

Sex: Male

Total Years Relevant Experience: 22

Last Year of Relevant Experience: 1975 Year Left China: 1975

Initial Immigration Status: Legal

Native place/Overseas Connections: Hong Kong native, in Canton at liberation

Class Background/Political Designation: O.S./either capitalist or shopkeeper

Positions Held: 1) Section Head, District Industrial Department, Canton, 1954-56.

2) Department staff, Municipal Industrial Company, Canton, 1956-57.

3) Knitting Machine Factory, Canton, 1957-75

a) Assistant Plant Director in charge of Finance, 1957-67

b) fitter, workshop, 1967-70

c) Department Head, Sales and Supply Department, 1970-75

Administrative Level of Work Unit/(No. of employees):

1) City District

2) Municipal

3) Municipal

Experience in Full-time Manual Labor (for non-worker occupations):

fitter in workshop, 1967-70

APPOINTMENTS: 10

TOTAL HOURS: 23.5

PAGES TEXT: 28

No. 5
(12/2/79, 2 hrs.)

Occupational History:

Informant is a native of Hong Kong, and he attended the finest academic middle school in Hong Kong (Pui Ching) where instruction was in English. This was in the late 1940s. His family was in business in the Guangdong-Hong Kong area, and branches were established in both Hong Kong and Canton. He travelled frequently back and forth across the border, often spending summer vacations in Canton. He attended college in Canton for a while, and when the CCP moved in in 1950, he decided to stay in Guangdong and help his country any way he could. As he comments, he was 'young and foolish' then, and 'didn't understand the ways of the world'. He had a complex early history in China, participating in work teams which aided land reform in rural areas, participating in the san fan campaign on work teams which entered private factories looking for corruption, and doing early organizing work for trade unions. He denies that he was a party member, and says that this was not unusual work for patriotic youth at the time. He says the CCP was spread pretty thin at that time, and needed non-member cooperation.

His experience in the new industrial system of China, in a fixed office position, began in 1954. From this time until 1956 he worked in a district industrial department (bu) in Canton, which did coordinating work for the joint state-private factories and private factories in the district. At that time there were five districts in Canton. His department was divided into 4 sections (ke); heavy industry (machinery, chemicals, electricity), light industry, handicrafts, and textiles. He was a section head (kezhang) of the heavy industry section. The job of the section was to get supplies, inspect production, procure orders, and handle state-private relations with the enterprises under his jurisdiction. This was before the Soviet-style ministry-bureau system was fixed in place in Canton, and before the completion of nationalization of industry. From late 1956 to early 1957 he worked in a municipal industrial company (of an earlier type different from present companies in China), where he was also an administrator. But Canton's industrial system was undergoing a continual process of reform and reorganization throughout the period, so very quickly these companies were abolished and he was transferred again, this time to a position where he remained for almost 20 years.

In 1957, he was assigned to a Knitting Machinery Factory in Canton, which was under municipal administration. The enterprise was made up of several smaller shops which had recently been assimilated into one, and at first the enterprise had no single building to house it. Eventually it was moved to its own building away from the center of the city. The enterprise went through several organizational changes while he was there. At first, the plant was led by a manager who had earlier owned one of the plants, along with a party secretary. Later, after all the plants were combined into a single building and the plant switched from joint state-private to state ownership, the old manager (jingli) became a vice plant director (fu changzhang), while the party secretary assumed the position of plant director simultaneously.

His job was that of vice plant director; he was one of five. He says that the plant director just oversaw the whole operation, in addition to his duties as party secretary, but in the concrete the director did little actual work, he just relied on his vice-directors to do actual administrative work. They reported to him. The director was mainly responsible for handling relations with the bureaucracy above and with

the Party. I says that in actuality, he was himself the plant director, since as vice director in charge of finance, he was pre-eminent among the 5 vice directors, controlled the purse, oversaw all operations in a financial sense, and worked most closely with the director. The other four vice-directors had specialized duties; they were in charge of production, technology, sales and supplies, and general affairs. The party system was separate--these were different officials.

During the Cultural Revolution, in 1967, he was attacked and forced to step aside. He became a fitter in a workshop for four years, up through 1970. During this period he did manual labor but was still consulted by the people who were newly in charge of running the plant. In 1970, they implemented the Party's cadre policy, and he was allowed to return to administrative work. But they had by this time abolished the old structure of director-vice directors-departments, so he couldn't return to his old job. Now the revolutionary committee handled the work formerly done by the group of plant directors. So he became the head of the supply and sales department, although was not given the title of kezhang. He also rendered advice regularly to the new, younger leaders directing plant operations.

In 1975 he was given permission to emigrate to Hong Kong, so he retired, and received a pension for 22 years of service, and was given a sizeable lump sum according to a fixed formula. He appears prosperous now, and his address is on a fashionable street in a prosperous middle-class neighborhood on Hong Kong island.

The Knitting Machinery Factory (12/6/79, 2 hrs.)

The knitting machinery factory (zhenzhi ji chang) was combined from a large number of small shops in 1956. These small shops ranged in size from a few individuals to as many as 30 workers. At the time there were about 200 employees in the plant. But it developed and grew over the years. By 1958 it had about 600 employees, and after a contraction in employment in 1960-61 where they had to lay off workers, they were up to 700 by 1967, and by 1970, and up until he left in 1975 there were over 1000 employees. So the plant grew from small-scale to middle scale.

As of 1974, soon before he left, the modified administrative side of the enterprises organization was as follows. First, the plant director, also the Party secretary, was in charge. He was also head of the revolutionary committee (I seems to willfully ignore the revolutionaty committee and is very reluctant to talk about administrative changes after the CR. Its almost as if he disapproves and has chosen to ignore them, and usually dismisses them as transitory phenomena, while underneath 'things didn't really change that much'--it was still the Soviet-style system. Its also simply possible that since he was out of the top leading group after 1967, his concrete knowledge of the new structures is limited).

There were four assistant plant directors at this time. One each in charge of production, technology, administration, and basic construction. The production director was in charge of the designing department, labor and wages department, and all the shops. The technology director was in charge of the technology department and the safety department. The administrative director was in charge of general affairs department, the canteen, the dormitories, the clinic, and the kindergarten and nursery. The basic construction director was in charge of all capital construction projects, which they had continually. There were five shops. The casting shop, and four shops numbered 1 through 4, each of which produced a different kind of knitting machine. Each shop produced a finished machine from beginning to end, and was divided internally according to the stage and work process. The casting shop had a carpentry group and then several production groups

STANDARD ORGANIZATIONAL CHART FOR LARGE ENTERPRISE

(administrative side)

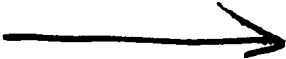
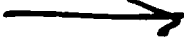
PLANT DIRECTOR

Vice-Director
(Production), also
called Chief
Engineer

Vice-Director
(sales)

Vice-Director
(technology),
also called
Chief Engineer

Vice-Director
(general affairs)



Director's Office
Finance Department
Capital Construction Dept.

Planning Department
Production Department
Labor and Wages Department

Sales Dept.
Supply Dept.
Transport Dept.
Stores Dept.

Designing Dept.
Technical Dept.
Quality Control Dept.
Safety Dept.
Machinery&Equipment Dept.
Tool Dept.
Research Dept.
Laboratory

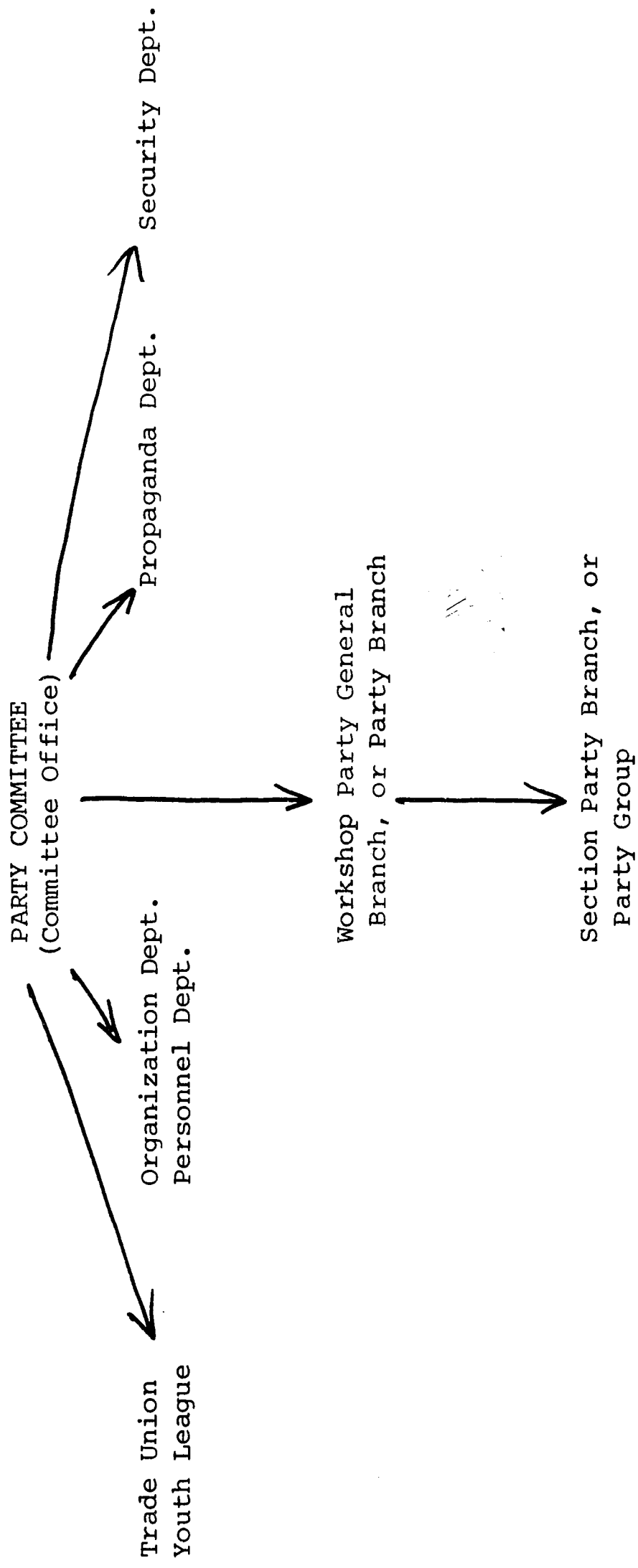
General Affairs Dept.
Welfare Dept.
Canteen
Nursery
Kindergarten
Clinic
Dormitory, Housing
Schools
Shopping
Agricultural Prod.

