

Background: (6/28/84, 2.5 hrs.)

The informant is the wife of No. 77, worked in the same unit from the time they began constructing it in 1965 until they left for Hong Kong in November 1983. After finishing lower middle school she was assigned to the plant as a trainee, and for a while she studied technology and management methods at a Shanghai chemical factory that was the only plant in the country that had such advanced technology at that time. Her father was a nationalist army officer and provincial official in Kunming, so she was denied admission to upper middle school. (Her husband, it turns out, is the son of a banker under the nationalists and suffered the same fate). She says that now there is no official discrimination against people with such bad class background, but that the prejudice still exists in the minds of the leading cadres. The policy is good now, they say, but who can tell what it will be in the future? It has changed back and forth continuously over the years, who can guarantee it will stay the same? This is ultimately why they left, despite good jobs and new policies they apparently approve of wholeheartedly. She says that the people of Hong Kong cannot be assured of anything with regard to 1997 either, they would be foolish to count on the words of the Chinese leaders, no matter how sincerely they mean it now.

She worked as a production statistician in a workshop for the entire 15 years that the plant was in operation, up to the time she left. She had a technician's grade.

Bonuses and Reform Policies

She stresses at the beginning the readjustment policy (zhengdun). Many factories in the Kunming area are closed. They were told to lower their costs of production and begin making money, or change product lines, or else they would be closed permanently, or at least temporarily. Many who failed to do so were shut down. They always talked about this in her own factory. They all knew that if the factory shut down, they would not get full pay but only living expenses, or shenghuo fei, about.

At the beginning of the readjustment and reform they had no fixed bonus policy. They just gave everyone the same amount. Then they changed to the more work more pay system. They distinguished people according to five levels. First level was direct production workers who could make from 20 to 30 yuan per month. Second level were those staff and leading cadre in shops and department directly related to production--production, technical, planning departments, etc. They made from 15 to 20 yuan. The third through fifth grades bonuses went down by 2 yuan each step, and these included the support workers (cafeteria, etc.), the management workers in finance and general affairs, etc. People who were not directly involved with production, whether mental or manual labor.

They gave out bonus money according to their progress in cutting down costs of production and therefore cutting the enterprise's losses. It had been a perennial money loser during the 1970s. If they lost less than the planning amount, they could keep part of that amount each year as a bonus. This was divided by shops. They figured up series of bonuses for saving on coal and other materials, and added them together to come up with the above figures. They took off a fixed amount for each day you were absent as well.

Later they had floating bonuses. 70% of the bonus was a fixed amount, 30 percent floated. If you don't finish your quota, they took away from the bonus. Floating bonuses were in the technical shops where they had individual quotas. The above system was a group system used in the continuous process chemical shops where everyone in the group got a bonus determined by their group and shop performance. In the floating bonus system, however, the bonus changed according to fulfillment of quotas. It was a fixed price per item. Like a piece system except only applied to part of the bonus, not basic wage.

This had a big effect on worker activism. They got rid of eating out of the same pot. They could get even more than a full bonus if they produced more. There were always contradictions, of course. Things can't be fully worked out in advance. Some shops had quotas that couldn't be met and they didn't get any bonuses. When the factory was slow, or waiting for materials, or simply didn't have much work for the technical shop to do, then they couldn't meet their work tasks. If there's no work, you can't overfulfill your quota. They don't know yet how to solve this problem. They would protest to us in the shop office about the unfairness of it all, and we knew they had a reasonable complaint, but there really wasn't much we could do about it.

The chemical shop bonus system had its own problems too. They ran on a three shift system. If the previous shift left problems for the next, then they would suffer due to no fault of their own. They had to set up a good system of regulations in the production department for handing over work to the next shift in the shop. If they didn't hand over the work properly then they took away money.

Also there was the problem with accidents. They would fine the group for an accident caused by negligence. They would also fine workers for sleeping, especially a problem on the night shift. If you were caught 4 times no bonus at all. When they implemented this naturally the workers had a spirit of resistance. During the CR basically they didn't enforce rules at all, so it will take a while to get used to this way of doing things again. Yes, of course workers had opinions about this method of fining workers, and they were unhappy about it. But what could they do? If they didn't keep up they would lose money. Also everyone was working under the pressure of the knowledge that if they didn't reduce factory losses they would close down and then would get shenghuo fei and not their full wage. Later on, they did learn a sense of responsibility and lost their fear of fines.

But there were some problems nonetheless. If you fined too much, the workers couldn't take it. If the fine is too large then the worker can't possibly pay it back. If someone breaks a machine due to negligence they couldn't possibly pay for even 1% of the cost. They could also give an administrative punishment for negligent accidents. They could jiguo or liuchang chakan.

