155. (ibid)
156. NCNA Shenyang January 19th 1951 (CB 54 23rd January 1951 p 9)
157. NCNA 7th June 1951 (SCMP 112 June 8-9 1951 p 23)
158. NCNA Shenyang January 19th 1951 (CB 54 23rd January 1951 p9)
159. Wu San Factory p 35 and 68. Here two different reports give the figures for propagandists in the factory as 316 (+ 157 propaganda activists) (p 35) and 248 (+ 157 propaganda activists) (p 68). These two articles were probably written at different times but are undated.
Party membership was 9.2% in mid 1952 although the rapid employment of new personnel after the Three-Five Anti Movement reduced this ratio (p 74).
160. Gardner, John (loc.cit) p 501.
161. Wu San Factory p 68.
162. This figure is deduced from a statement by the labour union chairman that 2,400 people had participated in cultural classes. Since this figure probably included all blue collar workers and most white collar workers and also probably some workers who had left the factory (which might cancel out those white collar personnel who were not attending classes) a figure of 2-3,000 is perhaps a reasonable estimate. Wu San Factory p 50. It is also stated that there were 10 workshops each containing some 200 men (pp 64-65)

163. Shanghai Wan-yeh Shu-tien: Hui-ch'ang Pu-chih-fa (The Layout of a Meeting Hall) 20th May 1952 (1st edn.) 26th July 1952.
164. Kao Kang: "Chan tsai Tung Pei...." March 13 1950 (loc.cit) See chapter 1 Notes 78-79.
165. Wu San Factory (op.cit) p 73 The term used is "wen-hua hst'eh-hsi" which at least means literacy and at most means education.
166. Shang-hai Jen-min Kuang-po Tien-t'ai (Shanghai Peoples Radio): "Kuang-po shih Hst'an-ch'uan Ku-tung ti Yu-li Wu-ch'i" ("Broadcasting is a Powerful Weapon in Agitprop") in Shang-hai Tsung-kung-hui, Wen-chiao-pu : Kung-ch'ang-chung ti Hst'an-ch'uan Ku-tung Kung-tso pp 91-94.
167. Schurmann (Ideology and Organisation (op.cit) p 295) explains the atmosphere of that time in terms of strict adherence to policy but operational leeway. On criticism of detail see Chapter 6 note 91.
168. e.g. NCNA report on the Shenghai No 17 cotton mill (SWB 4th June 1969 and the various articles on Anshan (chapter 7 Note 20)
- 169., Engels' statement: "In place of administration by people there will come administration by things and leadership by productive processes" is discussed in Schurmann: Ideology and Organisation (op.cit) p 113.
170. See for example Barrington Moore Jr. Political Power and Social Theory New York: Harper Torch Books 1958 (1965) p 26.
171. This is discussed in Schurmann Ideology & Organisation (op.cit) p 424.
172. Mao Tse-tung: "Min-chu Chi-chung-chih" speech to 7000 cadre conference 1962 (loc.cit).

CHAPTER NINE THE LABOUR UNION BRANCH

In this chapter, we shall consider the role of the labour union organisation within state run industrial enterprises. Developments within the labour unions paralleled developments within the Party organisation. Consequently, some unions came under criticism in the period immediately following liberation for taking over more functions than those laid down by the Sixth Labour Conference of 1948. In the immediate post liberation period, however, very few union branches were actually in operation and, when union organisations were established over most of the country, they were held to be guilty of "bureaucratism", as they became bogged down in administrative detail. With the Party rectification movement of 1950, an attempt was made to redefine the functions of the unions both at a national level and within the enterprises and, as has been noted by Paul Harper, this led to a situation where unions came under attack for "economism" in 1951. The union rectification of that year merged into the Three Anti Movement, after which the unions reverted once again to their role of "tools of management", and this was to be the subject of renewed criticism in 1957.

In discussing the labour unions, I shall try not to duplicate the work of Paul Harper except in those areas where I disagree with him: nor will I talk about the very important welfare functions¹ undertaken by the unions during this period, since they relate only marginally to the problem of bureaucratism and democracy that are the major themes of this essay.

Union Membership

The Chinese Communist Party's conception of a labour union was that of an industrial union (ch'an-yeh kung-hui) rather than a craft union (chih-yeh kung-hui).² An enterprise union branch aimed at a total membership of all white and blue collar workers irrespective of job or trade, and excluded only those whom class status and counter-revolutionary activities disqualified.³ Such a composition is reflected in the term "staff and workers union" (chih-kung-hui), which many unions were initially called,⁴ though later the simple term "labour union" (kung-hui) came into wider usage. It was felt that the craft unions that existed in the days before liberation divided the work force and led to alienation between white and blue collar workers.⁵ The literature cites, with some justification but even more exaggeration, the fragmented work force in some British industrial units as an example of the pernicious nature of craft unions.⁶ Nevertheless, when the All China Federation of Labour (ACFL) (Chung Hua Ch'ian-kuo Tsung-kung-hui) (known in English after 1953 as the All China Federation of Trade Unions) was brought back to life in 1948 at the Sixth Labour Conference, it was mainly representatives of craft unions that attended.⁷ By 1950 ten national labour unions hierarchies were under construction,⁸ linked at lower levels by general labour unions (tsung-kung-hui).

Membership of a labour union was voluntary⁹ and, by 1952, 90% of all industrial workers had been enrolled.¹⁰ The main criterion for joining was "membership of the working class", which took no account of class origin (at least formally), and

a member of the working class was defined as anyone who derived his principal source of livelihood from hiring out his labour (mental or manual).¹¹ In the early years, this broad definition of "working class" led to a certain amount of confusion, as workers failed to understand the logic behind a senior manager being a member of the same union organisation as a part-time auxiliary worker purely on the grounds that they worked in the same enterprise,¹² or why a peasant who let his land in order to work in a factory should be a union member.¹³

The looseness of criteria for membership contributed to two phenomena which were considered to be highly detrimental to union development. Firstly, as we have seen, "feudal elements" such as gang bosses and runaway landlords were able to use their former influence and connections to be elected to union office, and secondly, as we shall see, union leadership was often monopolised by people who held concurrent management posts.

Formation of Union Branches

It is my impression that the line of demarcation between Party and union organisation in both the liberated and "white" areas in the period prior to liberation was not very clear. In the opinion of the reporter Chao Ch'ao-kou, who visited Yen-an in June and July 1944, the Party committee was the nucleus of the union organisation in the factories he visited,¹⁴ and an examination of the quite detailed material on the workers movement in Shanghai has led me to the tentative conclusion that the "red unions" in the white areas constituted a kind of outer party with no clear cut organisational or functional

distinction between the formal Party organisation and the formal union organisation.¹⁵

In the situation immediately following liberation where Party branches were able sometimes to usurp managerial authority, one might expect that the unions which were inextricably tied to the Party organisation would share in this process. Such a situation is suggested by Kao Kang in the following quote:-

"There have been people who have caused the labour unions to take over some aspects of the administrative work of FGMs. Everyone knows that this is wrong. The responsibilities and work of the labour unions are to unite and organise the broad masses of the workers, to educate them so that the whole body of the worker masses might understand their role as "master", to enhance their consciousness of labour discipline, to foster their activism and concern for production, to exchange experiences with one another, to learn production management and furthermore to work for the protection of the working class. If labour unions are turned into ordinary administrative organs, they will consequently stand as rivals to factory management. Parallel administrative organs will stand side by side and it is quite manifest that this will impede the establishment of systems of responsibility."¹⁶

It is impossible to say to what extent the above phenomenon was a result of confusion between Party and union organisations, and to what extent it resulted from the fact that union officers sometimes held concurrent management posts. Whichever was the case, I know of no instance where the FGM was concurrently labour union chairman. I have, furthermore, seen no account of exactly how labour union branches came to usurp the functions of management and can only suggest that this phenomenon was, like the similar phenomenon of Party usurpation of managerial position, a result of the importance of horizontal linkages

between local government, Party and union structures. In Tientsin, where the problem of left excesses was most serious prior to Liu Shao-ch'i's visit, labour union work was the direct responsibility of each group of five cadres who constituted a street government, and who tended to regard the labour unions in much the same way as Poor Peasant Associations in the rural sphere.¹⁷

Policy during the immediate post-liberation period demanded that labour union organisations be created from the basic (enterprise) level, both upwards¹⁸ and downwards.¹⁹ Thus, initially, municipal level and sub municipal level union organisations acquired an importance far greater than the national level organisation and enterprise level union branches were established before those at shop level, where other forms of "cell organisation" served as temporary union structures.²⁰ Where Party branches had survived the Civil War, these branches took the initiative in forming a union apparatus,²¹ and where there was no Party branch upon liberation, union formation was either postponed until such a branch was created or was established when cadres were sent down from municipal or lower levels of union organisation.²²

Liu Ch'ang-sheng, the Director of the East China and Shanghai offices of the ACFL, described the ideal steps to be taken in forming a union branch as follows.²³ First, a forum of activists was summoned by the Party committee or by cadres sent down by higher levels, and this forum elected backbone elements (ku-kan fen-tzu) who organised a conference of all workers. The conference discussed the establishment of a union

preparatory committee and "extensive ideological and political mobilisation took place". Activists were deputed to go down into every shop and department to solicit suggestions about the establishment of a union organisation, after which a conference (or, in the cases of large enterprises, a delegate meeting) was convened to propose a list of candidates for membership of the preparatory committee. Finally, a formal conference of all workers was held to vote on the list and to establish union organs to carry out day to day work. At municipal level, model union branches were selected and these formed the basis for the formation of future enterprise union branches.²⁴ Within the city of Shanghai in July 1949, unions existed at four levels - municipal general labour union, industrial unions (for each industry, enterprise union branches and union delegates at workshop level.²⁵ Eventually these shop delegates formed shop committees and union teams were elected, thus making a three level union organisation within the enterprise.

Enterprise union organisations were to fulfil five functions. Firstly, they were to serve a "transmission belt" function between Party and workers (kung-ch'an-tang yü kung-jen lien-hsi ch'i-lai ti p'i-tai) (sometimes yin-tai or niu-tai).²⁶ Secondly, they were to act as the legal representatives of the workers on joint committees, such as the factory management committee, and in drawing up collective contracts on their behalf. Thirdly, they were to serve as a liaison organisation between the workers and other mass organisations.²⁷ Fourthly, they were to share with the Party the task of educating the workers²⁸ and conducting propaganda. Finally, they were to work with the relevant welfare and wage departments of management to

ensure that the stipulations concerning wages and welfare laid down in the collective contracts were adhered to.²⁹ All five of these functions were important during the New Democratic Period, though, later, the last two functions were the only ones to be really significant. The first (Leninist) function, that of a "transmission belt", depended to a very large extent upon the particular functions the Party committee was serving in the enterprise at any given time. We have seen that Party secretaries and Party committees had the power to suspend union officers and call for re-election of union committees and, despite instances where at a national level the Union organisation was in a position to strive for independence from the Party, the union organisation at enterprise level was probably always subordinate to the Party organisation. Consequently, when Party branches within industry became "bureaucratic" and subordinate to management after the initial radical period following liberation, union committees were likewise affected.

"Tools of Management"

Paul Harper argues that the "traditional tendency of Chinese labour organisations to serve as tools of management had come to the fore in 1950".³⁰ He notes that the various strikes of late 1949, together with the economic crisis of March-June 1950, caused the Party to step in with a firm hand, "stressing compromise and ignoring class struggle". The increasingly conservative tendency in the policy and activities of the labour unions in the first half of 1950 was dictated by a need to restore production as soon as possible; this stress on compromise and a tendency towards conservatism was, Harper

feels, particularly noticeable in the private sector, but also common in the public sector.³¹

In using the term "traditional tendency", Harper confuses the nature of the "red" and "yellow" labour unions of pre-liberation days. Although the unions that were not led by the Communist Party during the pre-liberation days were not completely tools of government,³² they were subject to the jurisdiction of the Kuomintang Social Department (She-hui-pu), which was attacked by even the non-Communist "left" as an organisation concerned with training secret agents.³³ According to the Kuomintang government labour union law, membership of labour unions was compulsory and the unions were subject to control by local government, who had the power to dissolve them.³⁴ Such unions were basically control organisations (at least in practice) that were said to be infiltrated by agents of the Military Secret Service (Chün-t'ung-chü).³⁵ In their latter years they only mobilised the workers in connection with rooting out Communists (for example, they formed work protection units (hu-kung-tui)).³⁶ "Red" labour unions, on the other hand, were always mobilisation organs. The literature is full of examples of red unions initiating strikes, even at a time when there was formally peace between the Communist Party and the Kuomintang.³⁷ Harper cannot possibly be comparing the pre and post liberation "red labour unions" in talking of a traditional tendency to become tools of management. It is unlikely that he is talking about the "red labour unions" of the liberated areas, about which there is hardly any evidence, and what there is from the immediate post liberation period reveals an attitude markedly to the left of the Party centre.³⁸ If he is in fact comparing the

non-Communist unions of the "white areas" with the new post liberation unions, I would suggest that such a comparison is inappropriate, since they were different kinds of organisation.

Secondly, I would disagree with Harper that the spring of 1950 was particularly significant in establishing a conservative line. Such a line can be traced right back to December 1947, through Liu's Tientsin Talks of the spring of 1949;³⁹ throughout this period the Party was constantly stepping in with a firm hand,⁴⁰ and it was not until 1951 that the policy of mass mobilisation radically changed this situation in the urban sector. Thirdly, the strikes that occurred in late 1949 seem to have been largely in the private sector⁴¹ and to have been a continuation of the "left excesses" that date from long before Liu's Tientsin talks. Indeed, in the state sector in the spring of 1950, the atmosphere was, if anything, a little less conservative, in that it was felt appropriate at that time to carry out some measure of democratic reform in North China, during which time middle management of the Yang Ch'uan variety came under attack.⁴²

The tendency for labour unions to side with management was not so much due to any continuation of tradition as to the fact that union cadres often held concurrent management posts, that they were subject to repeated transfer, leaving their branches in the hands of inexperienced cadres, that they were probably too busy with the sheer paper work involved in establishing a union apparatus to give constructive criticism to management, and finally that, like the Party, they were too busy studying technology to be anything but compliant.