Workshops

Sections

Groups

STANDARD ENTERPRISE PARTY ORGANIZATION CHART



each of which casted different parts.

The Party organization was parallel to the administrative one. Below the plant Party committee was the organization department, the propaganda department, the security department, the personnel department (for all cadres and staff), the Party branches in the shops (both general branches and branches), the union, and the youth league. The party committee had its own office.

The responsibilities of plants originate in the State Planning Commission in Peking. They hold yearly meetings to distribute plans, where each province and large city sends representatives. Plans are distributed to local and provincial industrial bureaux, to centrally-run industrial complexes like Anshan, Daqing, Wuhan Iron&Steel. As the targets make their way down the levels of the system, each level adds a bit to the targets as they move downward. For example, if X bureau has a target of 1000 to fulfill, it will distribute smaller targets to each unit under it which total 1100 altogether. In this way it will assure that it can at least fulfill, but preferably overfulfill its responsibilities, even if one or two units fail. This is called 'increasing the target level by level' (ceng ceng jia). This occurs regularly in the system, and reached exaggerated proportions during the Great Leap Forward, making it impossible to fulfill enterprise targets. They have had campaigns regularly to oppose this practice, but it's just a regular part of industrial practice.

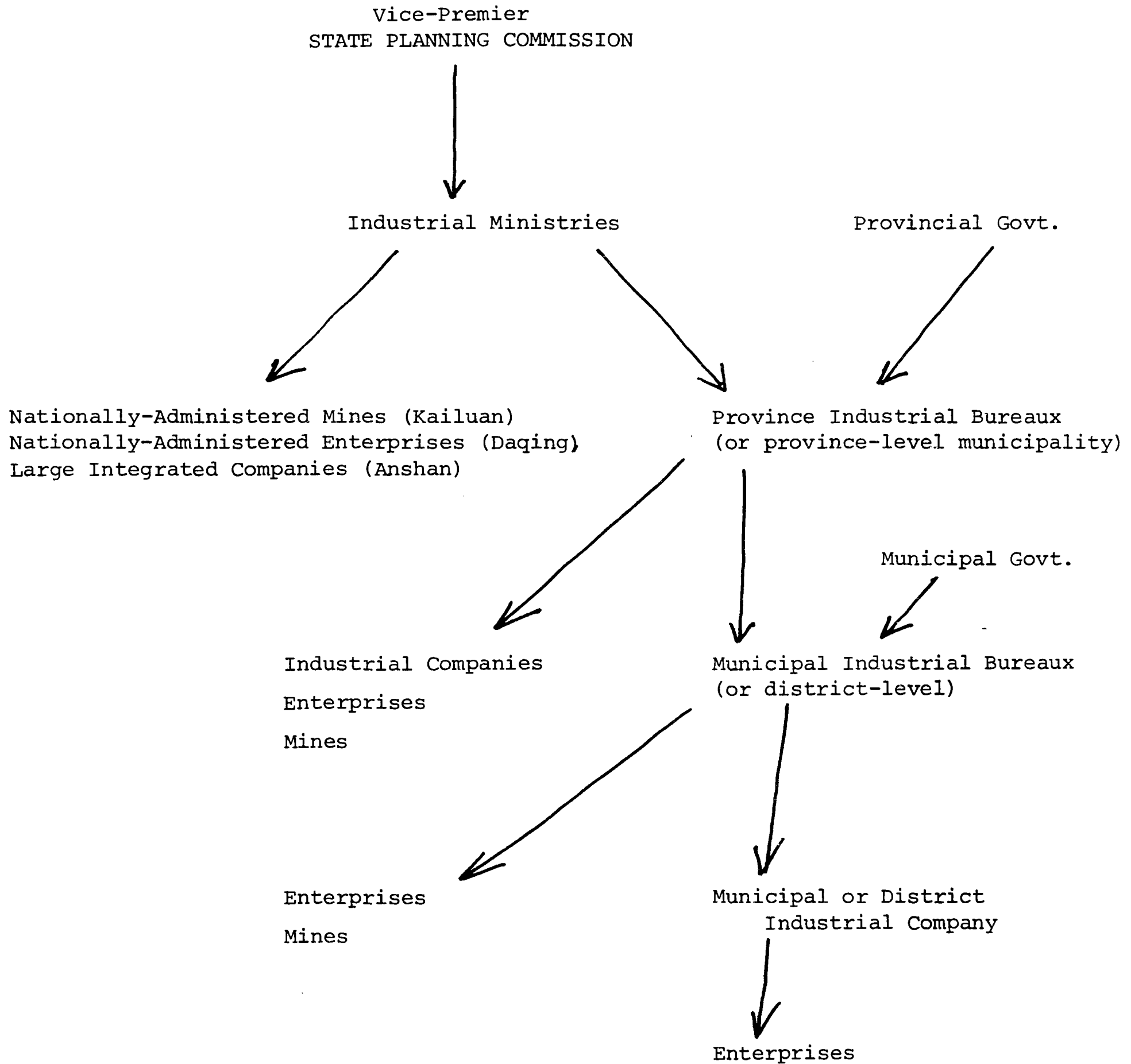
Administrators do this (it occurs within plants too) is not to receive premiums, but for prestige within the system and for future promotion. Premiums for plant directors are not much in China, unlike the Soviet Union. If there is a bonus for the director (chang zhang jiangli jijin) he must contribute it to workers' welfare, then this is publicized, and the director gets favorable attention. If an enterprise doesn't fulfill its plans then the higher levels will criticize the leader, and in repeated or severe shortfalls will send in an inspection team.

There is very little corruption within enterprises. This is because: 1) all money is kept in bank accounts (3), one for floating capital, wages, and fixed capital funds. Payments take the form of bank transfer notes and must fit the regulations governing each kind of account; 2) invoices for each expenditure must be submitted, and finance departments above the enterprise check them.

As each year's plan is announced in the factory, the workers' congress meets. But before the workers' congress convenes, there are a series of smaller meetings of leading cadres at different levels in the plant to decide major questions beforehand.

The Revolutionary Committee was the leading group after the CR, but it didn't handle practical work. It was a combined committee of leading cadres of the administrative and Party cadres, and also some faction leaders. After the Party Committee was rebuilt, the revolutionary committee became just a part of the administrative structure. Very few leaders of worker factions remained on the Revolutionary Committee after the end of the CR. There were no fixed proportion of workers on the committee, and after several years there were no workers at all. The RC became an organ where the Party exercised leadership over administrative work, and leaders from the two sides met. The Party Secretary was head of the RC, and after this point the RC merely became an organ of unified party leadership. It handled administrative work.

TIERS OF ADMINISTRATION AND PLANNING



Bureau (or Industrial Company) Leadership of Enterprises

(This is a transcription of a written report he brings with him at the second interview).

I. Work Planning (gongzuo anpai)

a) the plan: after the enterprise is told orally what its production targets for the year will be, the bureau will prepare detailed written plans for the enterprise. It will prepare, annual, quarterly, and monthly versions, including all aspects of work: products, quantity, quality, technical design (for new products and new machines), material supplies and sources, scientific research, safety, export-import responsibilities, new products to try to design and test, improvements in enterprise management.

b) Work meetings at the bureau (gongzuo huiyi): There are two kinds of meetings. General meetings to discuss the work of the entire enterprise, and special meetings for departmental work within enterprises. Plant directors are summoned to the bureau (or the department heads, if necessary) to attend a meeting to discuss the plan fulfillment, and to encourage the enterprises to carry out the bureau's plan. Then the enterprise has to complete its plan in accord with the general plan provided by the bureau (within the bounds of which there is still room for flexibility), and resubmits to the bureau.

II. Instructions (zhishi)

The bureau is continually making all kinds of work instructions concerning the plan's fulfillment or political work, in both written and oral form.

III. Reporting System (baogao zhidu)

1) the enterprise must make a report to the bureau (written or oral) on how they have succeeded in completing the plan or how they carried out a given instruction.

2) there are fixed reports which must be submitted at regular intervals.

3) If necessary, the bureau will hold a reporting meeting and all the directors and their assistants will attend and deliver oral reports on enterprise work.

IV. Asking for Instructions and Receiving Approval (qingshi ji pizhun)

On many important matters (it is often difficult to distinguish important from less important matters) the plant must consult the bureau and ask the bureau for approval, especially if this involves a solution to an important problem. The application usually must be written.

V. Work Inspection and Investigation (gongzuo jiancha yu diaocha yanjiu)

The bureau continually inspects the factory's work from its reports, and sometimes sends inspection teams to the factory to inspect their work (all kinds of work, including production), or will send in investigation teams to go after a certain matter (may be corruption, may be quality control). The inspection and investigation usually was written up and sometimes was published in printed matter circulated to factories for reference. If it turns out after investigation to have been a good experience, the bureau will add favorable comments and request all other plants to emulate it.

VI. Exchange of Experience Meetings (jingyan jiaoliu huiyi)

All the factory heads attend a meeting to hear the good experience of other factories previously, discuss the experience, and come up with an oral or written plan on how to implement the experience in their own plants. Afterwards, the bureau requests that the factory report on how they spread the good experience in their own unit. If they are too slow about it, they will be criticized.

VII. Connections between Bureau Departments and Enterprise Departments

Factory departments always keep in close contact with bureau departments (for example, the planning department of the enterprise keeps in close touch with the planning department of the bureau). This is so that the departments of the bureau always know the situation of the like department in each enterprise, and give help when needed. Factory departments often consult the counterpart department in the bureau.

VIII. Newsletters and Newspapers (tongxun yu baokan)

The bureau publishes printed matter periodically, and circulates to enterprises. These publications describe different enterprise's production experience, techniques, improvements in management, etc.. They describe enterprise experiences in detail, add comments or criticisms.

IX. Personnel Management (renshi guanli)

The bureau controls the transfer, promotion, punishment, inspection, and supervision of personnel.

Internal Enterprise Control of Plan Completion

Each enterprise must monitor continuously its progress in completing the various aspects of the plan. This is the job of the planning department (jihua ke) or the production management office (shengchan diaodu shi). The term diaodu combines the meaning of planning (jihua) and adjustment (tiaozheng). That is what is meant here. Production 'control' therefore means that, according to the operative plan of the enterprise, the entire production process should be proceeding in a balanced and smooth fashion, and bottlenecks and delays should be detected ahead of time and corrected immediately. Problems, especially discontinuities in serial production, must be detected and solved according to plant regulations so the operational plan (yewu jihua) can be carried out smoothly. Concretely, this means the following:

- 1) Check the operational plan for the day, see that it has been carried through, and if not, find the reasons why.

- 2) Inspect all preparations for future production and make sure there are no discontinuities in the course of production, such as in the supply of material, half-finished products, tools, charts, and timely renovation and repair.

- 3) Find out conditions not in accord with the operational plan in each shop or department and solve these problems.

- 4) In case of an accident or emergency which requires a halt in electricity supply, or machinery suddenly breaking down, take immediate action to solve the problem.

- 5) Warn workshops that appear not to be able to complete the operational plan, and if the shop cannot solve the problem itself, the plant director has to take steps to solve it.

Reporting, Informal Accommodations, Bureau Control (12/13/79, 3 hrs.)

False reports by plant directors to bureau are rare, because if caught, the director can be criticized or transferred and demoted. Outright false reports occur only rarely. But this does not mean that everything proceeds strictly according to plans.

For example, before the Great Leap Forward, the state supplied enough materials and equipment to enterprises, but afterwards, the supplies set in plans were never enough, and it was necessary to go through the 'back door' (houmen) to procure them. Every supply and sales department has a broker who handles trade with other plants for spare parts and supplies. There are several of these people in each supply

department. Not all these transactions are put in writing. If you sign a contract, then the upper levels of the bureaucracy must affix a 'chop' to it. Money, further, is of no use in arranging supplies informally, because everybody has money--it is the actual supplies that are scarce and therefore valuable. These brokers, therefore, travel around and arrange swaps of materials for equipment, for example, a knitting machine or generator for steel, tools, wire, spare parts, etc. Everything is done informally, and therefore friends and informal contacts, guanxi very important in facilitating these arrangements. Often these brokers build up a network of contacts, like business friendships, and return to these same contacts again and again for supplies. So generally, as for many other things in China, it is position and connections, not money, that counts.

Since departments such as general affairs, sales and supply, planning, and finance all handle money and products, they are suspect during anti-corruption campaigns run by the bureaus. Every year there is usually one such campaign, and it usually occurs in conjunction with campaigns to 'increase output, practice economy' (zengchan jieyue). Both corruption and waste are investigated hand in hand.

There are four parts to such a campaign. 1) Preparatory meetings arranged by the municipal party committee, and held in various bureaus. 2) At these meetings, plant directors, party secretaries, department heads confess, make self-criticisms, about things they have done in the plant. Meetings usually last 1-2 weeks. 3) Then the movement spreads to the factory. First, wallposters go up, then problems are disclosed, and finally the worker's congress meets (these were revived in 1972 or 73). The factory director and party secretary deliver reports, talk about waste on the plant floor, solicit criticisms. During these campaigns, wallposters are not often used because the writers fear revenge by leaders, so they use letters written to the party committee, and a complaint box.

Next comes the stage called 'grasping the queue' (zhua bianzi). A temporary office is set up for the purpose of inspecting plant records. Inspectors comb the records of the targeted departments looking for different kinds of waste. Materials for these inspections come from all the meetings, all the wallposters and letters. Then if something is discovered, they correct the error and then publicize it, study it. The investigators are selected by the plant security department, which is under the party committee. They come from different departments in the plant, sometimes include workers from the factory. If they collect enough damaging material on a certain individual, they will detain him in the plant, have him stop working, write confessions and self-examination. If you tell the truth very quickly, then punishment will be light, or there will be none at all.

Next comes the final stage, where plans for systematic improvement (xitong zhenggai fang'an) are made and carried out. Every department, shop, group, has its own meetings, where it makes plans for systematically carrying out plans for alleviating the problems of waste discovered during the campaign. These plans are reported at the workers' congress, where all worker delegates discuss them. Plans are also submitted by the enterprise to the city bureau or company for inspection. This is for waste. For corruption, they have punishment meetings where most who are discovered are let off after being criticized openly, while sometimes a few are punished as an example. These last will be arrested in the middle of the meeting and taken off to the municipal security department. If later convicted, they will go to prison. Finally, every production group, every administrative unit in the plant will make plans for improvement. They will fill out a chart which specifies items of waste discovered, types of waste involved, method adopted for

improving the problem, the person in the group involved, the date the problem corrected, and the results. The chart is sent to the director's office, and it will be put up in the work area on a wallposter or a blackboard.

This movement is connected with the preceding discussion of brokers' activities because in the process of informal procurement work, these people always manage to get a few things thrown into the deal for their own use. Nothing extravagant, things like pork from Hunan, which is rare in Canton. Often they bring these things back and sell them on the open market.

Production Plans, Targets

(This section is based on written material which informant brings with him to the interview, supplemented by notes taken as we discuss the material). The national plan (annual, quarterly, monthly) is issued by the bureau and delivered to the plant in a series of forms consisting of six major planning targets. These basic targets did not change during the period 1956-75 (although remember he was not in direct contact with planning process from 1966-75). The targets are:

- 1) Production Value, expressed in constant prices.
- 2) Quantity of Production (in tons, meters, dozens, pieces, etc.)
- 3) Quality of Production--percentage of up-to-standard products, for example 95%, 98%, or 99.5%.
- 4) Labor Productivity, measured 2 ways:
 - a) Entire staff productivity rate:

$$= \frac{\text{Production Value (zong chan zhi)}}{\text{Total Employees (zong ren shu)}}$$

- b) Worker productivity:

$$= \frac{\text{Production Value}}{\text{Total \# Production Workers}}$$

- 5) Profit

6) Cost Ratio (chengben lü), a ratio of costs of production relative to selling price. For example, 85%, 80%.

There were two other targets which were minor and less important: the rate of increase of profit, and the rate of turnover of funds (zijin zhouzhuan qi).

Constant prices are used only in the plan and in statistics for production value. It is a price for statistics and planning, not a price for sale. For example, a lathe might have a sale price of 5,500¥, but have a constant price of 5,000 ¥. If the plant produces 10,000 lathes a year, the annual production value is 50,000,000¥ although the sale price is 55,000,000¥. If the sale price is reduced to 4,500¥ each, the production value of 10,000 lathes is also 50,000,000¥ (in constant prices), although the sale price is 45,000,000¥.