In an article on labour union organisation in Kirin province in March 1950, it was noted that in some enterprise union committees, the majority of members held concurrent management posts.⁴³ In the Shih Chü Tzu Copper Mine, for example, out of a labour union committee of six people, only two had no concurrent management post. In a match factory in the same province, a committee of seven contained only two members with no concurrent post. One labour union chairman held eight concurrent posts. In other places, workshop supervisors and one deputy Party secretary held union posts. There was a tendency to promote workers who had proven their ability in labour union work to managerial positions. In the Shih Chü Tzu Mine, for example, nineteen labour union cadres were promoted to managerial posts from the emulation drive of May 1949 to March 1950 (an average loss of two cadres per month), which deprived the union of any degree of continuity and any effective power.⁴⁴

The problem of transfer of cadres was made worse by the rapid expansion of industrial units as production was restored. During this process of expansion every effort was made to train large numbers of managerial personnel, for there was an unwillingness to rely for long upon retained personnel who, according to Kao Kang, were "only able to master relatively backward techniques".⁴⁵ In any case, there were insufficient retained technicians. Every means possible was used to bring forward new talent and the union became "a school for management".⁴⁶ We saw in chapter one that the participation of workers in management began to be interpreted more and more as training workers to become managers. By December 1950, 441 workers had been promoted to the rank of FGM in the North East,

484 to section chief and 2,247 to technician.⁴⁷ By April 1952, in the East China Region 7,962 people had been promoted to the rank of production management cadre, of whom 2,040 were to the level of FGM or deputy FGM.⁴⁸ At that time in the coal industry over the whole country 1,583 white and blue collar workers had been promoted to the rank of FGM Mine general manager or division chief (ch'u-chang).⁴⁹

In a situation where the unions provided a vehicle for promotion to management, a rapid turnover of union cadres was inevitable. The more able cadres would be creamed off into management or into the Party (if their talents were more political than managerial), leaving the less able and inexperienced in union jobs. It is not surprising therefore that in 1951 such cadres complained that they were only treated as "fourth class".⁵⁰ In a climate where Party and union cadres were enjoined to learn all about production and study technology, there is little wonder that the more inexperienced union cadres would tend not to oppose those who did know about such things. It was probably because of a desire not to hand union work over to completely inexperienced personnel that union cadres sometimes retained their posts after promotion to management, as in the Kirin examples, and this could only add to their inclination to serve the interests of management.

The problem of subordination to management was not simply caused by rapid promotion and the holding of concurrent posts. Union cadres were frequently moved around even when they held no concurrent management post. This led to a situation, condemned by Li Li-san in June 1950, where large numbers of cadres existed

in enterprise union organisations who had been sent in from the outside.⁵¹ Such cadres were no familiar with their new place of work, and were not the best people to represent the interests of the workers in discussions with management, much less act as a check to the arbitrary actions of FGMs.

Rapid transfer, and the holding of concurrent posts led to an alienation between union and workers which, as we have seen in the case of the Party, was described as "bureaucratism". Perhaps the most important contributory factor in such bureaucratism, however, was the sheer weight of paper work that union cadres were required to undertake. The following figures for the expansion of union membership can give one some idea of the paper work that must have been involved.

1948	1,448,228
1949	2,373,938
1950	4,904,408
1951	6,130,977
mid 1952	7,297,857 ⁵²
end of 1952	10,000,000 (approx) ⁵³

Investigation had to be carried out as to the class status of each applicant for union membership and labour insurance⁵⁴ and there was seldom time to do this adequately. Indeed, one of the explicit aims of Democratic Reform was to persuade workers to correct their initial applications.⁵⁵

The labour union law of June 1950 stipulated that the ratio of union cadres free from production work to total employees within industrial enterprises should be as follows:-⁵⁶

1 cadre for 200-500 white and blue collar workers

2 cadres for 501-1000 white and blue collar workers				
3 cadres for 1001-2500	"	"	"	"
4 cadres for 2501-4000	"	"	"	"

In addition to the process of registration, union cadres were required to attend training classes and cadre schools, to organise training classes and literacy classes for union members, to supervise the initiation of various welfare projects etc. It may well be that in this initial period the volume of work assigned to an inexperienced labour union cadre meant that he had time only to concentrate on the paper work assigned to him (for on this he would be immediately judged) and left his mass work unattended to. It would be very difficult indeed for a cadre in a large enterprise to keep his pulse on the opinions of up to 1000 workers.

Policy during this early period after liberation was to keep the number of full time union cadres to a minimum, and this was reflected in the labour union law. Many instances are cited of factories who employed too many union cadres, and official policy only permitted a large number of non-productive cadres during the period of initial registration.⁵⁷ After that period the problem remained of what to do with the cadres appointed to conduct that registration. They could be transferred, which added to the problem of "outside cadres" that I have mentioned above; they could be deprived of their union post (a most unlikely policy in the period following liberation), or they could remain where they were. In the Lung Feng Coal Mine in the North East, for example, they remained where they were. 63 full time cadres were employed for a labour force of 18,000, which gives a ratio of 1:280. This ratio was said to be a contributory factor in alienating the union cadres from the

masses.⁵⁸ Presumably just as too few union cadres meant that the burden of paper work was excessive, which resulted in bureaucratism, too many tended to produce a union elite which likewise was alienated from the masses.

The problem here was how to determine the optimum number of union cadres. The prescribed formula was to adhere to the stipulations of the labour union law, which kept full-time cadres to a minimum, and employ a large number of union activists who engaged in union work in their spare time. In this respect a model union organisation was the Plaster Works of the Far East Electronics Bureau in Talien, which had only two full time cadres (the branch chairman and secretary) for more than 1,100 workers, but a large number of activists who divided their union work into ten specialist committees.⁵⁹

Activists, however, required a certain degree of administrative skill to sit on the specialised committees (wages, welfare, etc.) and although there might have been sufficient material in Talien, such skill was at such a premium elsewhere that such activists would probably be offered management posts. It is the boast of some British trade unions that their shop stewards have as much managerial skill as line management. This situation is only possible when either skilled labour is in plentiful supply or where union work offers as much satisfaction as management work. Clearly, in a situation where almost all considerations were becoming subordinate to questions of production, a skilled activist would prefer to lead production himself rather than fulfil an auxiliary role in the

production process. A skilled activist would only be content with a union post if the tasks and goals of the union were quite different from management. If they were not, union cadres would remain "fourth class".

Union Rectification and "Economism"

By 1950 the union branches were considered to be guilty of "bureaucratism", which I have tried to argue was yet another result of the contradiction between policy and resources. Consequently, the Party rectification movement launched at the Third Plenum of the Seventh Central Committee in June 1950 was applied also to the labour unions,⁶⁰ and the process of union rectification proceeded under the leadership of the Party committee at the same level.⁶¹

In criticising "bureaucratism" the rectification movement sparked off a debate within the labour unions on the precise difference in function between Party, management and unions within the enterprise. Launching the discussion at the end of July 1950, Teng Tzu-hui, Vice Chairman of the Central South Finance and Economics Committee, castigated labour unions for alienation from the masses, which he felt was due directly to the fact that they had confused their functions with management. In that the workposts (kang-wei) and work tasks were different, there was surely some difference in "concrete standpoint" (li-ch'ang), even though their base standpoint was the same. It was the job of unions to see that the interests of the workers were not sacrificed to the goals of increasing production, though demands for increased benefits were to be based on greater productivity. Teng felt that the fact that so many union

branches lined up with management meant that secret agents could hide behind left slogans and incite the workers to oppose both management and unions. There was a tendency for union cadres to talk high-sounding phrases about the glorious future and long term benefits whilst ignoring the immediate demands of the workers. Some cadres had persuaded workers to take a cut in wages for the sake of long term benefits and this only increased alienation. In Teng's view, savings could be generated by other means, such as economising on raw materials and fuel. Though the thrust of Teng's argument was to oppose the stress on long term benefits at the expense of short term ones, he did point out the dangers of the opposite policy, which was to become the main concern in the second half of 1951.⁶²

In the debate which followed, constant reference was made to Teng's speech. What was particularly significant was his suggestion that there was a possibility that some differences in standpoint (li-ch'ang) could exist. In the terminology of the Chinese Communist Party, "standpoint" was a particularly important term. Although people's work tasks and attitudes (tai-tu) might differ, their standpoint was a reflection of their class position, and any acknowledgment that there was a difference in standpoint between workers and management called into the question the broad definition of the term "working class", which comprised all those who hired out their labour for money. Teng Tzu-hui was extremely cautious in speaking of a difference between "basic standpoint" (which was identical) and "concrete standpoint" (which reflected differences in work position), though some of the participants in the subsequent debate were much less cautious. Teng's report was said to be

instrumental in reforming union cadres in the private sector whose "arses were sitting on the wrong side" (p'i-ku tso-ts'o-le ti-fang),⁶³ but in the public sector the issues were much more complex. With the fifteenth issue of the ACFL journal, Chung-kuo Kung-jen, in April 1951, the whole issue of standpoint was thrown open for discussion. Chung-kuo Kung-jen launched a correspondence column entitled "Forum of the Question of the Labour Movement" (kung-yün wen-t'i t'ao-lun-hui), which was to discuss specifically the relationship of unions to management.⁶⁴ The first letter under this column was by a certain Li Nan-hsing, who declared that after Teng's report debate started in his union branch.⁶⁵ The majority of members agreed with Teng that the standpoint of unions and management was basically the same, though their different functions within the enterprise caused some concrete differences to appear. Some felt that management, as the representatives of the state, served the interests of the four officially approved classes in the New Democratic Period, whereas the unions were concerned with the interests only of the working class. Others felt that since standpoints were basically the same, management should devote more attention to the welfare of the workers and their short term interests.

Li's letter was highly theoretical and its function was to provoke a nation wide debate in which concrete examples of differences in standpoint and identity in standpoint could be compared. In the index to the next issue of Chung-kuo Kung-jen (May 24th 1951), however, under the heading of "Forum on the Question of the Labour Movement" was just the cryptic remark "temporarily suspended".⁶⁶ This was the last issue of Chung-kuo Kung-jen to be published in 1951 and the magazine did not appear

again until the height of the Three Anti Movement (January 1952) under a new title, Kung-jen, and with a new format. A new editorial committee of Chung-kuo Kung-jen had been established in December 1950 with Li Li-san as head,⁶⁷ and doubtless the disappearance of Chung-kuo Kung-jen was connected with the charges of "economism" made against Li Li-san in late 1951.⁶⁸ Until its suspension in May 1951, Chung-kuo Kung-jen reflected a policy which stressed the short term interests of the workers, and this inevitably had an effect upon the activities of union branches.

The labour union crisis of 1951 coincided with the "supplementary lesson in democratic reform", and we have already seen the inability of union branches to fulfil a leading role in that movement.⁶⁹ Greater specificity in collective contracts was designed as a method to link welfare with increased productivity and to prevent wage and welfare demands getting out of hand⁷⁰ (in much the same way as current British productivity deals), but it would appear that this peaceful method of dealing with the problem of "economism" was not very successful.

In a survey of labour union work in the North East in July 1951, Tung Pei Jih-pao observed that few union branches had made any serious effort to link welfare demands with increased productivity and there was rarely genuine co-operation between Party, management and labour unions.⁷¹ Over half of all union branches were considered to be fairly skillful in organising production competitions and mobilising workers to fulfil plans, but were unable to co-ordinate welfare demands and

productivity. Labour union branches were described as defective in organisation, unsystematic in work, as undemocratic and having poor relationships with Party and management. A number of cadres were just passive and were concerned solely with articulating the demands of workers and complaining about the difficulties in their realisation. Finally, as we have seen, there still remained at this time a number of "feudal elements" who had taken over union posts, though in the North East their numbers were small and were found mainly in the private sector. The following quote from the above article stands in direct contrast to the criticism that unions were excessively subordinate to management, made some twelve months before:-

"Lacking a full grasp of the basic principle that the improvement of workers livelihood and welfare should be based on increased production, basic level unions easily waver, become isolated or counterpose production and welfare. Deviations occur easily with the result that they either alienate themselves from the masses or just follow the masses to stand against management.....The unions have not done very well in organising the masses to unite with management in improving managerial work." ⁷²

By mid 1951 a number of cadres had switched from supporting to opposing management. The crisis of 1951 was not, as Harper suggests, mainly confined to the ACFL centre, ⁷³ as the above article makes clear, though there were several factors which made the problem of "economism" less serious at the lower levels than it might have been. Firstly, as we have seen, vertical links within the ACFL structure were quite weak, ⁷⁴ which meant that the "economist" line of the ACFL could not be transmitted down the union hierarchies very effectively, especially after the suspension of Chung-kuo Kung-jen (the line of the ACFL newspaper, Kung-jen Jih-pao, did not seem so markedly "economist"). Secondly, the problem of rapid transfer

of cadres was still important, as is shown by the following figures for length of experience in labour union work of cadres in 330 basic level union organisations in Shenyang:-⁷⁵

6 months experience	102 cadres
Over 1 year	81 cadres
1½ years	55 cadres
Over 2 years	4 cadres.

The fact that only four cadres remained in union work within the enterprises since mid 1949 suggests one of two things. Either former union cadres had been promoted to higher level union posts which, according to the literature of the time, cut them off from contact with the lower levels,⁷⁶ or they had been promoted to Party and management posts, which was not likely to lead to unions taking a very constant stand against Party and management.

It is completely impossible to determine to what extent the rectification movement of labour unions that took place in the second half of 1951 was due to "economism", "bureaucratism", or the persistence of "feudal elements". The movement was extremely thorough. In Shanghai, for example, during the months of August and September 1951, 530 branches out of a possible 1,199 branches with over 100 members completely re-elected their branch union committee.⁷⁷ The problem of bureaucratism cannot be documented adequately because it was not until early 1953 that the full dimensions of the crisis were published.⁷⁸ Key documents such as Li Fu-ch'un's report to the Party fraction (Tang-tsu) in the ACFL in December 1951, entitled "Divergent Opinions on the Question of Labour Union Work", which attacked the ACFL leadership for advocating labour union operational

autonomy, have not been published.⁷⁹ The official (1953) comment on the proceedings of late 1951 was that the majority of cadres had not followed the erroneous "economist" line in the labour unions,⁸⁰ but it should be remembered that the official comment was published after the Three Anti Movement when many labour union cadres were found to be "impure".

At the height of the Three Anti Movement on 7th January 1952, the ACFL convened a conference of labour union working personnel aimed at mobilising union cadres to participate in leading the Three Anti Movement. The conference concerned itself mainly with the persistence of bourgeois and petty bourgeois ideology at higher levels in the union organisation and Li Li-san himself commented on the fact that higher level union officers rarely talked to labour union cadres at enterprise level. Li noted that the lack of working class thought among union cadres was due to bad leadership and called upon every labour union cadre to make a self examination.⁸¹

As we have seen, one manifestation of the result of the "yamen mentality"⁸² at higher levels of union organisation was that lower level union cadres considered themselves to be "fourth class",⁸³ and one of the aims of the Three Anti Movement was to correct this over-concern for status on the part of union cadres and to "give union cadres a bath".⁸⁴ Cadres were warned that unless this concern for status was ended, the nature of the unions would undergo a fundamental change.⁸⁵ This, however, was an old problem which was noted by Liu Shao-ch'i in 1949,⁸⁶ was noted again in 1957 by Li Hsiu-jen, Deputy Director of the ACFTU

General Office,⁸⁷ was probably due to the fact that the union was a training ground for Party members and a "school for management".

In many ways the labour union crisis of 1951 was similar to the Soviet Union crisis of 1920-21,⁸⁸ and there were similarities between Tomsy and Li Li-san. Both the Chinese "economists" and the Soviet "workers opposition" saw the role of the unions in some way independent from the Party and in both cases the battle was fought out at higher levels within the Party. The differences are, however, more striking. In the Soviet case, the workers opposition often entered into dispute with peasant organisations, which was not the case in China. The Soviet crisis took place in a country exhausted by years of civil war when morale was low, whereas in China the civil war was long over and morale was soaring. In the Soviet Union the Workers Opposition advocated the transfer of control over industry to the unions (for which crime in China Liu Shao-ch'i was subsequently charged).⁸⁹ There is no evidence, however, that such a programme was put forward in China in 1951, nor were there any demands in China for a purge of intellectuals within the Party in 1951. In the Soviet Union the whole debate was aired publically in the press, whereas in China the principal journal carrying accounts of the debate was suspended. In the Soviet Union the crisis took place before the stress on Party discipline following the Kronstadt mutiny, and the stress on Party discipline was partly a result of that crisis. In China the stress on tight Party discipline not only preceded the crisis, but the anti-bureaucratic theme of the 1950 rectification campaign actually contributed to the tendency for

the unions to seek autonomy. In China the crisis took place in an atmosphere of growing centralism of economic administration (even though the Three Anti Movement strengthened horizontal linkages for a time). In the Soviet Union the crisis originated from an opposition to economic centralisation, but took place just before the NEP.

The Role of the Union Branch after the Three Anti Movement -
The Wu San Model

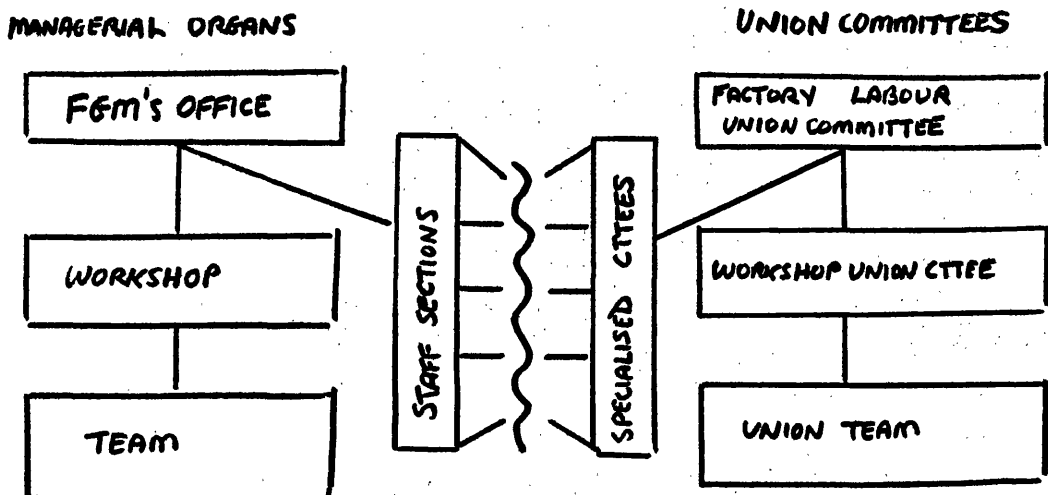
The Three Anti Movement was Party led and, as we have seen, took as one of its targets "bureaucratism" and "economism" in labour union branches. The Five Anti Movement, on the other hand, which is not discussed here per se because it constituted an extension of the Three Anti Movement into the private sector, was able to assign a very important role to the unions in the struggle with unreformed capitalist elements.⁹⁰

In the public sector, we saw that after mid 1952 there was an increasing tendency to relate everything to matters of production. Indeed, the union branch at the Wu San Factory was praised precisely because in all its activities it "took production as its central point of reference".⁹¹ In such a situation any discussion of differences in standpoint between management and labour union was precluded. The main function of the union was to ensure adherence to the terms of the collective contract and team compacts, to make provisions for patriotic cultural (literacy) and technical education, to foster rationalisation proposals and check up on their implementation, to organise labour competitions, to aid the Party in propaganda work, to help management in welfare and safety work, to organise

the ratification of bonus payments, and to conduct research into technical problems.⁹²

Of all these functions, the educative/propaganda function was perhaps the most important, and in performing this the union seemed not to serve the function of "transmission belt" between Party and workers but between management and workers. At the Wu San Factory for example, the union branch was required to study each document or directive sent down by higher levels of economic administration⁹³ as well as documents from higher level union and Party structures. Joint discussions were held between management and the heads of each labour union team regarding the political and economic significance of such documents and how to implement them within the shops and teams. The union was then entrusted with the task of communicating the conclusions to the workers (and if need be to visit their homes).⁹⁴

In accordance with the policy of relating everything to the production principle, efforts were made to create parallel union structures, not only for line organisation but for staff bodies also. For example, the enterprise wage section would be paralleled by a union wage committee. (See figure 14).



In the early period when functional patterns of control were more common, not only was there overlap between management personnel in staff organs and union personnel in parallel union committees, but such committees might issue instructions directly to the shop floor without informing any union structure attached to the line.⁹⁵ For example, the Cultural Committee at the Wu San Factory directed culture and education work at team level, often without informing the labour union chairman.⁹⁶ As the staff-line systems of command were strengthened after the Three Anti Movement, the "one man" principle was applied to union work also. Henceforward specialist union committees could only issue advice to the factory union committee, who exercised direct leadership over the shops and teams.⁹⁷ In the case of routine work, such as directing regular training classes, each specialist committee was required to draft a plan for the approval of factory committee and shop committees specifying the scope of functional direction.⁹⁸ Thus the adoption of staff-line systems of management was reinforced by the organisation of the labour union with the consequent attenuation of channels of command and the growth in the number of plans and restrictions imposed upon union committees.

The whole process of union work in industrial enterprises became highly formalised. The model Wu San Factory worked out a very complex meeting schedule, specifying not only when general meetings were to be held but the scope of the agenda for standing committee meetings for each of its thrice weekly meetings. Detailed provisions were laid down for the convocation of "head knocking sessions" at factory and shop level. Provision was made for the inspection of the diaries of

shop committee chairmen and heads of union teams which contained production records and a summary of the problems confronting particular union members, and a detailed curriculum for evening study was established.⁹⁹

In the mass of committees that were exemplified in the model Wu San Factory, the role of the factory management committee had shrunk considerably. I have seen very few accounts of the existence of such committees after the conclusion of the Three and Five Anti Movements. Indeed, the account dealing with the Wu San Factory is the last account I have seen that mentions the existence of a factory management committee. By that time the committee seemed solely concerned with matters of production and planning. Its great virtue was held to be its role in coordinating the work of Party, management, union and Youth League, which was exactly the same function as the weekly factory level head knocking session of FGM, Party Secretary and labour union chairman.¹⁰⁰ In the various articles praising the achievements of the Wu San Factory, scant reference is made to the actual activities of the factory management committee and far more attention is given to the factory level head knocking sessions, the membership of which might be enlarged to include members of relevant staff sections and appropriate union specialist union committees. I can only conclude therefore that all that was left of the factory management committee were these "head knocking sessions", enlarged to include a few union delegates who had no official position.

After mid 1952, managerial initiative was stressed in all matters that required consultation. Cadres were urged to give

weight to the opinions of the labour union but "not to lean excessively on it".¹⁰¹ When drawing up the collective contract at the Wu San Factory, for example, there was no longer any joint discussion of the collective contract, but both sides prepared a draft and after discussion and amendment the union draft was to supplement the draft of management.¹⁰² There can be no doubt which draft carried the greater weight.

Conclusion

Enterprise union branches were affected by the same process that eroded the power of the Party branches during the New Democratic Period. In the immediate post liberation situation, unions were able to take on functions beyond those prescribed for them, in much the same way as some Party branches usurped managerial functions. In the period which followed, unions became tied down with bureaucratic detail, and this situation was made worse by the rapid transfer and promotion of the most skilled union cadres. The re-examination of the role of unions during the rectification movement of 1950-1 led to the phenomenon of "economism", which placed unions at odds with not only management but also the Party organisation. During the Three Anti Movement, therefore, the economist tendency of labour unions came under sharp attack from the Party, which itself lost power at the basic levels after that movement. On the face of it this would seem to be a repetition of the Soviet process described by the historian E.H. Carr, where the Soviet Party swallowed up the unions and was itself devoured by the state.¹⁰³ In fact, it was not that simple. We have seen in the preceding chapter that the Party was not really swallowed up but was

merely eclipsed, and was quite capable of assuming a leading role once again in 1958. Similarly, the same cycle of union orientation during the period prior and during the Three Anti Movement was repeated in 1957-8.¹⁰⁴ At that time unions were accused of being tools of management and, reacting to this, they became once again guilty of "economism". This was rooted out in the prelude to another mass movement of massive dimensions (the Great Leap Forward). One is tempted to look at the Cultural Revolution in much the same light, except that there the Party and unions tended to unite at the basic level, with the result that the dismantling of the Party apparatus was accompanied by a dismantling of the union apparatus.¹⁰⁵ To date, the restructuring of the Party has not resulted in the restructuring of the labour unions. They appear to be non-existent, and their welfare functions exercised by subdivisions of a latter day equivalent of the factory management committee.¹⁰⁶

NOTES TO CHAPTER NINE

1. See Kallgren (loc.cit)
2. For a brief discussion of the "industrial" nature of labour unions see Shang-hai Tsung-kung-hui, Wen-chiao-pu (Shanghai General Labour Union, Culture and Education Department): Ch'üan-kuo Kung-hui Kung-tso Hui-i (T'ie-chi) (All China Conference on Labour Union Work (Special Edition)) Shanghai Lao-tung Ch'u-pan-she June 1950 especially report by Liu Ch'ang-sheng: "Kuan-yü Kung-hui Kung-tso" ("On labour Union Work") pp 21-31.
3. The total nature of labour union membership and the abolition of craft union is succinctly stated in the following quotation:-
 "Any membership restrictions based on political trend, the degree of political consciousness, sectarianism and exclusionism for the benefit of individual trades must be abolished".
Chung-hua Ch'üan-kuo Tsung-kung-hui: "I-nien-lai ti Kung-tso Pao-kao" May 1st 1950 (loc.cit)
4. e.g. see Appendix 2.
5. Liu Ch'ang-sheng: "Kuan-yü Kung-hui Kung-tso" (loc.cit)
6. KJJP She : "One Hundred Questions" (op.cit) Question 21 pp18-19
7. Harper (loc.cit) p 90.
8. On the formation of these national unions see CKKJ 1950 where the formation of each national union is discussed. See also Harper (loc.cit) p 91.
9. Liu Ch'ang-sheng: "Kuan-yü Kung-hui Kung-tso" (loc.cit).
10. Chung-hua Ch'üan-kuo Tsung-kung-hui, Wu-i Wai-pin Chao-tai Wei-yüan-hui (ACFL Reception Committee for Foreign Guests Visiting China on May 1st): Chieh-fang-le ti Chung-kuo Kung-jen (The Liberated Chinese Workers) Peking: Kung-jen Ch'u-pan-she August 1952 3rd ptg. (1st ptg April 1952) p 4.
11. Chung-hua Ch'üan-kuo Tsung-kung-hui: "Kuan-yü Hui-yüan Wen-t'i ti Ch'ieh-ting (ts'ao-an)" ("Draft Decision in the Question of Membership") 9th August 1949 in Shanghai Materials pp 175-177
12. KJJP She : "One Hundred Questions" (op.cit) pp 25-31. Even the FGM in public enterprises could join the labour union.
13. (ibid) p 2 (Question 3 also section 4 p 25)
14. Chao Ch'ao-kou: Yen-an I-yüeh (One Month in Yen-an) 2nd edn. Nanking Hsin Min Pao February 1946 p 202.
15. Liu Ch'ang-sheng: (ed); Chung-kuo Kung-ch'an-tang yü Shang-hai Kung-jen (op.cit) and Shanghai Materials (op.cit)
16. Kao Kang: "Chan tsai Tung Pei Ching-chi Chien-she ti Tsui Ch'ien-mien" March 13th 1950 (loc.cit)
17. See Lieberthal (loc.cit) p 511.