Production Value (in constant prices) is convenient for showing the real increase or decrease of production. If a factory produces 10,000 lathes a year, and each lathe's sale price is 50,000¥, then the production value is 500,000,000¥. After a year, the factory produces 9,500 lathes, but each lathe's sale price is now 55,000¥, so the total production value in sales prices is now 52,250,000¥. In terms of sale price, production seems to be increasing, but in fact it is decreasing, and this will be reflected in constant prices.

The constant prices for a large number of products and commodities is set by the National Statistical Bureau. If there is no constant price set for a commodity in the Handbook of Constant Prices, the current sale price can be used in the plan or in statistics for calculating production

value on the condition that the use of the sale price is approved by the bureau.

Planning Process, Planning Cycles (12/20/79, 2.5 hrs.)

For expensive products (trucks, cars, large machines) the planned quantity targets cannot be changed, but the numbers for less expensive items like clothing can be altered somewhat after receiving the targets. Some enterprises have only one or two buyers, so planning charts (see attachments) are not necessary. Some commodities like bicycles, and food products can be sent only to a local bureau or to an export-import company. The prices used when selling to buyers are selling prices, not the constant prices set by the State Statistical Bureau. Selling prices are also set by state organs, either by industrial bureaux or commercial organizations (shangye bu men, gongsi). Afterwards these regionally set prices must be approved by the Finance Department (depending on the commodity, of the city, province, or central government). So when concluding sales contracts with other enterprises or companies, prices are already set for each item. If it is a new product, the seller will suggest a price to the bureau for approval.

Payments are made by bank transfers. A 'tuo shou dan', like a letter of credit, is given to a producing factory when a customer is notified that a contract is almost completed and ready for delivery. The factory director presents the letter to the bank, and transfers the funds.

If a factory wants to conclude a contract, it must present a form given by the bureau, which specifies the number of items it can buy that year and from whom. So all contracts are pre-arranged by the bureau. If a plant overfulfills by a lot, it sometimes can go ahead and set contracts with other plants, subject to bureau approval. The extra money that results goes into the floating capital (liudong zijin) account in the bank. Excess profits go into this account.

Many products, particularly trucks, autos, all kinds of machines, as well as spare parts and raw materials, are in short supply. If the planned supply of these items, arranged by the bureau in the formal plan, falls short (which it often does), then have to go 'by the back door'. You have to trade spare parts, machines, products with another factory, as described previously. It is difficult to draw the line between the legal and the illegal here. Everyone does this, and bureau officials often know about it. So there are various shadings: 1) the bureau knows, and approves officially, 2) bureau knows, approves tacitly, 3) bureau knows, but pretends not to know, 4) bureau does not know.

Where does one draw the line here for legality? It is very difficult. So many people know about these practices, so few are punished for them. Also, all this activity is not for money, but for the nation, to finish the plan. Sometimes these informal exchanges involve things like foodstuffs, which go to the plant's canteen. But it does occasionally occur that an official will use these items for himself, but if this is discovered, he will be criticized in meetings, forced to write a self-criticism, and repay the items. If the degree of corruption was high, involving large sums, punishment, including prison, is possible if the violator does not confess quickly. But if the violator confessed quickly, makes a self-criticism, repays, then will just be criticized and moved to a different unit at the same pay. This kind of corruption is easy to discover because neighbors, family, friends know about it and will report it. And also, there are the previously discussed campaigns against corruption which also coincide with the 'increase production, practice economy' campaigns which come almost every year.

Yearly Plan, Product Distribution
(Issued by Bureau to Enterprise)

Products	Quantity	Distribution									
		← direct buyers →					← indirect buyers →				
		City Indust. Co. X	City Indust. Co. Y	City Indust. Co. Z	Factory O	Factory P	Factory Q	Prov. Bureau XX	Prov. Bureau YY	Prov. Bureau ZZ	Prov. Bureau AA
A	1000	50	50	20	30	40	60	500	250	200	
B	2000	100	100	40	60	80	120	600	500	400	
C	5000	100	300	100	200	300	400	1500	1000	1100	
D	8000	200		300		400	1000	2100	1200	2000	
E	4000		500			1500		1000	1000		
F	3000	500		50		150		1300	500	500	
G	7000		2000		1000			1000	1000	2000	

② Product Distribution, breakdown of initial Allotment to Provincial Industrial Bureau XX

Product	Quantity	Ind. Co. H	Ind. Co. I	Ind. Co. J	Ind. Co. K	Ind. Co. L	Ind. Co. M	Ind. Co. N	Ind. Co. O	Ind. Co. P	Ind. Co. Q	Ind. Co. R
A	300	50	40	20	30	40	20	50		20		30
B	600	10	20	40	50		100		200		80	100
C	1500			200	400	100	200		400	100	100	
D	2900	600	300	300	200	100	400	250		250	500	
E	1000	60		40	300		100	200	100	100		100
F	500			40	100	60	50		50	150		50
G	1000		100			200		100		400	200	

Planning charts (see attachments) are sent to the plant during the first quarter of every year. I says that they existed during every year he was in the plant. Before these charts are given to the factory (they are the final plans), the enterprise already is informed of the total targeted amounts of each item, a total number set previously in the series of planning meetings where targets are distributed at each level in the system (see above discussion, pp. 3). These meetings will have taken place in the final quarter of the previous year. If the enterprise is notified late, it will estimate its targets based on the previous years. But they don't know who their products will be sold to, or from whom they buy their supplies, until the chart arrives. All these balances are worked out at the bureau (or the industrial company). So only a draft plan is completed by January 1, while formal plans are sent out sometime during the first quarter. Sometimes formal plans will be revised by central ministries in the 3rd or 4th quarters because of revisions in knowledge of supplies or raw materials, or of increases in plans to export.

Since factories must meet value targets as well as quantity targets, they would prefer to produce items with high constant prices, so when setting contracts would like to supply more expensive items. This can be done for items not clearly specified in detail in the plans (which includes most of them.)

So even after the final planning forms specifying distribution and buyers, suppliers arrives, the enterprise still has a degree of flexibility. After the forms arrive, officials will be very busy going to all the different enterprise specified in their charts to sign contracts and in many cases also to negotiate over precise types, exact specifications. Sometimes this is done by mail, sometimes representatives are sent for negotiating. This round of contract signing activity is set off by the chart we have labelled #1. Afterwards, chart #2 arrives, which further breaks down buyers which previously had been lumped under XX bureau, or XX company. Then another flurry of contract signing begins. Form one is set by a higher agency than form 2. Form 1 will be set at the central ministry or provincial level; while form 2 will be set at the province, bureau (city), or company level. All of this depends on the level of administration and size of the enterprise.

But all enterprises are both buyers and seller, so this process is actually doubled, if you consider that each firm also gets similar forms specifying sources of supply. So when plants get together to sign contracts their forms must 'mesh'. The same officials handle both sales and supply purchasing. Several matters are open to negotiation when signing a contract: specifications of the product, types of the product, price (if a new product), delivery date, how and when to pay. For items like large lathes, cars, ships, specifications and types are already specified in the plan, but most other items leave room for negotiation.

Operational Planning: The plan is divided into quarters, months, and even days. If the enterprise fails to fulfill targets during a month, they will be criticized by the bureau. The output of the previous month must be reported before the 5th of the next month by enterprises, the 10th by provinces who must report to central ministries. If reports are slow for several months in a row, inspection teams may be sent out.

So if there are difficulties in the beginning of the month, like supplies arriving late, breakdowns, then must 'storm' at the end of the month, and work overtime (I press for a Chinese equivalent to 'storming', but to no avail, he claims there is no special term for this). But overtime is limited by the overtime plan (ratio of total work hours, #workers, hours).

But if the bureau does not approve new overtime, then workers will just not be paid overtime sometimes.

When the 'storming' period begins, administrators and the Party committee call a production meeting (shengchan dahui), a mass rally, where the problem is specified--ie. only 5 days left in the period--and that workers should therefore increase their enthusiasm and work hard to overfulfill plans. The Plant director explains the reasons, and the Party and Union has the job of mobilizing the workers' enthusiasm. Similar meetings take place in each shop, department, and production group. There is no regular name for all of this, it is just a regular part of industrial practice. Meetings in shops and production groups both at the beginning at the end of the month--at the beginning for announcing tasks and at the end for inspecting progress.

Shop-Floor Management (12/27/79, 2.5 hrs.)

Hong Kong factories, in which informant has experience as a staff administrator also have the equivalent of small groups. A foreman (gongzhang) is the leader of a group of workers on the shop floor. Structurally this is similar to China. But there are no meetings within the group. Group leaders just give orders, don't have discussions. Also, the foreman is not a production worker, he is a supervisor.

Also, in China, there are many more quotas, for output, quality, original materials, ordering materials, etc. But in Hong Kong there are no quotas. If you want materials, you just order them. Therefore there are many more records kept at the small group level in China. Materials, quality, output, waste, working hours, are all recorded and kept by the group leader himself. But in Hong Kong the foreman only records for output, quality of each worker and hands over to a clerk.