18. i.e. local union structures should be incorporated into the ACFL before national unions were organised on an industrial basis.
Li Li-san: "Kuan-yü Chung-hua Ch'üan-kuo Tsung-kung-hui Chang-cheng" ("On the Charter of ACFL") 25th August 1948 (report of his speech) in Chieh-fang-she: Chung-kuo Chih-kung Yün-tung ti Tang-ch'ien Jen-wu (op.cit) pp 33-34.
19. i.e. enterprise level union organisation should be set up before lower levels (see chapter 1 - the case of the Ment'oukou colliery and also the Tientsin Third Textile Mill) See also KJJP She : "One Hundred Questions....." p 21 Question 24.
20. See chapter 1 Note 102.
21. See chapter 1 Note 56.
22. Liu Ch'ang-sheng: "Kuan-yü Kung-hui Kung-tso" (loc.cit). In Shanghai the municipal general labour union was charged with the task of sending down cadres to supervise union formation at enterprise level.
23. (ibid)
24. (ibid)
25. (ibid)
26. This is discussed with reference to Lenin in Harper (loc.cit) pp 85-89.
27. Liu Ch'ang-sheng: "Kuan-yü Kung-hui Kung-tso" (loc.cit)
28. Wu San Factory (op.cit) p 69.
29. Wu San Factory (op.cit) p 50.
30. Harper (loc.cit) p 91.
31. (ibid) p 92.
32. Barnett: China on the Eve of Communist Takeover (op.cit) p 76.
33. Chu Hst'eh-fan: "Kuan-yü Kuo-min-tang T'ung-chih-ch'ü ti Chih-kung Yün-tung" (loc.cit).
34. Clauses 5, 12 and 43 cited in Chu Hst'eh-fan (loc.cit)
35. Chu Hst'eh-fan (loc.cit) See also Chang Li-chih (loc.cit)
36. Chu Hst'eh-fan (loc.cit).
37. (ibid) and most of the essays in Liu Ch'ang-sheng: Chung-kuo Kung-ch'an-tang yü Shang-hai Kung-jen (op.cit) discuss these strikes.
38. e.g. Lieberthal (loc.cit) p 511-512.
- 39.a See chapter 1. Explicit reference is made to the authoritative nature of Liu's Tientsin Talks in Chung-hua Tsung-kung-hui: "I-nien-lai ti Kung-tso Pao-kao" May 1st 1950 (loc.cit)
- 39.b. e.g. Liu at Tientsin.
40. See chapters 2 and 8.

41. Of the four articles cited by Harper as evidence of disruption, two refer to disruption in the private sector (KJJP editorial 1st January 1951 and SCMP 136 1951 pp 11-12). The other two discuss economism at length but make no mention of strikes (KJJP 11th February 1953 and Lai Jo-yü's report to the 7th Labour Conference (loc.cit)).
42. See chapter 2.
43. Han Yi and Wu Tung-min: "Chi-lin-sheng Tsung-kung-hui ti Tsu-chih Kung-tso" ("The Organisational Work of the Kirin General Labour Union") CKKJ No 2 March 15th 1950 p 38.
44. (ibid)
45. Kao Kang: "Ying-chieh Ching-chi Chien-she ti Hsin Shih-ch'i" ("Usher in the New Period of Economic Construction") JMJP 1st October 1952 reprinted in Hsin-hua Yüeh-pao No 36 (October 1952) pp 7-10
46. CKKCT CYWYH Tung Pei chü : "Kuan-yü Tang tui Kuo-ying Chi-yeh Ling-tao ti Chüeh-i" May 1951 (loc.cit).
47. Shanghai Ta Kung Pao (November 1950 - February 1951) collected and translated in CB 108 August 20th 1951 p 40.
48. Chung-hua Ch'üan-kuo Tsung-kung-hui, Wu-i Wai-pin Chao-tai Wei-yüan-hui: Chieh-fang-le ti Chung-kuo Kung-jen (op.cit) pp 5-6.
49. (ibid)
50. KJJP 11th January 1952: "Kung-hui Kan-pu shih Ssu-teng Kan-pu ma?" ("Are Labour Union Cadres Fourth Class?") The first three classes were 1. Party cadres 2. Government cadres 3. Engineers.
Liu Shao-ch'i : "Report on Labour Union Work...."
In the Wu San Factory cadres considered themselves only "third class", though I am not sure which species of cadre was omitted (Wu San Factory pp 119-121).
51. Li Li-san: "Kuan-yü Chung-hua Jen-min Kung-ho-kuo Kung-hui-fa Ts'ao-an ti Chi-tien Shuo-ming" ("Explanation of Some Points in the Draft Labour Union Law of the Chinese Peoples Republic") 29th June 1950 in Cheng-wu-yüan, Ts'ai-cheng Ching-chi Wei-yüan-hui: Compendium Vol 1 pt 2 (op.cit) pp 655-664.
52. Chung-hua Ch'üan-kuo Tsung-kung-hui, Wu-i Wai-pin Chao-tai Wei-yüan-hui: Chieh-fang-le ti Chung-kuo Kung-jen p 4.
53. Hsin-hua-she 10th February 1953: "Chung-hua Tsung-kung-hui Chao-k'ai Liu-chieh Erh-tz'u Chih-hsing Wei-yüan-hui K'uo-ta Hui-i" ("ACFL Convenes an Enlarged Second Session of the 6th Executive Committee") KJJP 11th February 1953 p 1. Speech by Hsü Chih-chen (January 29th 1953). Hsü announced that over 90% of all industrial workers had joined unions.
54. See chapter 2 notes 48-49 and 80.
55. (ibid)

56. Chung-yang Jen-min Cheng-fu Wei-yüan-hui (Central Peoples Government Committee) (passed at 8th session): "Chung-hua Jen-min Kung-ho-kuo Kung-hui-fa" ("Labour Union Law of the Chinese Peoples Republic") promulgated June 28th 1950 CKKJ Vol 1 No 6 15th July 1950 pp 1-5.
57. Li Li-san: "Kuan-yü Chung-hua Jen-min Kung-ho-kuo Kung-hui-fa Ts'ao-an ti Chi-tien Shuo-ming" (Loc.cit).
58. (ibid)
59. (ibid)
60. See chapter 8 and Chung-hua Ch'üan-kuo Tsung-kung-hui: "Cheng-tun Kung-hui Tsu-chih yü Kung-hui Kan-pu ti Kung-tso Tso-feng" (loc.cit)
61. (ibid)
62. Teng Tzu-hui: "Kuan-yü Kung-hui Kung-tso-chung ti San-ko Chi-pen Wen-t'i" ("On the Three Basic Questions in Labour Union Work") report to enlarged meeting of preparatory committee for labour unions in the Central South Region July 30th 1950 CKKJ No 8. September 1950 pp 1-5.
63. CKKJ No 15 April 1951 p 36: "Kung-hui Ying-kai Chan tsai Tsen-yang ti Li-ch'ang-shang" ("What Kind of Standpoint Should the Labour Unions Take").
64. (ibid)
65. (ibid)
66. CKKJ No 16 24th May 1951 Index.
67. Harper (loc.cit) p 91.
68. (ibid) pp 95-96.
69. See chapter 2.
70. See chapter 7.
71. Tung Pei Jih-pao: "Tung Pei Kung-hui Kung-tso Hsü Chin-i-pu Chia-ch'iang" ("Labour Union Work in the North East Should be Further Strengthened") JMJP 9th July 1951 p 2.
72. (ibid)
73. Harper (loc.cit) p 96.
74. See also Harper (loc.cit) p 96.
75. Tung Pei Jih-pao: "Tung Pei Kung-hui Kung-tso....."(loc.cit)
76. Harper (loc.cit) p 96.
77. Shanghai: Chieh-fang Jih-pao September 24th 1951 (SCMP 185 September 30th 1951 p 15)
The figure for the preceding month was 307 (Chieh-fang Jih-pao September 2nd 1951 SCMP 169 September 7-8 1951 p 32)

77. This followed a directive of the Shanghai General Labour Union "On the Re-election of Basic Level Labour Union Organisations". Labour union teams were reorganised according to production criteria. This process was linked with Democratic Reform since some of the old labour union officials were found to be counter-revolutionary elements.
- T'ao Chih-ch'üan: "Shang-hai Ko Kung-hui Chi-ts'eng Tsu-chih Ch'ung-fen Fa-yang Min-chu P'u-pien Chin-hsing Kai-hsüan" (Each Basic Level Labour Union Organisation in Shanghai Amply Promotes Democracy and Carries out Universal Re-election) KJJP 3rd November 1951.
- For further detail on the re-elections in Shanghai see: Shanghai: Lao-tung Ch'u-pan-she : Shang-hai Kung-hui Chi-ts'eng Tsu-chih Kai-hsüan Kung-tso Tien-ti Ching-yen (Focal Point Experiences of Re-election of Basic Level Labour Union Organisations in Shanghai) October 1951 88 pp.
78. KJJP 11th February 1953 p 1: "Kuan-ch'e Ch'üan-kuo Tsung-kung-hui Liu-chieh Erh-tz'u Chih-wei K'uo-ta Hui-i ti Ch'üeh-i: Chi-chi Ying-chieh Ti Ch'i-tz'u Ch'üan-kuo Lao-tung Ta-hui" ("Implement the Resolution of the Enlarged Second Session of the ACFL 6th Executive Committee: Actively Greet the 7th All China Labour Conference" KJJP 11th February 1953 p 1.
79. Li Fu-ch'un : "Tsai Kung-hui Kung-tso Wen-t'i-shang ti Fen-ch'i" ("Divergent Opinions on the Question of Labour Union Work") report to Party fraction in ACFL December 1951. (unavailable).
80. KJJP 11th February 1953 p 1: "Kuan-ch'e....."
See also Harper (loc.cit) p 96.
81. KJJP 9th January 1952 : "Chin-i-pu Chan-k'ai ho Fei-kung-jen-chieh-chi Ssu-hsiang ti Chan-tou" ("Advance One Stage Further in the Struggle Against Non-working-class Thought").
82. KJJP 9th January 1952: "Wa-ch'üeh Fei-kung-jen-chieh-chi ti Ssu-hsiang; Ta-chia lai Hsi-tsao" ("Root Out Non-working-class Thought; Everyone Take a Bath").
83. KJJP 11th January 1952: "Kung-hui Kan-pu shih Ssu-teng Kan-pu ma?"
84. KJJP 9th January 1952: "Wa-ch'üeh....."
85. KJJP 11th January 1952: "Kung-hui Kan-pu....."
86. Liu Shao-ch'i: "Report on Labour Union Work...." 1949 (loc.cit) At Tientsin Liu went to great pains to assure union cadres that they were not regarded as third or fourth class but first class and demanded that the strongest cadres should undertake union work.
87. Li Hsiu-jen: "8,000 li Hurried Tour of Inspection" report on inspection of 10 cities along the Peking-Canton Railway KJJP 9th May 1957 in JPRS 665 (summary) pp 33-36.
88. See Carr: The Bolshevik Revolution Vol 1 (op.cit) pp 202-219
89. ACFTU Proletarian Revolutionaries: "The Struggle Between the Two Lines in China's Trade Union Movement" Peking Review No 26 June 28th 1968 pp 17-21

90. The role of the unions in the Five Anti Movement is discussed in Gardner (loc.cit).
91. Wu San Factory (op.cit) p 1.
92. Wu San Factory (op.cit) pp 43-45
93. Wu San Factory (op.cit) pp 47-8.
94. (ibid)
95. Wu San Factory (op.cit) pp 48-9
96. (ibid)
97. (ibid)
98. (ibid)
99. Wu San Factory (op.cit) p 50.
100. (ibid) and p 86-93.
101. Wu San Factory (op.cit) p 93.
102. (ibid)
103. Carr (op.cit) Vol I p 219.
104. See Harper (loc.cit) pp 99-114.
105. Since the final suspension of KJJP on 31st March 1967, news about labour unions in China has been very sparse. I am informed by recent visitors to China that no union organisation exists at enterprise level and the welfare functions of the unions have been taken over by delegates of the factory revolutionary committees (personal information given me by members of visiting groups organised by the Society for Anglo Chinese Understanding).
106. Personal information from SACU visitors.

CONCLUSION

The Contradiction Between Policy and Resources

The one theme that runs through this essay is the contradiction between policy and resources. Such a contradiction was apparent in 1942 when Mao called for the introduction of khozraschët and progressive piecework systems¹ in a situation where the economy was only partially a monetary one.² In our period of study, it has been apparent that the Soviet model of organisation could not be implemented in its entirety so long as there were not enough competent foremen to make staff-line systems of command a realistic possibility, so long as there were not enough competent personnel to attach to various points on the line and so long as the movement to root out gang bosses was only partially implemented. The Soviet model of incentive could not be implemented so long as there were insufficient criteria for evaluating the political qualities of line management and so long as piecework systems of remuneration could not be backed up by an educational programme that made the establishment of higher norms a desirable goal for the workers. The Soviet model of planning could not be implemented fully when there were considerable supply problems and when there were wide cost disparities between sections of the same industry.