Small Group Management System: Output, quality, original materials, subsidiary materials, tools, electricity, work hours, attendance, safety, waste targets are all set for the small group. Also productivity rates for individual machines are set. The group director is in charge of basic-level accounting and record-keeping. But workers keep their own individual records, write down their performance after each shift--for output, waste products (not up to standard), materials use, etc--and hands in to the group leader every day. The leader gives to the shop office, who staff sums up and turns over the different figures to the departments concerned. 'Original records' (yuanshi jilu) is the name applied to these cards kept by workers. It is very easy for the group leader to check to see if these records are false. He looks at the record and if it doesn't make sense he can verify quickly by going around to check. This is because the group leader knows his workers well, knows whether they are good or bad workers, and also works right alongside them all day long. So its a self-reporting system, but given the nature of the small group, its hard to cheat.

The group leader receives these original records and makes 'small group records' (xiaozu jilu). His job is to verify, add together and send up to the shop. He does this the first thing every morning, before the shift. It takes only about 15 minutes, and the calculations are very simple. He also has to compare the performance of workers. If there are problems, he must go to the worker and find out the cause, and do remedial training or education of lax workers.

The small group records are handed over to the shop director, if there is no section in between shop and small group levels. Actually the records go to the shop statistician (tongji, jihua yuan) or to the shop planning workers. These shop offices fill out daily production reports based on small group records. These daily production reports (shengchan

ribao biao) contain all the daily production data, divided according to each of the various targets. These office workers in the shop add up all the forms coming in from the production groups, and sends the resulting daily production reports to the plant planning department. The plant planning department summarizes all of these shop forms and makes a general report, which goes to top management. Thus the plant director and the vice director in charge of production can tell each day where there are problem shops, or groups, and where things are OK. They can send inspection teams to visit problem areas, or can call a 'plan adjustment meeting' (diaodu huiyi).

Participating in these plan adjustment meetings are the vice director in charge of production, the head of the planning department, all workshop heads, and if necessary, the heads of other departments. They are supposed to have these meetings every day, but sometimes only one every 3 days. They only take about 1-1½ hrs. These meetings are embarrassing (buhao yisi) for the shop directors whose reports showed that they did not fulfill their operational plan. But since this happens often it is not really that embarrassing unless there is no good reason for it. At the meetings the leader goes around the room and asks each shop leader what the situation in their shop is and what problems there are.

The all-plant daily production report (chang shengchan ribao biao) is often read daily over the plant intercom system. They report which units in the plant did well, which are lagging behind. In each small group, they also have a blackboard, or handbills pasted up showing the rate of fulfillment of the plan, broken down by individuals. Every week, the small group has a production meeting where they discuss the general situation, problems, and how to improve.

Small Group Leadership: There were 'worker managers' in the small groups, and they received no extra pay for these duties. They had a worker in charge of safety inspection, a kaoqin yuan (attendance checker) who checks attendance and promptness--there are no time cards in Chinese factories. They had workers in charge of cleanliness (weisheng), family planning, a parts and tools custodian, a quality inspector (usually an experienced worker, his job is to help the group leader inspect the work of others and solve quality problem by giving instruction to worker involved), a 'planner' (jihua yuan) who helps the group leader to divide the plan for each worker and to fill out daily production forms.

This method of organizing the small group began in the Great Leap Forward, and was begun in the northeast, later spreading to the rest of the country. Many workers in these kinds of positions feared giving orders to other workers or disciplining them. This made for embarrassment, it is difficult to tell a coworker that his work is not good. So one must be fair. Sometimes arguments result. This is especially so when work is connected to bonuses, and is worst for the quality inspector, whose work is directly related to bonus income of individuals. There was a common slogan to get workers to overcome these feelings of embarrassment and sensitivity to others feelings--da po qingmian.

They have had this system from 1958 up to the present, but not all factories use it. It tends to be used more often in large factories, which are well-managed, and in urban areas. Smaller, newer factories, and ones in the countryside often do not use this method. (12/31/79, 2.5 hrs.)

The only possible exception to the continuous use of this small group management system was the cultural revolution when things were in disorder. There were no basic changes in the system over the years. Most of the enterprises in big cities have used this method, but not all have

done so well. A small minority of poorly-managed enterprises have never implemented this system.

Powers of worker-managers: Their main task is to help the production group leader do small group management work. For example, handling materials, taking care of the tool storeroom, doing simple operational planning work (checking to see if group work is proceeding according to plans, in a balanced way that will ensure overall completion of the plan). Technically proficient workers are appointed 'technician' (jishu yuan, gongyi yuan), and their responsibility is to help newer, less experienced workers and to help solve production problems that pop up. Specialists from the shop office do not handle production group management normally except when a major problem occurs which the group has failed to solve. Then he goes down to the group to see what's wrong, and to help the group in solving.

This is the basic special feature of China's management system. It has the following advantages: 1) it makes the workers feel that it is their factory; 2) it reduces the staff required in offices by performing much of the paper work during spare time in the group; 3) it encourages mutual help and mutual supervision among the workers; 4) it raises the overall level of management--if each small group manages itself well and implements the plan in detail, the entire factory will then be managed well.

This method, however, has the following problems: There is no extra payment for workers doing this kind of extra management work. They have to come in early and leave late if they become a 'yuan'. So if a worker's consciousness is high, then he does not do the work well. Also it is possible to be criticized for not doing this job well, so some workers try to avoid these responsibilities to avoid possible troubles. This was a bigger problem early in the implementation of this system--later workers became accustomed. The work of the Party branch and the union is to convince qualified workers to take on these responsibilities. The selections took place once a year.

Work assignments within a group were usually fixed, but not unchangeable. If a worker is absent, and if there are enough workers present, someone else just fills in. A person's job is not unchangeable. Fitters sometimes operate lathes, although this kind of thing doesn't happen often. Wages are not tied to job descriptions, but to wage grades. But there is some connection--certain job titles (at certain skill levels) carry different possible ranges of pay grades on the 8 grade scale. But generally it is years of service that count. Job assignments are fixed usually by the shop office.

Workers Wage System

Wages vary by 1) workers grade; 2) the industrial system; 3) region (which is indexed by cost of living); 4) the size of the plant. There is a complex system of figuring out a certain workers wage. There is a whole volume available to managers, filled with charts, that tell of all the wage differentials, which vary by the above four criteria.

In 1956, during the wage reform that accompanied the transformation of joint state-private into state industries, they placed workers into grades according to their technical standard (jishu biao zhun). This was determined by one's ability and experience, knowledge. If a worker was placed this way in a certain grade which gave him a lower wage than he received before, then he was paid at the new rate but was given a kind of supplementary wage (baoliu gongzi) which kept his wages at the previous level. Later as he was promoted up the grade scale his basic wage would increase and his supplementary wage maintenance would shrink. If he was ever promoted to a grade which gave him a wage higher than his pre-1956 wage, he no longer got the wage maintenance supplement. The new 8 grade wage scale was a system

they got from the USSR. They set the system up so that certain kinds of jobs had ceiling grades, depending on their complexity and whether or not leadership work was involved.

(1/9/80, 2.5 hrs.)

There is no separate scale for regular workers and 'technical workers'. They are all on the same eight grade scale, but skilled technical workers tend to occupy the higher ranges, the unskilled the lower. This system came from the USSR, and there are whole books of standards and regulations for grades and types, but they have not been much in use since 1960. In informant's factory, worker's wages varied depending on when they entered the plant. Grade 1) was 39-41¥, 2) 44-46¥, 3) 54¥, 4) 62¥, 5) 72-74¥, 6) 85-87¥, 7) 100¥, 8) 118¥. Around 1962-64 he remembers that in Canton they lowered the wages of all workers by 1¥ in each grade.

Workers' Raises and Wage Readjustments

There was, first, the wage readjustment of 1956, which accompanied the reform of the wage system. Some workers were raised then. In 1959, the bureaus gave the enterprises two control figures-- 1) promotion of % workers, and 2) promotion of % of total wages in plant wage bill (this wage about 7% that year, so a small readjustment). The plant organized a wage readjustment committee or small group. Leading party members, some shop leaders, some department heads, and some worker representatives participated. They made a name list based on nominations submitted by shop directors, which in turn are based on nominations by the small groups. This committee then sifts through the list and decides on a tentative large list of names, and posts on the wall. Then every group in the plant discusses these names again to see if anyone opposes. Then the committee revised and shortens the list according to 2 criteria: 1) how much over the control figure the number of people in the large list was; 2) the opposition and objections expressed during the second round of discussions. After they made the final revision, they sent to the bureau to have it chopped. This was the general method used in wage readjustments during his experience.

In 1963 there was another wage adjustment, but this time relatively large. About 60% of the workers were given raises. In the groups they discussed worker diligence, political showing, etc., but he is unclear about this because he never actually participated. He says that after he left his friends have told him by letter that there have been more readjustments. But this time high grades promoted, not just the low ones.

He says that there was never any testing system employed in deciding promotions and raises, and he thinks that few factories ever used this method. This is because many factories opposed this method, because sometimes a grade 1 worker would test at grade 5 level, and there is no way to grant such a raise--not enough money. He never heard of such tests being used in Canton. They did have tests for apprentices before 1956, but after that they just raised them after x number of years.

There were no piece rates in his plant because they can't be used in a machinery plant. This was used, however, in light industry. After the Great Leap much of piece work was cancelled. The reason is that this makes it difficult to control wages and makes planning for wage bills difficult. Also workers because quite dissatisfied with this because often the ministry would change piece rates whenever workers would work fast, increasing overall wage bills. So the next quarter a ministry or bureau would revise piece rates downward. Workers objected to the speedup. So after 1958 few factories in China used them--too much trouble for both parties. Later collectivist reasons also were taken into account--one should work for the nation, not individual wages.

Bonuses:

The ministry set a percentage of the wage bill to be used for bonuses after the monthly appraisal. The main criteria is the profit plan for the factory. If they fulfill, then workers could get a bonus for the month. If they lose money then there is no bonus for anyone. The bureau sets the total amount of money for this each month.

There were before the Cultural Revolution two different methods for figuring bonuses. The first is called an 'equal bonus' (pingdeng jiang). This means that if the plant meets its profit plan then bonus funds are apportioned equally to all the subunits of the enterprise. Then everyone in the work group is separated into 3 grades, and each grade in each unit of the factory has the same monetary value. The labor and wages department of the factory decides the levels for overfulfilling quotas to be eligible for each grade of bonus. It usually went; grade 1) 7¥, 2) 5¥, 3) 2-3¥. Afterwards there are other criteria: quality of work, safety record figure in. They have appraisal meetings in each group, and discuss each individual according to the criteria set in the labor and wages department. If these quotas are set high, fewer get bonuses.

Second, there is a more complex method, borrowed from agricultural collectives, a 'point system' (pingfen shu). Each subunit within the plant was evaluated according to various criteria (output, safety, quality, etc.). Then different amounts of bonus funds are allotted to the shop or group, and then the group in turn divides this allotment among the individuals working in the group. To assess individuals, they set up a point system with the following criteria. 1) Output--% overfulfillment, get x points; 2) quality--% up to standard, get x points; 3) safety--no accidents during the month, x points; 4) savings--% savings over planned cost of materials for each unit of output, get x points. This is figured by looking at each workers' card for materials use, and compare with figures for individual output. 5) management work--if the worker is one of the 'eight personnel' of the group (ba da yuan), then get a certain amount of points. Later they stopped giving extra money for workers who did management work in the small group. There were also points possible for unity with other workers (tuanjie), and for cleanliness in one's work habits. After all of this, they add up all the points to figure individual bonuses. If a person gets no points for quality or quantity, however, then there is no bonus at all. Then they use a formula to determine how much money each point is worth, based on the total amount of bonus funds released to the group and the total number of points given to workers in the group. The math works as follows:

x = total bonus points given to an individual
 Σx = sum of all the points given to all individuals in the shop
 Z = total amount of bonus funds released to the shop
 $A = Z / \Sigma x$, or the value of each point in money

So each individual's bonus is calculated by the formula $A \times x$.

The shop was the basic unit for calculating this kind of bonus. They just looked at the original records for each small group to appraise for most criteria, but they still had to appraise in small group meetings for safety, cleanliness, unity, and other less tangible criteria. Sometimes the factory would use the above method, but not give funds to shops based on their performances. This combines elements of the first and second methods. This second system requires a lot of work. This work is handled by the shop statistician (tongji yuan), or in small shops, by the shop director himself; or else he will appoint one or two workers, or a staff member to do it. It takes about a half day to figure this up. These people have the right to

inspect individual small group records. The records are handed over to the shop statistician every day when workers hand in their cards (see the previous discussion on small group management).

The amount of bonus was requested by the bureau to be under 10¥ per month per worker. This was calculated as a 7% bonus limit, since the average wage in the plant was 70¥. But the bureau changed its limits from time to time.

They used both methods in his plant. Around 1966 they abandoned bonuses, and didn't assess workers thereafter. There were two reasons for this. First, factories weren't making profit with the regularity they did before, and this was the main criteria for bonuses. Second, there was disorder in the plants, and they were unable to calculate individual's contributions. So instead they switched to supplementary wages. Each worker would get a fixed percentage of his wages (about 7%) in the pay envelope. These were completely equal supplements, but they were rare because so few plants made a profit during the CR. After the revolutionary committee was established around 1970, his plant reinstated the first method described above, where workers were assessed in groups and divided into three grades. They used this up until the time he left in July 1975. But during this period the plant rarely made a profit, so they rarely could allot bonuses. Once in a while the CR-type equal supplements were used too. Things were messed up at the bureau level at that time too, he explains.

Workers got the following kinds of supplements by law: Sick pay, determined by seniority in the plant--50%-100%, depending on seniority, funeral expenses (they give 2-3 months salary to the family); pensions for males at 60 and females at 50, who have seniority of 15 years in work force and 5 years in last factory. If they have five years in their final unit they get 50%, 10 years 60%, 15 years 70%. There were special hardship supplements, medical payments amounting to 100% of expenses for worker, 50% for dependents. In large cities, workers are entitled to a transport fee equal to 60% of a monthly ticket. Workers get a certain amount of personal leave (no pay), and also overtime pay--straight time except on holidays, when they get doubletime. There is also a resignation payment upon retirement. You get one month of pay for each year in the plant. If have worked more than 10 years, get 1½ months pay for each of the first 10 years, then 1 months pay for every year thereafter. Informant got 30 months of pay when he left for Hong Kong.

Cadre Wages and Promotion (1/16/80, 2.5 hrs.)

The technical cadre scale runs from grade 1-16, with the highest pay about 400¥, and the lowest (16) 40+¥. Grade 9 was 105¥. He does not remember the pay at each grade very clearly, because he was not a technical cadre. Grades 1-6 were chief engineers, or assistant chief engineers. Grades 5-9 were engineers. Grades 9-14 were technicians, and grades 14-16 were assistant technicians. If one graduated from a middle-school level technical school (zhongdeng zhuan ye xuexiao), then one became an assistant technician upon graduation. If one attended a technical university or technical college (gongye xueyuan), then one became a technician upon graduation. Engineers are promoted from among the ranks of the technicians. After 5-10 years of being a technician, it was possible to be promoted to engineer. This happened only for a small number, out of a staff of 100 technicians, only about 3-4 would make it during this period of time.

Engineers and chief engineers are considered 'high-level intellectuals' (gaoji zhishi fenzi). They got special treatment--housing: they get a flat which is larger, and in a nicer location. They get more ration tickets for food, appliances, heating oil, and a special place in restaurants is set

aside for them. They get special rooms in hospitals, and a higher grade of doctor will tend to them. They get better and more expensive medicine. They do not get special department stores. These are only for very high ranking cadres. They have no special markings above the doors; but everyone just knows what they are. Top technical cadres, like grade 1 engineers, can get drivers and cars, maybe bodyguards.

In his plant they had one or two engineers, 4-5 technicians, more than 10 assistant technicians in a plant with 1000 employees. All of these people worked in the technical department, but were often sent to the shops, both temporarily or permanently to be cadres in the shop office. Sometimes an engineer would be the vice-director in charge of production.

Administrative Cadres: During 1956-57, they used a system with grades from 1-17, with a great deal of variation from city to city. Each area had its own grade system. Grade 1-7 was a plant director, grades 5-10 were department heads or shop directors, grades 9-14 were staff of departments, and grades 14-17 were office personnel.

Beginning in 1958, Canton switched to the national system of cadre grades in which all state cadres are ranked. Grades 1-3 were the highest state officials. Grades 4-20 could be a minister, bureau chief, plant director, Company director, depending on the size of the unit. For example, the director of Daqing is paid the same as a ministry head, and the director of Wuhan Iron and Steel is paid at the vice-minister level, and so on down to the smaller plants. Grades 16-21 are department heads, again depending on the level and size of the unit. Grades 20-23 are department personnel, grades 22-25 are office personnel, and grades 26-30 are service personnel--cleaners, maintenance workers and custodians, etc.

Normally wage raises are not connected with promotions in rank, and the same goes for technical cadres. Promotions occur with far more regularity than wage raises. Often a wage raise for a promotion does not occur until the next national wage readjustment. This kind of thing does not happen with workers. The bigger the plant, the higher the directors grade and salary. Very often there are too many directors to do the required work. Usually 3 directors do the work of one. They end up reading newspapers and relaxing. In informant's plant the plant director was also a party member, but not the party secretary. There were four other vice directors, only one of whom was in the party. High level cadres get special treatment just like high level technical cadres do.

Promotion Opportunities

The government will give permission to promote cadres if the director thinks it is necessary. He will draw up a promotion list and consult various department heads, and asst. department heads. The names are then sent to the party committee for approval. Party membership is an advantage in promotions. The Party approves the final list of promotees--the cadre department, which is under the party committee, is the final approver within the plant for this promotions list before it is sent up the higher level bureaux.