At the root of this contradiction between policy and resources was the problem of education. The functions of factory management committees could not be fulfilled effectively so long as the level of political education of management was so low that they held the workers in contempt and so long as the level of technical and political education of the workers was so low that

they did not earn the confidence of management. Democratic Reform could not be successful so long as there remained a confusion between gang bosses and skilled workers. The establishment of staff-line systems of command could not be undertaken effectively so long as it was necessary to maintain lines of functional supervision to compensate for the low level of education of junior line management. The establishment of complex technical norms and systems of piecework payment could not proceed if workers did not understand them adequately. The participation of workers in planning was frustrated by a lack of knowledge of the technical factors in that process, as was the incorporation of planned targets into collective and other contracts. The propaganda function of the Party and unions could only be as effective as was permitted by the literacy level of lower level propagandists, and union cadres would remain "fourth class" so long as the more educated and politically conscious of their number were creamed off into other organisations.

Selection and Creation in the Education Process

In this early period China was faced with a limited amount of skilled and conscious personnel, but this situation was gradually improved by a rapid training programme and by 1953 various movements could be launched to implement the prescribed policies more closely. The emphasis in this period seems in practice to have been on the selection of competent personnel, in marked contrast to the emphasis during the Great Leap Forward and Cultural Revolution, where one may interpret the ideological approach to education as being concerned with the creation of personnel by first changing the environment in which education

was carried on. The contradiction between a selective and creative approach was most marked in our period of study in the role of the factory management committees and the labour unions. The literature seems to imply that one of the prime functions of the management committees and of the labour unions was to create workers who were competent in managerial skills and yet in practice they were frequently used to select the most competent to become managers.

Which Soviet Model?

The problem of implementing Soviet patterns of organisation and incentive was not just one of a contradiction between policy and resources, but also of clarity in specifying the model. Some of the institutions adopted during this early period belonged not to the Soviet model of the late 1940s, but to the Soviet Union of a much earlier period. However much the Chinese literature of the time condemned the "parliamentary system" of management, the formal structure of management committees bore a striking resemblance to those forms of management organisation long discarded in the Soviet Union. The literature of the early 1950s went to great pains to point out that the "responsibility system" was not in contradiction to the "democratisation of management"; nor indeed need it have been, so long as responsibility was defined as specificity of function and the fulfillment of specific work tasks. Nevertheless, as we have seen, right from the New Record Movement of 1949, there was a tendency to regard the "responsibility system" and "one man management" as one and the same thing and, in the provisions of 1953, I see no essential difference between the system of "sole responsibility by the FGM" and "one man management". In such a situation, the factory

management committees could not but be relatively ineffective.

Conflict Resolution and Conflict Development

In this essay, considerable attention has been paid to the loci of tension within industrial enterprises. Much of this tension has been subsumed under the rubric "bureaucratism". We have seen that tension might exist between FGM and management committee, between "feudal" and non-feudal line management, between union and management, union and Party and even between model workers shorn of their prestige and ordinary workers. It was the function of the Party organisation to root out "feudal remnants" and to lessen tension between all the various personnel and organisational structures within the enterprise. This was to be effected, however, in an atmosphere that was not always directed towards conflict resolution. In fact, during the Democratic Reform Movement and the Three Anti Movement, the stress was on creative conflict development. We have seen the dilemmas faced by a leadership that was instructed to unite with skilled workers and technicians and yet struggle against gang bosses who were themselves considered by many to be "skilled workers". It is the hallmark of Mao Tse-tung's approach to unity that unity is fostered in struggle. The many are united to struggle against the few and the product of that struggle is a new and higher stage of unity.³ Such an approach is only possible once the "enemy" at any given stage is clearly defined. In a situation where Soviet patterns of organisation were superimposed upon existing forms of organisation, the targets may have been obscured.

The Three Anti Movement, which occupies the mid point in our period of study, is of particular importance in that it sought to define most clearly the targets that the earlier mild period had obscured and, in doing so, represented a partial reversal in the process of Sovietisation. The strengthening of horizontal links and the growth in power of the Party organisation within the enterprise was, however, a temporary phenomenon and the removal of corrupt elements probably facilitated the imposition of Soviet organisational forms after that movement. There can be no doubt that the Three Anti Movement was seen as a step in the direction of implementing the Soviet model, though what is interesting is that the mechanisms used and procedures adopted were more in keeping with the spirit of 1942, which led to the policy of "unified leadership and divided operations", and was a far cry from the stipulations of the Soviet model.⁴

Models of Rationality

In chapter three, I suggested that the hierarchy of ends and values against which rationality could be measured was laid down by the Soviet model, and that such a hierarchy of ends and values contained elements that were not only contradictory in a Chinese context (such as between staff-line systems and basic-level control), but which were also inherently contradictory (such as the provision of a complex set of a success indicators in a system where managerial performance was overwhelmingly determined by gross output). What has been of particular relevance to our discussion is not just the contradictory nature of elements of the Soviet model in a Chinese context, not just its inherent contradictions, but its contradiction with values

which stemmed from a completely different organisational milieu and which continued to exercise an important influence in the New Democratic Period. We have seen, for example, the persistence of "egalitarianism" and the functional intervention of the Party organisation, which stemmed from the rural-military tradition of the Chinese Communist Party and which gained currency again during the Great Leap Forward.

It would be only a partial explanation of the events of 1958 that concentrated solely on the Yen-an heritage. In the last two or three years some social scientists have attempted to examine the values of the Great Leap Forward and Cultural Revolution in a more universalistic context.⁵ It would be extremely rash at this point to posit an alternative model of rationality, because at no point was such a model put forward with so much specificity as the Soviet model in the early 1950s and even in Yen-an days, elements of Soviet organisational forms and Soviet views on incentive⁶ were mixed with traditional values and views determined by the exigencies of the situation. However rash it might be, one is obliged to specify the dimensions of this problem which has already split the ranks of social scientists working on China, for the events of 1949-53 can best be seen in the light of those of 1958-59 and 1966 onwards.

In chapter three I suggested that the goal hierarchy of these later two periods were different from that of 1949-53. It was not, however, a simple matter of substituting human goals for output goals, for much of the literature of the Great Leap Forward focussed on the primacy of output goals. The issue, as

I see it, is basically one of distribution. It is not only a question of economic development not being worth very much if it leads to gross inequalities between various sectors of society, but, as Gurley has pointed out, the radical view considered that rapid economic development itself was not likely to occur unless everyone rises together in a situation of under-development.⁷ In other words, the contradiction is not only between human and economic goals but also between two views of the determinants of rapid economic growth. If this interpretation is correct, the developmental logic of the two radical periods in the history of the Chinese Peoples Republic is an egalitarian one in complete opposition to the incentive policy in the period under review. The Chinese radical view starts out from the opposite standpoint to psycho-economists such as Jaques, who believe that equitable patterns of distribution become differentially more steep as wealth increases. As I interpret the radical Chinese view, equity should in the final analysis be determined by moral incentive, and in the short run material incentives should be of collective dimension. Equity is ideologically determined, and the content of that ideology has increasingly become one which gives primacy to human development in terms of what Berlin would call the "positive conception of freedom".⁸ This view of the determinants of economic growth starts off from a conception of human potential and human motivation very different from the Soviet Union. It is utopian in the sense that it is unrealised and in Karl Mannheim's sense that it challenges traditional "ideology".⁹ To say that it is unrealisable, however, would reveal no more than the axioms of he who said it, for such axioms are not amenable to empirical test.

If one may establish that two views of motivation are in conflict, to what extent can one construct two models of "rational" organisation? In the history of the past twenty two years one may discern many patterns of organisation, but I have tried to suggest that it is possible to construct two ideal types or models against which to chart organisational change. The first of these is organisation characterised by the principle of "one man management", and the second I have called the "ideologically integrated functional model". In chapter four I attempted to suggest that organisation characterised by the principle of "one man management" was to all intents and purposes merely an ideal type. Similarly, I know of no example of the ideologically integrated functional model that ever existed. Nevertheless, we have seen that the Tsitsihar model of 1965 offered an example of an organisation where middle level management had been removed and where functional leadership was exercised by technical personnel at factory level. During the Great Leap Forward the Party was frequently able to by-pass line channels of command and direct action on the shop floor in a situation where a great degree of trust was vested in the teams.¹⁰ As far as I know, no one has yet demonstrated to what extent the dislocation caused by the Great Leap Forward was due to organisational change and to what extent it was due to ineffective ideological integration of conflicting stimuli. To suggest the latter possibility again leaves one open to the charge of utopianism, which in the above sense I accept.

One will not be in a position to evaluate to what extent functional patterns of command are developing in Chinese factories until we have more information on the organisational

changes that have been taking place in recent years. On the face of it, however, there seem to be some remarkable parallels with the situation of 1950-51.

Management Committees and Revolutionary Committees

One is immediately struck by the similarity between the factory revolutionary committees that have developed in recent years and the prescribed forms of management committee that were laid down in the regulations of 1949. Firstly, these new revolutionary committees ideally determine overall policy, whereas management determines day to day operations. Secondly, there is frequently a military component (although in some cases a militia-man serves this function).¹¹ In the early 1950s, we saw that the military component was taken over by the new Party organisation and worker representatives began to be controlled by the unions. At the time of writing, Party organisations in industrial enterprises are in the process of formation and there are no basic level unions. We are in no position to say whether the pattern of the early 1950s will be repeated¹² or whether, as I suspect, a new conception of collective leadership will develop. For in 1971 there is no Soviet model, and the determination of organisational rationality calls for a far greater degree of creativity than it did in 1949.

Representative and Participatory Definitions of Democracy

I have attempted to argue in this essay that during the movement to democratise management and the democratic reform movement, there was a steady move from a representative to a participatory conception of democracy. In both cases, however, the goal of "democracy" was an intermediate one and cannot be

assigned the primary position in any hierarchy of goals against which to judge rationality. In the mid 1950s, Mao remarked that democracy was not an end in itself but a mechanism with which to resolve "internal contradictions".¹³ Democracy, therefore, must be interpreted in terms of other goals, and the effectiveness of a representative or participatory definition of democracy depends on exactly what those other goals are. During the New Democratic Period, I can only conclude that the primary goal in the industrial sector was to get production moving again, and this goal was pursued even if it meant for a time exploitative forms of control were maintained. Later other wider goals became salient, but it is extremely difficult to say with any degree of certainty exactly which position in a goal hierarchy each of these goals occupied. During the Great Leap, for example, the primary goals were the making of a communist man, the closure of the urban-rural gap, the closure of the elite-mass gap, and simple industrial and agricultural production. In different situations these goals could reinforce each other or stand in mutual contradiction, and the criterion of democracy was only relevant in so far as it contributed to the realisation of the greater number of these goals. The radical attack upon the Soviet model and the revisionism of the 1960s was a protest against an excessive stress on the last of these four goals at the expense of the others, for the radical Chinese approach saw its primary goals arranged in a somewhat flatter pyramid than the Soviet model of the early 1950s.

The Soviet Model as an Abberation

To substantiate a contention that the Soviet model was an abberation one would be obliged to show that liberated areas

forms of organisation and work motivation re-emerged after 1957, In showing that the pao-kung form of organisation and the policy of centralised leadership and divided operations re-asserted themselves in 1958, Schurmann has made a contribution to this end.¹⁴ This essay is not so ambitious. I have tried to show that many of the prescribed Soviet forms of organisation and incentive could not be introduced before 1953 and that many of the organisational forms of the early 1950s were to appear later (the management committees, the military element in management and functional systems of organisation in the 1960s, and the pao-kung and lateral intervention during the Great Leap Forward).

One must, however, not make too much of the similarity between the New Democratic Period and the last few years, for China has now a much larger number of skilled workers and technicians than in the early 1950s, a much higher literacy rate, a wealth of experience both of the Soviet Union and her own experiments and, after a long debates on "slave mentality", the determination to work out the answers to problems of organisation and motivation by relying upon her own efforts.

NOTES TO CONCLUSION

1. Mao Tse-tung: "Ching-chi Wen-t'i yü Ts'ai-cheng Wen-t'i" 1942 (loc.cit) (Hokubasha Vol 8) pp 273-274.
2. See Lindsay, Michael (loc.cit).
3. Mao Tse-tung: "Kuan-yü Cheng-chüeh Ch'u-li Jen-min Nei-pu Mao-tun ti Wen-t'i" (loc.cit).
4. See Selden Mark (op.cit).
5. See for example Wheelwright and McFarlane (op.cit) Andors (loc.cit)
6. e.g. piecework systems and khozraschët. See Mao Tse-tung : "Ching-chi Wen-t'i yü Ts'ai-cheng Wen-t'i" 1942 (loc.cit)
7. Gurley John G: "Capitalist and Maoist Economic Development" in Friedman and Selden : America's Asia (op.cit) pp 324-356.
8. Berlin Sir Isaiah: "Two Concepts of Liberty" - an inaugural lecture delivered before the University of Oxford 31st October 1958 57pp.
9. Mannheim Karl : Ideology and Utopia Routledge and Kegan Paul (reprint 1966) Chapter IV especially page 173.
10. ----- Andors (loc.cit) p 404-405.
11. See Wheelwright and McFarlane (op.cit) p 132.
12. I am informed by one recent visitor to China (A.Watson) that in his opinion the role of the Party in formulating policy (Summer 1971) in those factories he visited tended to be greater than the revolutionary committee.
13. Mao Tse-tung: "Kuan-yü Cheng-chüeh Ch'u-li Jen-min Nei-pu Mao-tun ti Wen-t'i" (loc.cit).
14. Schurmann: Ideology and Organisation (op.cit) p 293-296.