Each year, a promotion plan is given to the plant for cadres, but there were none during the cultural revolution years. But these are promotions of position, not of grades or of pay raises. Sometimes a raise in job status is accompanied by a raise in grade and salary, but not always.

In I's plant, 8-9 were department heads, and six were party members. About half of the shop directors were Party members. In his plant there were 5 shops, and 12-13 shop directors and asst. directors. Few group leaders were party members, because there were many groups but not many party members. Of 60+ staff workers in the departments, very few were party members.

There were two aspects to a cadre's career mobility. First, wages, second, position. Usually cadres wages will be readjusted at the same time as workers, but sometimes they are not, and when they are the percentage of cadres given wages is smaller than that of workers. It is also difficult to assess a cadres (administrative cadres) worth--there are no technical standards. So they use three broad criteria. 1) morals (de); 2) talent, ability (cai); 3) qualifications (zige). Preference is given in wage readjustments to those whose position (not wage) had been raised previously. For example, a department staff worker who had been elevated to department head (kezhang) earlier.

There are wage raises at no other time except during readjustments. In very few cases will a person be raised two grades. Party membership is only a small criteria, but still an advantage; if two people with exactly the same qualifications in all other respects, the Party member is usually preferred.

There are control numbers for the percentage of workers to be raised, and for the total amount of money involved--there are separate control numbers for cadres. There were readjustments for cadres in 1956 during the wage reform, in 1961 a very small number, in 1963 another small one for grade 17 and up, and in 1975 there was a relatively large one.

Informant's personal wage history is as follows: In 1956 he was a grade 7 department head, but this was on the older scale used in Canton. They did not change to the national system until 1958. In 1955 his wages were already 77¥. In 1956 he was raised to 93¥, plus supplements and bonuses this amounted to 100.5¥. His wages remained the same for the next 20 years until he left. The wages of the plant director himself--including the various party secretaries and vice-directors--are set by the appropriate industrial bureau. They discuss in the Party committee meetings and determine who gets raises. The bureau sets the number of these leading cadres who can have an increase.

As far as promotions go, there are still two separate things to consider--pay and position. For raises in position, the bureau will give the OK to open up a new position, and then the leading cadres will discuss candidates. This often is a long process, and also involves bureau approval. The enterprise can also be asked to prepare a list of candidates to promote to higher positions in other enterprises. Slots also open up when people are transferred. Transfers often occur at the end of a political movement. This is when transfers occur most frequently. The bureau decides this question. This usually occurs because cadres are embarrassed about having been criticized, have lost face and thus don't have good relations (guanxi) with other leading cadres.

The policy is not to let a manager stay in one place too long--he might set up an 'independent kingdom'. Transfers occur also when a plant is not being run well. This is decided after inspection teams come down from the bureau to check up on enterprise operations.

After the 4 cleans movement in 1964-65, a large number of party secretaries and plant directors were transferred, but before some of the plants had a chance to carry out this movement, the Cultural Revolution had begun. Many cadres were transferred after the CR also.

In systems of promotion, marked favoritism is shown toward Party members in the staff. This was always the case during the entire 20 years he worked in the enterprise. There were few party members in the plant--less than 20%. The higher one moves up the leadership hierarchy, the higher the percentage of Party members. The Party committee makes sure that party members receive special attention. This is one reason why many cadres are former workers;

they were party members. They always had this policy of preference towards worker party members in promotions to cadre positions. There were only two sources of new cadres--workers and students.

Wage Readjustments, Labor Plans

The number of workers and of staff are fixed separately in each year's plan. If in a monthly plan, the number of workers is to be increased, then there must be a justification for the increase due to new construction, increases in output. The amount for total wages and overtime work is also fixed. The bureau gives the factory a certificate for the month which specifies these amounts to be paid for wages. This certificate is to be given to the bank to allow the enterprise to draw out this amount of funds. The enterprise can't draw out any more.

If an enterprise goes over the planned amount of labor, they can draw up a revised plan for quick approval. But this does not often happen, because plans are made assuming full attendance, which you never have. Workers get paid only for sick leave, but personal leave is without wages. So there is always some slack in the budget. They usually use this slack to apply for permission to pay overtime wages. A factory usually has about a 5% non-paid absence rate a month. If there is more than a 5% absence, then the bureau will ask the factory to check for the reasons and explain.

Temporary and Contract Labor (1/24/80, 1.75 hrs.)

Before the Great Leap Forward, the factory recruited workers from the Canton Municipal Labor Bureau and made them contract workers. They came from the same district of the city. After 3 months, they would either turn them into permanent workers or sign a new contract. Temporary labor without a contract has always been illegal--at least they never used it in I's plant. During the Great Leap, factories recruited workers by themselves and did not ask bureau approval, since they had to increase production many times in a short period. Workers even came from the countryside, very disordered. There were no contracts, just pay. They did not even pay much attention to wage grades then.

After the Great Leap the bureau asked factories to send all the new workers back home, to their villages. They did send most of them back. Then they went back to the previous system of contract labor. They used contract laborers up until the time I left, but some plants did stop. If an enterprise wants to increase the permanent labor force, they can turn existing contract workers into permanent workers. But usually enterprises will prefer new recruits because contract workers are not very skilled.

In his plant they rarely employed more than 10 contract workers at any one time. They did non-technical jobs, like cleaning, transport, and construction, which was almost always contract labor. Contract workers are graded according to experience, ability. Worker qualification are kept in their file in the labor bureau. The bureau must approve their employment. A worker can refuse to work for a given amount of money, but if he refuses often, the labor bureau will stop giving him work assignments.

Contract workers in his plant all got the same fringe benefits as regular workers--insurance, supplements. Yes, he repeats, they always did. But when the contract is up, the benefits are over. If a contract worker falls ill, he can be fired. While on the job, they participate fully in political study and in other meetings. In wage adjustments, contract workers have no right to be promoted. Contracts are usually 3 months in length.

The cost of contract worker wages are figured as part of the monthly

wage plan. If the bureau gives permission to increase the number of workers, the plant will prefer regular workers to contract workers if this is not a short-term increase of construction purposes. So it depends on the nature of the increase. In I's plant, there were no seasonal fluctuations. At one time, the labor bureau kept construction engineers around for contract assignments, but after the Great Leap this was rare.

Great Leap Forward

They tried making steel in their plant at first. They built a furnace outside the plant, and were supposed to use this steel to make their machines. The bureau gave them targets for steel output. Workers and technicians in the plant had no experience in steel making, but built furnaces anyway. They used stockpiles of iron in the warehouse. The end result was not real steel, just iron of a better quality. They wasted a lot of effort, and raw materials. The raw materials were to have been used to make machines. What happened was this: they took stockpiles of iron, 'made steel' which was really only iron, then reported to the bureau they had finished. Then they put the 'steel' back in the warehouses and used it for what they originally would have used the iron for--to melt down to cast parts. Of course there were false reports to the bureau--there was no choice, every factory did this. They were unreasonable targets anyway.

The biggest damage was in wastage of materials, and there was an immediate shortage of materials throughout the country. They also wasted money and labor. The actual affect on production was as follows: output value--they were able to increase this, largely by increasing the work force/hours used, mainly through unpaid overtime. Previously overtime hours within a month were limited by bureaux regulations, as were the number of workers also. But during the Great Leap they released this rule and had unlimited overtime without pay, so they increased output value by a great deal. They also hired new workers in the plant, and increased the overall size of the workforce. He does not remember whether this was legal or illegal, just that they had to do this to meet the targets, which was the most important thing. The bureau 'looked to one side' (literally, had one eye opened and one eye closed). Also, at that time banks were not in control of plant funds--so they had freedom to increase the workforce, labor hours. The banks' attitude were the same as the bureaux. Later all these extra workers had to be let go.

But they still inflated their reports, because often they could not still meet Great Leap targets. He says they truly did increase output by 200% at one point. But this was because of three factors: 1) the workforce doubled, 2) increased number of work hours well into every evening, sometimes they didn't get much sleep, and 3) workers worked harder while they were on the job. At that time plant leaders like I had to stay in the plant late to receive phone calls from the bureau--up to 11pm. They had to report output every day. The bureau office workers also worked late at night too.

There were some advantages to the Great Leap. First, many factories were enlarged, second, many new products were developed, and third, activism in production was genuine. But after a while, they ran out of raw materials, and this was the biggest problem. And the state just couldn't supply more. They had to go through the back door for extra, they didn't get enough through the regular supply channels. They exchanged materials with a metal company--they got iron in exchange for machines. It was common at this time to use this method.

They also wasted a lot of money, threw planning for supplies into a chaos. But output in his plant remained high, higher than before because his plant had bought a lot of new capital equipment, had set up new shops, and had enlarged the workforce permanently. So they did keep some of the

new workers, after all. These were some of the workers they had hired before, semi-legally. The bureau demanded only that the peasants be sent back.

By 1960-61, however, many workers had to stop working because there were no raw materials--but the workers were still paid. (Sounds like overexpansion and then economic contraction). Some factories closed during this period in Canton, because there were not any materials. They opened again later. Things got better after 1963 or so. All of this meant that the government balance books were in the red. They made up for this by printing money. This was the period when many ration tickets were instituted, because there were shortages of everything.

Cultural Revolution (1/30/80, 2.25 hrs.)

There were two factions, and they dragged the leaders back and forth to discuss politics with them, find out their political views. The workers seized power in 1967, after that all cadres in the leading group went to the shops to do manual labor. There were no PLA representatives in his plant. The PLA only went to plants that were real large or that were in extreme disorder. They did have PLA representatives at the company level, however (the Canton Knitwear Co.).

Operations in the plant during this period were not normal. They could not get spare parts or raw materials. They stopped signing contracts. Many workers just went home early because to go home at the normal shift change would be too dangerous. So many left and went home in the middle of the day. Managers didn't dare stop workers from leaving or punish them. If they punished they would probably be killed. Managers were in a very dangerous position in those days. At that time, there was a lot of fighting in the streets. Workers all made their own weapons. But there was no fighting in his plant. Ho Long was killed by rebels. At that time he was head of the national athletics institute and was a vice-premier. If that high an official can't protect himself, how can smaller officials?

Production output fell, but fluctuated from month to month. Some months they filled 80% of the plan, others 70%. But he doesn't know because although this was his job before, he was an ordinary worker during this period. After early 1967, the PLA representatives came to the company, and they had some cadres 'stand up' and resume their jobs. Also by 1968 most of the fighting stopped, so production gradually got better. When people 'stood aside', they maintained their salary and grade.

The cadres who 'stood up' around 1967 were the original vice-party secretary, and the vice-director in charge of production. The old first party secretary was also the plant director. He was transferred to a position in the Company offices. The other 3 vice-directors did not 'stand up'. These 3 (including informant) all were assigned to their own production groups as ordinary workers and were subject to the leadership of group leaders. But all during this time they were occasionally asked to help out with management problems, but this stopped during 1969-70. This was when the revolutionary committee was established, in early 1969.

When a leading cadre stood aside, the vice-leader under him would usually take his place. Four department heads stood aside, and also a few of the department staff and technicians. All old capitalists were removed, also. There were 8 or so still in leading positions in the plant. They were leading cadres in some shops, some were technicians, some in supply and finance departments. They were quite common. They had owned small shops which had been merged into this plant in the 1950's. Their interest payments stopped at this time also, and they never returned these payments to them, or their positions, until after I had left China--about 1977.

About 20 people in all stood aside. Leadership was thereafter handled by the vice party secretary and vice plant director, along with temporary department heads. Then in 1969 the Revolutionary Committee was established.

Revolutionary Committee

A party member was sent to the plant from the Company to form the RC. He got the two factions together to talk, and select their representatives. The two leading cadres who stood up were selected. And the chairman of the committee was an official who had been transferred in from the Company. At that time, there was no Party Committee. It was not rebuilt until 1970. So the RC combined Party and administrative leadership. They still had staff departments and other units, but now they were led by the RC. At that time many of the old department staff was called back to their office jobs, but not all of them.

The head of the RC did plant director's work. He exercised leadership through the system of normal meetings that existing prior to the Cultural revolution--department head meetings, plant affairs meetings, production meetings. Had meetings often. Worker representatives did not participate in these meetings, and mass representatives did only if they were department heads or shop directors. The mass representatives did not have much of a function at that time apart from their normal work positions. Very few section heads or shop directors on the Revolutionary Cttee. Of 11 or 13 RC members, at most there were 3 mass representatives.

In 1970, the informant and other assistant plant directors returned to do leadership work. I became a teacher for one year in a middle school run by the factory (he taught math), then later he became the head of the sales department. Another became the head of the planning department. The last became a cadre in the general affairs department.

Small Group Management, 1967-70

While he worked as a worker on the shop floor he attended the full array of group meetings. There were about 3-4 per week at the shop and small group level. One for political study, one for production, and there were a couple of other kinds. At production meetings, they discussed the fulfillment of the plan. Cadres from departments came down to listen to worker suggestions and complaints about the production process. For example, they were running out of materials, other shop deliveries of half-finished pieces were too late and holding them back, that there was too much waste.

In the small group, they had several workers who were specially responsible for management work. 1) The 'storekeeper' (baoguan yuan) minded the tools and materials. Informant was elected to do this job. His job was to take care of all the group's tools. The workers kept their own cards on tools they borrowed from the stores. He also takes care of tools the group as a whole borrows from the stores. He keeps track of how many are lost and broken. He did a monthly inventory of tools. He also kept track of the half-finished articles coming into the group and those going out. The group leader signed and OK'd these records and cards, but he could also sign slips on his own. 2) The 'technician' (jishu yuan) was dispatched by the group leader to the place where there was a problem in production. This was usually when a worker did not understand how to perform a difficult operation. The group technician was a worker with good technical skills who would help out other workers when they needed it. He also had his own production responsibilities. 3) The 'inspector' (jiancha yuan) inspects the finished products coming out of the group. If there is a small number, then

he checks all of them, if a large batch, he checks at fixed intervals. He fills out forms on quality control to turn over to the group leader. He has to tell a worker when his work is not up to standards, and if the worker disagrees he has to call a meeting with the worker and the group leader, along with the group technician, and discuss the matter. This is a hard job, because it often leads to conflict with one's coworkers. 4) The 'health worker' (weisheng yuan) inspects the neatness of each worker's workplace, and makes sure machines are oiled and clean. 5) The 'safetyman' (anquan yuan) makes sure that workers follow safety regulations, like making sure there is no glass around the workplace. If there are injuries, he has to report to the safety department via the shop director, and he is responsible to state his opinions to the safety department. 6) Female worker's yuan (nugong yuan) is responsible for handling women worker's affairs--before the birth period, after the birth period, child feeding, menstrual periods, family planning. She is to facilitate conveniences for female workers, of which there were many in the fitting shop. She would make sure she knew the situation of each female worker, would assign them light work when necessary, would help them with certificates. 7) A 'planner' (jihua yuan) helps the group leader decide and tell workers what their work assignments are for the day. This is equivalent to being an assistant group leader.

All of these people have full-time production responsibilities also. The group leaders leads them all. There is also a group union leader (gonghui zuzhang) who does union work, mostly welfare and supplements. The union leader also led group production meetings before the CR and after 1974 when the union was re-established. But in 1967-70 he did not do this. In fact, informant now adds, this small group management system did not operate at all during 1968 and the first part of 1969. In 1969 the system was re-established and they used it right up through 1970 when I left the group. In the group there were 11 workers in all, so only four workers had no management jobs.

These workers were elected through small group discussions and consensus, not through votes. There were no real problems in the selection process, or discontent about selections. This was no new thing.

During 1968, the group had few regular political study meetings, because everything was so disrupted. But starting in 1969-70 they had more formal political study. Once a week after work, they studied documents and discussed them. But if there was a campaign, there were many more meetings.

Sales Department Work, 1971-75

He signed contracts with other plants for delivery. This was also part of his responsibility earlier as assistant plant director. He had to sign over 500 contracts per year, according to plans that came down from the bureau. He also made some contracts outside of the sphere of the plan, less than 50 per year, or 10%. These were approved by all the bureaux concerned. These contracts were made for the purpose of getting raw materials and spare parts from other plants. This was much the same as the non-legal swaps discussed earlier. They were exchanging machines for raw materials in short supply in the plan--steel, iron, coal, brass, wood, and tools. The only difference with the earlier informal trades was that now it was officially recognized and sanctioned.

The Canton Municipal Govt. and the Guangdong Provincial Govt. both had set up special offices to introduce potential exchangees. Then the office had to approve the contract with his chop. If a large contract, then the office took a commission. The office was called the 'coordination office' (xiezuo bangongshi). These offices had a long history. They were established in 1958 for the Great Leap Forward, but fell into disuse during the early 1960s.

They were finally revived around 1970. Actually the office never closed down, it was just that people stopped going to them for about 10 years. Why? It was more convenient to work these deals in private, since these 'coordination offices' often tried to interfere in deals, force deals with other plants for materials one of them does not really want. So they tended not to work through this office, but to do this on their own, informally. The office tended to create new demands and pressures in its role as facilitator.

Also, the activities of the cooperative office would begin to conflict with supply departments of the bureau, which handled the formal side of this. So they tended to downplay these offices, and do the informal trading with the tacit understanding and approval of the bureau. So I had to use the plant's own trucks for transporting these goods, instead of the railway system which they could use if they used the coordination office. Their trucks went to places in Guangdong, also to Hunan. Everything else had to go by rail.

The system began in 1958 because supplies were not enough within the plans, and they used this informal method of procurement with the same frequency right up until the time he left, except during the CR when nothing was handled. You can't go through the back door for some materials, however--cotton, cotton cloth, etc. This is because these kinds of goods are within the state statistical system and were all rationed. The same for some foodstuffs. While this practice is referred to as 'going through the back door', you can't really say it was 'illegal'.