APPENDIX 1Some Examples of Wage Point Formulation

NE Adm Cttee Wage pt
September 7th 1948
(FEN)

Hsin Chuang Coal
Mine (N China)
December 1948
(HSI)

Peking Municipal
Wage pt. 9th Oct
1951 (FEN)

RICE	1.63 chin	2 chin	0.48 shih chin
WHEAT		1 chin	0.32 shih chin
COAL	5.5 chin	1½ chin	2 shih chin
OIL	0.035 chin	5 ch'ien	0.05 shih chin
SALT	0.045 chin	5 ch'ien	0.02 shih chin
COTTON CLOTH	0.20 sq ft.	1 sq. metre	0.2 feet

Ranges

Highest	FGM	300 points	
	White collar workers	180 points	
	Skilled workers	145 points	105 points
	Ordinary Workers in light work	120 points	
	Sundry workers	90 points	
Lowest	Apprentices	35 points	
	Ordinary Workers	60 points	
	Trainee Technicians	50 points	30 points
	Technicians	75 points	
	Management	100 points	

Note on Weights and Measures

The term 'chin' referred to here is probably what is now referred to as an old chin (chiu-chin) = 0.597 Kg.

1 ch'ien was the tenth part of 1 liang (ounce). According to the old standard 1 chin = 16 liang, though later this was changed to 1 shih chin = 10 liang.

1 shih chin = 0.5 Kg.

It is not clear what linear measurement the term foot refers to. According to the old standard 1 foot (ch'ih) = 0.32 metres whereas the new standard stipulated that 1 shih foot = 0.333 metres.

Because of uncertainty as to which standards are referred to, I have not converted the weights and measures.

Sources.

1. Tung pei Chan-shih Kung-ying Ch'i-yeh Kung-hsin Piao-chun (War-time Wage & Salary Standards for Publically-run Enterprises in the North East) 7th September 1948 in Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien (Compendium of Financial & Economic Policies Laws and Decrees No 1 (Part 2) pp 710-713.
2. Hsin Chuang Mei-K'uang Hsi-mi K'ao-Kung : Kung-tzu P'ing-ting Chiao-ch'ien Ho-li (The Hsin Chuang Coal Mine Conducts a Meticulous Examination of Work and Wage Assessment is more Rational than Hitherto) JMJP 25th December 1948 p 2.
3. Pei-ching-shih Tsai-cheng Ching-chi Wei-yüan-hui Kung-pu Kung-tzu (fen) Chi-suan Pan-fa (Peking Municipality, Finance and Economics Committee Publishes Method of Calculating Wage Points) JMJP 11th October 1951 p 2.

APPENDIX 2

COLLECTIVE CONTRACT OF THE GLASS FACTORY UNDER THE LUSHUN-TALIEN FAR EAST ELECTRONICS BUREAU (Lu Ta Yüan-tung Tien-yeh Po-li Kung-ch'ang Chi-t'i Ho-t'ung) SUMMARY.

The Contract was concluded between management (kung-ch'ang tang-chü) and labour union (chih-kung-hui) and signed by FGM and Labour union Chairman in July 1949. It was ratified by special meeting of white and blue collar workers to be in force from July 1st 1949 until December 31st 1950; texts were in both Chinese and Russian.

I. Aims & Objects.

To guarantee plan fulfillment, to raise the level of technical knowledge, to improve the organisation of production, to consolidate labour discipline, to implement a system for practising economy.

II Management undertakes:-

1. to adopt all measures necessary for the fulfillment and overfulfillment of stipulated production norms, to organise technical direction, to adopt measures for the supply of fuel and materials, and to ensure the timely installation and repair of technical equipment.
2. to transmit production plans to the shops, teams and individual workers at the latest 5 days before the commencement of each monthly or quarterly period and to assign workers to fixed work positions.
3. to provide favourable conditions and material help to those who put forward rationalisation proposals or suggest inventions, to propagate such proposals that are adopted and to award bonuses according to the regulations of the Electronics Bureau.
4. to guarantee the material conditions for the cultural and educational work of all employees and to designate a building as a temporary club before the end of this (Chinese) year.

III The Labour Union Undertakes:-

1. to employ every effort to improve the effectiveness of the emulation movement, to check up on adherence to technical standards and to propagate achievements.

2. to carry out daily education work with the aim of consolidating production and labour discipline and to inspire the workers to fulfill their daily production tasks and raise the labour productivity rate.
3. to organise voluntary labour to help decorate the club once designated.

Management and Union Undertake:-

in launching a "creativity movement", to give all help to white and blue collar workers to publish work achievements, sum up the emulation movement quarterly and to honour model workers by setting up a roll of honour awarding badges publishing photographs, biographies etc. (In addition to such moral incentive the FGM's office will make appropriate bonus payments from the bonus fund).

IV Wages, Production Bonuses & Allowances.

1. Basic wages will be paid according to the attached chart. Although the factory was classified as Grade 1, Grade 2 rates are shown since the contract was published as a model to be emulated by factories classified as both grade 1 (heavy industry) and grade 2 (light industry). The basic piece rate is calculated at the time rate + 10% (see chapter three). The hazard rate was paid to people working in high temperatures and where health might be damaged (a list of the various jobs covered by this rate is included in the contract). Apprentices were to be paid (according to Soviet practice) according to grades 1 and 2 of the 7 grade scale rate.
2. The scale for white collar workers was exactly the same as the fifteen grade scale prescribed for Lushun and Talien (see chapter three, figure three) although, inexplicably, grade 3 of a grade 2 enterprise appears to be ¥300 lower than the official scale (probably a misprint). Contrary to the practice noted in Chapter Five, both technicians and line management were to be paid according to the fifteen grade scale.
3. Management and union undertook to draw up a concrete plan for the implementation of piecework systems; by the end of 1949, 70% of all workers were to be in receipt of payment by piecework or according to the progressive bonus system for overfulfilling norms. A bonus system for white collar workers was also introduced. After 6 months norms and piecework standards were to be revised.

* possible error. Grade 3 is lower than Grade 2. On the basis of daily rate, hourly rate should be about 19.0 for grade 3.

Grade	Piecework Coefficients	TIME RATE BASIC	PIECE RATE BASIC (+10%)	HAZARD RATE	TIME RATE BASIC	PIECE RATE BASIC (+10%)	HAZARD RATE
1	1.0	HOURLY	12.9	13.5		10.8	11.3
		DAILY	94.1	108.2	73.4	86.3	90.2
		MONTHLY	2,400	2,760	2,000	2,200	2,300
2	1.2	HOURLY	15.5*	16.2		12.9	13.5
		DAILY	113.0	129.0	94.1	103.5	108.2
		MONTHLY	2,880	3,312	2,400	2,640	2,760
3	1.45	HOURLY	13.8*	19.6		15.6	16.3
		DAILY	136.5	156.9	113.7	125.1	130.8
		MONTHLY	3,480	4,002	2,900	3,190	3,335
4	1.75	HOURLY	22.6	23.7		18.9	19.7
		DAILY	164.7	189.4	137.3	151.0	157.8
		MONTHLY	4,200	4,830	3,500	3,850	4,025
5	2.15	HOURLY	27.8	29.2		23.2	24.2
		DAILY	202.4	235.0	168.6	185.5	193.9
		MONTHLY	5,160	5,934	4,300	4,730	4,945
6	2.6	HOURLY	33.6	35.2		28.0	29.3
		DAILY	244.7	261.4	203.9	224.3	234.5
		MONTHLY	6,240	7,176	5,200	5,720	5,980
7	3.2	HOURLY	41.4	43.5		34.5	36.1
		DAILY	301.2	346.4	251.0	276.1	288.6
		MONTHLY	7,680	8,833	6,400	7,040	7,360

4. If a worker failed to fulfil his work norms due to accumulated mistakes, he would receive payment according to the amount of work completed but his pay was not less than two thirds of the basic wage.
5. In the case of norm revision due to rationalisation proposals, the norm of the worker who put forward the proposals was not to be altered prematurely.
6. Overtime pay was not to be less than time and a half and overtime was only to be practised when there was mutual agreement between management and union. Workers under 18 and pregnant women were forbidden to participate in overtime. Workers under the age of 18 were required to work only a seven hour day but the wages due to them were to be those of an eight hour day.

If there were a work stoppage which was not due to a worker's mistakes and if management were unable to transfer a worker to another job, he would receive payment at half the time rate. If he were transferred to another job he was to receive the full time rate.

If, due to a worker's errors, his production was completely sub-standard and constituted waste, he was to receive no payment; if his product were only partially sub-standard, payment would be reduced proportionally and if sub-standard products appeared which were not due to his errors, he would be paid according to the time rate rather than the piece rate.

Management guaranteed to obtain grain at a low price and make monthly allocations to workers and their dependants. Management guaranteed further to provide the necessary industrial (rationed) goods and daily necessities.

When workers were absent from work due to electoral and other duties, management was to continue to pay their average wage. When on outside duty in connection with their work, workers would be paid according to their basic wage plus outside duty pay and travel allowances; (daily outside duty pay was to equal 3% of the monthly basic wage and hotel expenses were not to exceed 40% of the daily outside pay).

Losses incurred in the performance of work duties were to be recovered by management except in the case of carelessness. Management might deduct up to 30% of a workers wage for losses due to carelessness except in the case of a court order when it was limited to 50%.

In the case of redundancy, management was required to pay severance pay equivalent to 12 days basic wage plus grants for rest days owing.

In the case of temporary incapacity workers would retain their original status and wage. In the case of sickness this period was limited to three months and in the case of childbirth 2½ months.

If a worker left the factory without good reason before an agreed time he was to compensate the factory by repaying at current market prices the value of special work clothes given to him, grain allocation made during the month he left and industrial (rationed) goods allocated to him during the current quarter. In such case management was empowered to give the said worker two weeks notice to move out of his dormitory.

When a new worker was taken on, management was required to stipulated twelve to fourteen days as a trial period during which time his grade and duties would be determined.

In the case of white and blue collar workers whose place of residence was over 5 km. from the factory, management would provide expenses to help them move nearer. Management undertook to instal a dormitory to hold 200-300 people before November 1949 (the text says 1940 - clearly a misprint). Technical personnel and skilled workers were given priority in accomodation. (Such a building was found on 30th July).

V. Working Hours

Normally these would not exceed eight hours daily (seven hours in the case of workers between the age of 14 and 17 and those working underground). Night shift workers were paid for nine hours on an eight hour shift, each hour being calculated at one and one seventh the day rate. Foremen and shift supervisors only received payment for eight hours and piecework norms would be calculated on an 8 hour basis.

Rest and lunch breaks were not included in working hours.

VI Rest Periods.

Normally there was one rest day per week lasting 39 hours (from 5 p.m. on the previous day until 8 a.m. on the succeeding day). One day holiday was awarded at New Year, 2 days at Spring Festival, 2 days at the beginning of May and one day to celebrate victory over Japan (3rd September). If such holidays could not be awarded, workers would be paid at time and a half.

Those who had worked for an uninterrupted period of eleven months received 12 days holiday per year with pay according to the time rate. Workers in hazardous occupations could be awarded 18 days with pay according to the hazard rate. Those who had worked for an uninterrupted period of 2 years in the same enterprise were granted three days extra holiday per year though the number of accumulated holiday days was not to exceed 24 days in any one year. Management had the right to award from 6 to 12 days supplementary holiday for white and blue collar workers whose holidays were not fixed (a list of such people was to be determined by agreement by management and union). Workers under 17 years received 24 days per year.

VII Labour Protection

Management was to provide certain equipment to protect the workers health (a list of such equipment was given), conduct regular inspections, improve the clinic etc. In addition, management was to provide an adequately heated and ventilated place for shift workers to spend the night which had to be completed by September 1949.

VIII Conciliation and Arbitration

A conciliation committee (t'iao-chieh wei-yüan-hui) was set up consisting of an equal number of delegates from the factory general office and the labour union with a system of rotating chairmen with a casting vote if necessary. The conciliation committee was required to discuss all labour disputes and its decisions were equally binding on management and labour union. In matters of great gravity, however, matters might be submitted to a higher body (the Electronics Bureau) which could convene an arbitration conference (chung-ts'ai hui-i) attended by representatives from the Bureau and the Lushun Talien General Labour Union and representatives of each of the relevant departments of the factory. Such conferences could revise decisions taken by the conciliation committee.

IX Social Insurance

Management required to set up a social insurance fund which might not be used for any purpose other than social insurance. The fund would be calculated at 4% of that part of the total wages bill expressed in monetary terms. Management was expressly forbidden to make any deductions from wages in return for money received from this fund. The social insurance fund was to be used as help towards

medical expenses, as grants to those temporarily incapacitated or caring for sick relatives and as supplementary grants for wet nurses, funerals etc.

There followed concrete details of what constituted the period of pregnancy and what awards should be made in the case of death on duty. Payments for incapacitated workers varied according to length of service (kung-ling) ranging from 25% of basic wage (for less than sixth month's service) to 100% for over two years service.

X Culture and Education

Management was required to set up a culture and education fund and money from this fund was paid monthly to the labour union for the provision of education. The fund was calculated at 1% of that part of the monthly wage bill which was expressed in monetary terms and deductions from workers wages in respect of educational expenses was forbidden. The fund was to be used for education in literacy and politics, for conducting propaganda and cultural activities, the purchase of books and expenses incurred in commemoration meetings.

Source:

Chung Hua Ch'uan-kuo Tsung-kung-hui Pien-chi Chu-pan-shih
Chi-ti Ho-t'ung Shou-tse (Collective Contract Handbook) pp 193-217
Peking Kung-jen Ch'u-pan-she August 1950.

APPENDIX THREE

PATRIOTIC COMPACT OF THE WANG CH'UN-LAO TEAM AT THE WUCH'ANG
CHEN HUAN SPINNING MILL (Wu-ch'ang Chen Huan Sha-ch'ang Wang
May 1951. Ch'un-lao Hsiao-tsu Ai-kuo Kung-yt'eh)

1. Respond to the calls of the Party, management, labour union and Youth League. Actively participate in all factory activities.
2. Mobilise the masses to append their names to the resolution of the executive council (of the China Peace Committee) and carry out propaganda among the workers and their relatives concerning the United States rearming Japan.
3. Resolutely support the government's suppression of counter revolutionaries. Trace the origins of any (false) rumours that one may have heard.
4. Set up a newspaper reading group to read newspapers for twenty minutes daily.
5. Appoint a worker picket before 1st June.
6. Appoint a Party propagandist before 1st June.
7. Undertake to attend classes run by the Party and Youth League.
8. Undertake that the entire team shall attend night school, will not come late or leave early and will maintain study discipline.
9. Guarantee the completion of the production plan, regularly inspect its completion and raise the level of the targets.
10. Every Saturday inspect the progress in implementing the compact.

PATRIOTIC COMPACT OF THE CHU TSAO TI TEAM OF THE WUHAN FIRST
SPINNING MILL (Wu-han Ti-i Sha-ch'ang Chu Tsao-ti
April 1951. Hsiao-tsu Ai-kuo Kung-yt'eh)

1. Study current affairs. Read newspapers from five to ten minutes daily. Raise the level of one's own understanding and publicise the news amongst others.
2. Support and help the government in its suppression of counter revolutionaries. Protect the mill and search out secret agents.
3. Do not believe rumours one may hear. Explain (the true facts) to others and seek out the source of such rumours.
4. By means of effective action, improve production and fulfill work tasks in order to give thanks to Chairman Mao, the Communist Party and the Peoples government for their correct leadership. Support the Chinese Peoples Volunteer Army and oppose the American arming of Japan.
5. Improve unity and mutual help. Don't complain, and achieve ideological unity within the whole team. Establish relations with other groups.
6. Study technology, do research into technology together with other workers and management cadres who understand technology; study how to make minor repairs in machines. Raise the level of production.
7. Study 'culture' (i.e. improve literacy), undertake not to miss classes at night school so that one may become a person who understands, writes and is able to use (machinery). Help those who cannot attend night school.
8. Every two weeks investigate the implementation of the patriotic compact.

Source :

Tsen-yang Ting-li ho Chih-hsing Ai-kuo Kung-yt'eh (How to Draw up and Implement Patriotic Compacts) Harkow Chung Nan Jen-min Ch'u-pan-she September 1951 pp 50-51.

BRIEF BIOGRAPHICAL DATA ON MORE IMPORTANT NAMES APPEARING
IN THE NOTES

I have listed here only the more important posts held during the New Democratic Period or the period in which their articles were written.

1. AN TZU-WEN Deputy Director CCP.CC Organisation Bureau. Minister of Personnel.
2. CHANG HSI Ranking Party Secretary in Honan Party Committee. Chairman Honan Finance and Economics Committee. Member of State Planning Commission (1952 -)
3. CHANG LI-K'O Chairman Shenyang General Labour Union.
4. CHANG P'ING-HUA Member CSMAC (1950) and its Finance and Economics Cttee. Chairman Wuhan Peoples Government (Sept.1950 -) demoted early 1952 and later reinstated.
5. CHANG SHIH-LIN Team Leader of the 1202 drilling crew at the Tach'ing Oil Field (1966)
6. CH'EN PO-TA Deputy Director Party Propaganda Bureau.
7. CHI MING-TA Director Anshan Iron and Steel Company; Smelting Works Construction Corporation.
8. CHOU SHU K'ANG Head of Wages Department NE General Labour Union.
9. CHU HSUEH-FAN Adm. Cttee. member of Chinese Labour Assn(1945). Delegate of Assn to 6th Labour Conference. Held a number of posts 1949-65 including Minister of Posts and Telecommunications. Vice Chairman ACFTU
10. HSU TI-HSIN Vice Chairman E. China Military Region Finance and Economics Cttee (and later ECMAC Feb 1950) June 1952 Vice Chairman of All China Federation of Industry and Commerce.
11. HSUEH MU-CH'IAO Secretary General GAC Finance and Economics cttee (1949-52). Head of State Statistical Bureau. Member State Planning Commission.
12. JAO SHU-SHIH Chairman E. China MAC (late E. China Adm. cttee) 1st Secretary CCP.CC E. China Bureau (1952-) Head of CCP Organisation Bureau. Disappeared Feb. 1954. Censured March 1955.
13. KAO FANG-CH'I FGM Shenyang Wu San Factory.
14. KAO KANG Chairman NEPG, Secy CCP.CC NE Bureau. (1952-) Chairman State Planning Commission. Disappeared Feb 1954. Suicide 1954. Censured March 1955.
15. KU CHO-HSIN Head of Finance Dpt. NEPG (1952) Vice Chairman NEPG Planning Cttee (1954-) Vice Chairman State Planning Commission.
16. LAI JO-YU (Dec 1951-) Member Central Austerity Examination Cttee. ACFL Secretary General and from 1953 ACFTU Chairman.
17. LI FU-CH'UN (1949-) Vice Chairman NEPG. (October 1949) member Central Finance and Economics Cttee and later Vice Chairman. Minister of Heavy Industry (1950-52). Vice Chairman Central Austerity Committee (1951). Member and later Chairman of State Planning Commission(after dismissal of Kao Kang)

18. LI HSIU-JEN Deputy Director of ACFTU General Office (1957).
19. LI HSUEH-FENG Held a number of important posts in CSMAC (1950-54). Later Head CCP Industrial and Communications Work Dpt.
20. LI LI-SAN Better known for his career in the late 1920s. (1948) 1st Vice Chairman ACFL (de-fact Head). Until union crisis of 1951-2. His errors exposed in 1953. Replaced by Lai Jo-yü at 7th Labour Conference.
21. LIU CH'ANG-SHENG Executive Cttee. member Shanghai Party Cttee (1949-52) and 3rd Secretary (1952-3) Member of Central Govt. Finance and Economics Cttee (1951-4) Head of ECMAC Labour Dpt and Director Shanghai Office of ACFL.
22. LIU SHAO-CH'I By 1945 Second only to Mao Tse-tung in the Party. For full list of posts see Klein and Clark (op.cit).
23. LIU TZU-CHIU Director of a number of bodies directly under ACFL Centre and member of the ACFTU Executive Cttee, Praesidium and Secretariat.
24. LÜ TUNG Deputy Director NEPG Industrial Dpt. (1952) Vice Minister of Heavy Industry.
25. MA HENG-CHANG Teamleader in the 5th Machinery works in Shenyang. The most famous of all the model team leaders in the period.
26. PENG CHEN Best known as Mayor of Peking (1951-66).
27. SUN YEH-FANG Economic Theorist. (1949) Member ECMAC Finance and Economics Cttee. (1954-7) Deputy Director State Statistical Bureau. (1961) Director Institute of Economics. Attacked as a "Chinese Liberman" in 1966.
28. T'AO CHU (in 1960s) 1st Secretary of Central South Bureau CCP.CC and Vice Premier.
29. TENG T'Ö (1950) Deputy Managing Director JMJP. (1952) Editor in Chief JMJP. (1951) Head of Propaganda Cttee of Peking Party Cttee. Later to become notorious in Cultural Revolution.
30. TENG TZU-HUI Member Central Finance and Economics Cttee and (after 1952) Vice Chairman, Ranking Vice Chairman of CSMAC.
31. WANG HO-SHOU Director NEPG Industrial Dpt. and member of NE Finance and Economics Cttee. Succeeded Li Fu-ch'un as Minister of Heavy Industry.
32. YEH HSIU CH'ING FGM Canton Heavy Duty Machine Works. (in 1960s) Director of Industrial Bureau of Economics cttee of Central South Bureau of the Party.

SELECTED BIBLIOGRAPHY

In this selected bibliography, individual articles (in Chinese or in English) are not listed since they total some three hundred items. Listed here are the principal periodicals in which they appear and the main books and pamphlets referred to.

PERIODICALS IN ENGLISH

- 1 China Quarterly (CQ)
- 2 Chinese Law and Government
- 3 Contemporary Manchuria
- 4 Nankai Social and Economic Quarterly
- 5 Peking Review

TRANSLATION SERVICES

- 6 BBC Summary of World Broadcasts Pt.III (SWB)
- 7 Current Background (CB)
- 8 Extracts from China Mainland Magazines (ECMM)
- 9 Selections from China Mainland Magazines (SCMM)
- 10 Survey of China Mainland Press (SCMP)
- 11 Union Research Service (URS)

CHINESE PERIODICALSPlace of Pub.

- | | | |
|----|----------|---|
| 12 | Peking | <u>Chi-hua Yü T'ung-chi</u> (Planning and Statistics) |
| 13 | Peking | <u>Chung Kung-yeh T'ung-hstün</u> (Heavy Industry Bulletin) (CKYTH) |
| 14 | Peking | <u>Chung-kuo Ch'ing-nien</u> (China Youth) |
| 15 | Peking | <u>Chung-kuo Kung-jen</u> (The Chinese Worker) (CKKJ) |
| 16 | Shanghai | <u>Chung-kuo Kung-yeh</u> (Chinese Industry) (CKKY) |
| 17 | Peking | <u>Hsin-hua Yüeh-pao</u> (New China Monthly) |
| 18 | Peking | <u>Hstüeh-hsi</u> (Study) |

- | | | |
|----|-------------------|--|
| 19 | Peking | <u>Hung Ch'i</u> (Red Flag) |
| 20 | Tientsin & Peking | <u>Jen-min Shou-tse</u> (Peoples Handbook)
(annual) |
| 21 | Canton | <u>Kan-pu Hst'eh-hsi Tzu-liao</u> (Study
Materials for Cadres) (KPHHTL) |
| 22 | Peking | <u>Lao Tung</u> (Labour) |
| 23 | Peking | <u>Lao-tung Kung-pao</u> (Labour Bulletin) |
| 24 | Peking | <u>Nung-yeh Chi-chieh Chi-shu</u>
(Agricultural Machinery Techniques) |
| 25 | Peking | <u>Ts'ai-ching Yen-ch'ou</u> (Finance &
Economics Research) |
| 26 | Shenyang | <u>Tung Pei Kung-yeh</u> (North East Industry) |
| 27 | Peking | <u>T'ung-ch' Kung-tso</u> (Statistical Work) |

CHINESE NEWSPAPERS

- | | <u>Place of Pub.</u> | |
|----|-----------------------------------|--|
| 28 | Hankow | <u>Ch'ang-chiang Jih-pao</u> (Yangtze River
Daily) |
| 29 | Yenan | <u>Chieh-fang Jih-pao</u> (Liberation Daily) |
| 30 | Shanghai | <u>Chieh-fang Jih-pao</u> (Liberation Daily) |
| 31 | Canton | <u>Chih-tao Chung-nan</u> (Guide to the Central
South) |
| 32 | (unknown) | <u>Chin Ch'ün Pao</u> (Advance the Troops) |
| 33 | Sian | <u>Ch'ün-chung Jih-pao</u> (The Masses Daily) |
| 34 | Peking | <u>Chung-kuo Ch'ing-nien-pao</u> (China Youth
News) |
| 35 | Kaifeng-Chengchow | <u>Ho-nan Jih-pao</u> (Ho-nan Daily) |
| 36 | Shihchiachuang,
Wu An & Peking | <u>Jen-min Jih-pao</u> (Peoples Daily) (JMJP) |
| 37 | Peking | <u>Kung-jen Jih-pao</u> (Workers Daily) (KJJP) |
| 38 | Shanghai | <u>Kung-jen Tsao-fan-pao</u> (Workers Rebel
Newspaper) |
| 39 | Canton | <u>Nan-fang Jih-pao</u> (Southern Daily) |
| 40 | Peking | <u>Pei-p'ing Chieh-fang-pao</u> (Peiping
Liberation News) |

- 41 Tientsin/Peking Ta Kung Pao (Impartial)
 42 Shenyang Tung Pei Jih-pao (N.E. Daily)

BOOKS IN ENGLISH

- 43 AI WU Steeled and Tempered, PFLP, 1961.
437 pp
- 44 ALLEY Rewi Yo Banfa Shanghai China Monthly Review
1952
- 45 ARAKELIAN R. Industrial Management in the U.S.S.R.,
(originally published in Russian
Upravlenie sotsialisticheskoi promy-
shlennast'iu), Moscow Worker Press 1947
and issued by Economics Institute of the
Academy of Sciences of the USSR,
translated by Raymond Ellsworth L.,
Washington D.C. Public Affairs Press
1950. 168 pp
- 46 BARNETT A. Doak China on the Eve of Communist Takeover,
New York: Praeger 1963 (second
printing 1966) 371 pp
- 47 BARNETT A. Doak (ed) Chinese Communist Politics in Action,
Seattle & London: University of
Washington Press 1969, 620 pp
- 48 BERLINER Joseph S. Factory and Manager in the USSR,
Cambridge, Mass.: Harvard University
Press 1957 (2nd printing 1968), 386 pp
- 49 CARR E.H. The Bolshevik Revolution Vol. I, Penguin
Books (Pelican) 1966, 448 pp. (1st
published MacMillan 1950)
- 50 COMPTON Boyd Mao's China Party Reform Documents
1942-44, University of Washington Press
1966 (1952)
- 51 DONNITHORNE Audrey China's Economic System, London: George
Allen & Unwin 1967, 592 pp
- 52 d'ENCAUSSE & SCHRAM Marxism & Asia, Allen Lane The Penguin
Press 1969, 404 pp
- 53 ECKSTEIN, GALENSON & LIU (eds) Economic Trends in Communist China,
Edinburgh University Press 1968, 757 pp
- 54 FREEDMAN & SELDEN (eds) America's Asia: Dissenting Essays on
Asian-American Relations, New York:
Pantheon 1969, 458 pp
- 55 GRANICK David The Red Executive, London: MacMillan
1960, 334 pp

- 56 GROSSMAN G. (ed) Value and Plan, University of California Press, 1960, 370 pp
- 57 HOWE Christopher Employment and Economic Growth in Urban China, Cambridge University Press 1971, 170 pp
- 58 HUNTER Neale Shanghai Journal, New York: Praeger 1969, 311 pp
- 59 JAQUES Elliott Equitable Payment: A General Theory of Work, Differential Payment and Individual Progress, Penguin Books 1967, 382 pp
- 60 LI Choh-ming The Statistical System of Communist China, Berkeley & Los Angeles: University of California Press 1962, 149 pp
- 61 MOORE Barrington Jr. Political Power and Social Theory, New York: Harper Torch Books 1958 (1965), 243 pp
- 62 McCLELLAND David C. The Achieving Society, Princeton, N.J.: Van Nostrand 1961, 512 pp
- 63 PFLP The Trade Union Law of the People's Republic of China, PFLP 1954, 38 pp
- 64 PFLP Labour Laws and Regulations of the Chinese People's Republic, PFLP 1956
- 65 PFLP The Great Socialist Cultural Revolution in China No. 3, PFLP 1966, 21 pp
- 66 PFIFFNER & SHERWOOD Administrative Organisation, Englewood Cliffs, N.J.: Prentice Hall 1960
- 67 RICHMAN Barry Industrial Society in Communist China, New York: Random House 1969, 968 pp
- 68 SCHRAM Stuart R. The Political Thought of Mao Tse-tung (enlarged and revised edition) Penguin Books 1969, 479 pp
- 69 SCHRAM Peter The Structure of Income in Communist China, unpublished Ph.D dissertation in Economics, University of California, Berkeley October 23rd 1961, 374 pp
- 70 SCHAPIRO L. The Communist Party of the Soviet Union, London: Methuen 1963
- 71 SCHURMANN H.F. Ideology and Organisation in Communist China, University of California Press 1966, 540 pp
- 72 SCHURMANN H.F. Unpublished manuscript on Industrial Management in China

- 73 SELDEN Mark Yenan Communism: Revolution in the Shensi-Kansu Ninghsia Border Region 1927-1945, unpublished Ph.D. dissertation in History (modern), Yale 1967, 353 pp
- 74 SELZNICK P. Leadership in Administration, New York; Harper & Row 1957
- 75 SIMON Herbert Administrative Behaviour, MacMillan 1950
- 76 TAYLOR Frederick W. The Principles of Scientific Management, New York: Harper 1913, 144 pp
- 77 TAYLOR Frederick W. 'Shop Management (1911)' in Taylor F. Scientific Management, pp. 1-207, New York: Harper & Row (1947), 10th printing
- 78 WHEELWRIGHT E.L. & McFARLANE Bruce The Chinese Road to Socialism, New York and London: Monthly Review Press 1970, 256 pp
- 79 WILES P.J.D. The Political Economy of Communism, Oxford: Basil Blackwell 1964, 404 pp
- 80 WOODWARD Joan Industrial Organisation; Theory and Practice, Oxford University Press 1965, 281 pp
- 81 WRIGHT MILLS C. The Marxists, Penguin Books (Pelican) 1963, 460 pp

BOOKS AND PAMPHLETS IN CHINESE

- 82 CHAO Ch'ao-kou Yen-an I-yüeh (One Month in Yen-an) 2nd edition, Nanking Hsin Min Pao February 1946, 252 pp
- 83 Cheng-wu-yüan Ts'ai -cheng Ching-chi Wei-yüan-hui (GAC Financial and Economic Committee) Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien (Compendium of Financial and Economic Policies, Laws and Decrees), No. 1 (Parts 1 & 2) August 1950, 824 pp
No. 2 (Pts. 1-4) June 1951, 1,149 pp
No. 3 (Pts. 1-3) March 1952, 1,096 pp
- 84 CHIAO Yi-fu (ed) Hung-wei-ping Hsüan-chi (Selections from the Red Guards), Hong Kong: Ta-lu Ch'u-pan-she, July 1967, 255 pp
- 85 Chieh-fang she Chung-kuo Chih-kung Yün-tung ti Tang-ch'ien Jen-wu (The Current Tasks of the Movement of Chinese White and Blue Collar Workers), Shanghai: Chieh-fang-she, June 1949, 94 pp

- 86 Chung Hua Ch'dan-kuo Tsung-Kung-hui Pien-chi Ch'u-pan-shih (ACFL editorial & publishing dept.) Chi-t'i Ho-t'ung Shou-tse (Collective Contract Handbook Vol. 2), Peking: Kung-jen Ch'u-pan-she, August 1950, 303 pp. (2 vols)
- 87 Chung Hua Ch'dan-kuo Tsung Kung-hui Sheng-ch'an-pu (ACFL Production Dept.) Sheng-ch'an Kung-tso Shou-tse (Production Work Handbook), Peking: Kung-jen Ch'u-pan-she, May 1950 Vol. 1, 265 pp
- 88 Chung Hua Ch'dan-kuo Tsung Kung-hui Wu-i Wai-pin Chao-tai Wei-yüan-hui (ACFL Reception Committee for Foreign Guests Visiting China on May 1st) Chieh-fang-le ti Chung-kuo Kung-jen (The Liberated Chinese Workers), Peking: Kung-jen Ch'u-pan-she, August 1952, 3rd printing (1st printing April 1952) 24 pp
- 89 Chung Kung Yen-chu Tsa-chih-she Liu Shao-ch'i Wen-t'i Tzu-liao Chuan-chi, (A Special Collection of Materials on Liu Shao-ch'i) December 1970, Taipei
- 90 Chung-kuo Kung-ch'an-tang Chung-yang Wei-yüan-hui Pan-kung-t'ing (CCP Secretariat) Chung-kuo Kung-ch'an-tang Ti-pa-tz'u Ch'dan-kuo Tai-piao-ta-hui Wen-hsien (Documents of the CCP Eighth Congress), Peking: Jen-min Ch'u-pan-she, February 1957, 1, 101 pp
- 91 Chung-kuo Min-chu T'ung-meng Tsung-pu Hsüan-ch'uan Wei-yüan-hui (China Democratic League General Office Propaganda Committee) Ts'eng-ch'an Chieh-yüeh Fan T'an-wu; Fan Lang-fei; Fan Kuan-liao-chu-i (Increase Production and Practise Economy; Oppose Graft, Waste and Bureaucratism) China Democratic League General Office Propaganda Committee, December 1951, 132 pp
- 92 Chung Nan Jen-min Ch'u-pan-she Hsüan-ch'uan-yüan Kung-tso Wen-chi (Documents on the Work of Propagandists), Hankow: Chung Nan Jen-min Ch'u-pan-she, April 1951, 170 pp
- 93 Chung Nan Jen-min Ch'u-pan-she Tsen-yang Ting-li ho Chih-hsing Ai-kuo Kung-yüeh (How to Draw up and Implement Patriotic Compacts), Hankow: Chung Nan Jen-min Ch'u-pan-she, September 1951, 67 pp
- 94 HSIEH Chia Huo-pi Wen-t'i (The Problem of Currency), Tientsin: Chih-shih Shu-tien, July 1950 113 pp

- 95 Hsin Hua Shu-tien Chung-kuo Jen-min Chieh-fang-chün Ju-ch'eng Cheng-ts'e (Policy for the PLA Entering Cities), no publisher, no date (presumably 1949), 109 pp
- 96 Hsin-min-chu Ch'u-pan-she I-chiu-ssu-ch'i-nien i-lai Chung-Kuo Kung-ch'an-tang Chung-yao Wen-chien-chi (Important Documents of the CCP since 1947), Hong Kong: Hsin-min-chu Ch'u-pan-she, February 1949, 149 pp
- 97 HSU Ti-hsin Kuan-liao Tzu-pen-lun (On Bureaucratic Capital), Shanghai: Hai-yen Shu-tien 1949, 148 pp
- 98 HSUEH Mu-ch'iao Chung-kuo Kuo-min Ching-chi ti She-hui-chu-i Kai-tsao (Socialist Transformation of China's National Economy) Peking: Jen-min Ch'u-pan-she, April 1964 (revised edition), 154 pp
- 99 Hua-tung Jen-min Ch'u-pan-she T'e-wu P'o-huai Kung-ch'ang ti Tsui-hsing (The Crimes of the Special Agents who Sabotage Factories), Shanghai: Hua Tung Jen-min Ch'u-pan-she, May 1951, 55 pp
- 100 Jen-min Ch'u-pan-she Chung-Hua Jen-min Kung-ho-kuo San-nien-lai ti Wei-ta Ch'eng-chiu (The Great Achievements of the Chinese People's Republic in the Past Three Years), Peking: Jen-min Ch'u-pan-she, December 1952 (4th printing August 1953), 172 pp
- 101 Kung-jen Ch'u-pan-she Wu San Kung-ch'ang Kung-hui Kung-tso Ching-yen (The Experiences of Labour Union Work in the Wu San Factory), Peking: Kung-jen Ch'u-pan-she, March 1953, 188 pp. (1st ed. January 1953) (referred to in notes as Wu San Factory)
- 102 KJJP She Kung-yün Wen-t'i I-pai-ko Vol. 1 (One Hundred Questions on the Labour Movement), Kung-jen Jih-pao-she, 1950 (1st edition December 1949), 72 pp
- 103 Kuo-wu-yüan Fa-chih-chü (State Council: Bureau of Legislative Affairs) Chung-Hua Jen-min Kung-ko-kuo Fa-kuei Hui-pien (Compendium of Laws and Regulations of the People's Republic of China) Vol 1 (Sept. 1954 - June 1955) published 1956, 556 pp
- 104 Lao-tung Ch'u-pan-she Pien-shen-pu Ch'i-yeh Kuan-li Min-chu-hua (The Democratisation of Enterprise Management), Shanghai: Lao-tung Ch'u-pan-she, July 1951, 94 pp

- 105 Lao-tung Ch'u-pan-she Shang-hai Kung-hui Chi-ts'eng Tsu-chih Kai-hsüan Kung-tso Tien-ti Ching-yen (Focal Point Experiences of Re-election of Basic Level Labour Union Organisations in Shanghai) Shanghai: Lao-tung Ch'u-pan-she, October 1951, 88 pp
- 106 LI T'ao & LIN Keng Hsüeh-hui Kuan-li Ch'i-yeh-chung ti Chi-ko Wen-t'i (Some Questions on Learning How to Manage an Enterprise) Tientsin: Tu-che Shu-tien, April 1950, 78 pp
- 107 LIU Ch'ang-sheng (ed) Chung-kuo Kung-ch'an-tang yü Shang-hai Kung-jen (The Chinese Communist Party and the Shanghai Workers), Shanghai: Lao-tung Ch'u-pan-she, August 1951, 88 pp
- 108 LIU Shao-ch'i et al Hsin-min-chu-chu-i Ch'eng-shih Cheng-tse (New Democratic Urban Policy), Hong Kong: Hsin-min-chu Ch'u-pan-she, August 1949, 198 pp
- 109 MAO Tse-tung Hsüan-chi (Selected Works) Peking: Jen-min Ch'u-pan-she 4 Vols 1951, 1952, 1953 and 1960
- 110 MAO Tse-tung Mao Tse-tung Chi (Collected Writings of Mao Tse-tung) Vol 8, Tokuo Hokubosha 1971, 354 pp
- 111 MAO Tse-tung Mao Chu-hsi Wen-hsüan (Selections from Chairman Mao) (no publication details - Red Guard source), 120 pp
- 112 MAO Tse-tung Mao Tse-tung Ssu-hsiang Wan-sui (Long Live Mao Tse-tung's Thought) no publication details - Red Guard source, April 1967, 46 pp
- 113 MAO Tse-tung untitled collection, no publication details - Red Guard source, 38 pp
- 114 MAO Tse-tung et al Mu-ch'ien Hsing-shih ho Wo-men ti Jen-wu (The Present Situation and Our Tasks), Chieh-fang-she, November 1949, 188 pp
- 115 Pei-ching Shih-fan Ta-hsüeh Li-shih-hsi (Peking Normal University History Department) Men-t'ou-kou Mei-k'uang Shih-kao (Draft History of the Men-t'ou-kou Coal Mine), Peking, Jen-min Ch'u-pan-she, September 1958, 128 pp
- 116 Shanghai (no publisher stated) Chieh-fang-hou Shang-hai Kung-yün Tzu-liao (Materials on the Shanghai Workers Movement after Liberation (May-December 1949), Hong Kong: reprint, no publisher, no date, 254 pp. (referred to in notes as Shanghai Materials)

- 117 Shanghai Hsin Hua Shu-tien Fan-tui Kuan-liao-chu-i (Oppose Bureaucratism), Shanghai: Hsin-hua Shu-tien, September 1950
- 118 Shang-hai-shih Jen-min Cheng-fu Lao-tung-ch'u (Shanghai Municipal People's Government Labour Bureau) Lao-tung Shou-ts'e (Labour Handbook), Shanghai: Hua Tung Jen-min Ch'u-pan-she 1951, 230 pp
- 119 Shang-hai Tsung-kung-hui Wen-chiao-pu (Shanghai General Labour Union Cultural and Educational Department) Ch'üan-kuo Kung-hui Kung-tso Hui-i (T'ie-chi (All China Conference on Labour Union Work) (special edition), Shanghai: Lao-tung Ch'u-pan-she, June 1950, 100 pp
- 120 Shang-hai Tsung-kung-hui Wen-chiao-pu (Shanghai General Labour Union Cultural and Education Department) Kung-ch'ang-chung ti Hsüan-ch'uan Ku-tung Kung-tso (Agitprop Work in Factories), Shanghai: Lao-tung Ch'u-pan-she October 1950, 196 pp