There was only one case of a man who left his workpost and caused an accident. He was convicted in court of negligence and given two years of supervised labor in the factory. Not many were fined, only a few. Mostly for sleeping or accidents, or doing their own work, like knitting, taking care of children in the shop.

Up to the time they left only one worker was fired in the post-77 period. A young worker who always was absent without leave, and when he did come

he hardly worked at all. They gave him several warnings and gave him education several times. They finally fired him but the director first had to get permission from the bureau. Before 1977 they would never give permission for this. There were also some who were suspended and on probation in the factory (liu chang cha kan). It is still a big thing when they fire someone in China. That is considered a very grave matter. It is not nearly so common as here in Hong Kong, where it is an everyday thing. When they do it in China it is only after a long period of attempts at education and repeated warnings. After they fire someone it is recorded in their dangan and they are pretty much unemployable after that, no one will want him. So they only do it after a long period.

They handled these things pretty well in our plant because they were a shidian, or experimental point factory. They were a special model of the industrial readjustment policies. The local papers praised us a couple of times for turning loss into profit. People came to study our experience. They had finally turned their losses into profits.

They also had year end bonuses, limited to one month's salary. This was according to the amount of money you had economized during the year and retained. The money was earmarked in certain proportions for bonuses, and also for fringe benefits like housing, factory school, etc.

Wage Readjustments

In 1978, 40 percent of the young workers (husband reported incorrectly earlier, but he agrees with this) were given, to production workers. Conditions: no connections with the Gang of Four. They had a campaign called the "3 da jiang": Jiang qingchu 1) your connections with the gang of 4; 2) your CR activities, and 3) your economic crimes. The first criterion was the year lines. Then among the people who qualified they had secret ballots within groups to decide who got it. The 60% who didn't get it were very upset, because it had been such a long time.

In 1979 or so, 2% were given a raise strictly according to outstanding work contribution. They used tests. Workers had nothing to say about who got it. In 1980, 90 to 95% got a raise. This was given to almost all except those with discipline or political problems. In 1983 they began again, and will be giving raises to all except those who don't come to work enough, or who have been punished. They also had some tests for cadres for politics, technical and management ability.

So many workers were given raises because they were a model enterprise, and had turned loss into profit. They had good performance and efficiency.

Leading Group

When they consolidated the leading organs, they got rid of the old rebel faction cadres (zaofan pai ganbu). These were the ones promoted during the CR, who didn't understand production methods. This was a case of waihand leading neihang. They began to stress the neihang, the intellectuals. Their factory had a high technical level because most of the employees were pre-68 high school students. Very few old cadres, except a few transferred in. Many cadres were 30-40 years old with good education, so they could improve their leading organ easily. They had many people to assume leading positions. They also had a number of pre CR college grads. They concentrated powers in the leading group of the factory. The director had the power to rearrange the leading group any way he pleased. He didn't have to listen to the head of the personnel department, it was the other way

around. He needed the approval of the upper levels, but they almost always gave their approval. The party committee approved too, they had to listen to his opinions because he was responsible for handling production. The party committee handled only sixiang.

To do things this way you need a director and party secretary who have good relations and see things the same way. They did, but other units had serious problems in this area: the administrative and political sides formed into two factions. In our factory, since the cadres were all fairly young, they accepted the new way of doing things very readily.

The director and secretary didn't get along before they rose to the top. But because they had a common goal, they put aside their personal views to work on the factory's problems, and eventually got to see eye to eye. This was an ideal leading group because it was capable, young, and united, interested in economic matters. Both the director and secretary were around 40 years old. The director was a technical cadres and college graduate who was in the factory since it was built, and was gradually promoted. The party secretary was a demobilized soldier, an officer and a upper middle school graduate who had a specialists grade. He had worked as an accountant and eventually became head of the finance department

Cadre Elections

The secretary and director were democratically elected too. They had the elections in mid-1980. If they had a cadre sent in from above things wouldn't have worked out so well. The earlier director had been sent in from above. Both he and the old secretary were old cadres and had low cultural levels, not very capable. That is why they lost money. They carried out the democratic elections at the same time as the reforms began, when Deng and Zhao became prominent. After that the old ones lost their jobs and were sent to smaller factories, down one grade.

First the party members elected democratically five new members of the party committee. Then they had another election to elect a party secretary from among them.. All were secret ballot. They prepared for this election a long time. There was a long period of discussion. They had elections, they picked out the top few and voted again. The old director and secretary were surprised at the outcome. They thought they had done a good job. This was a sudden and unexpected development. They had no choice but to obey the results because the upper levels were watching. They went to cadre training classes before being sent to another factory. They were an experimental point for elections. It was in the middle of 1980.

Only the factory director was elected on the administrative side, and then he appointed all of the leading cadres under him. Our election and consolidation of the leading group was successful, but in many other factories it was a failure because of fights among the leading cadres.

The result was not the aim of the above levels. They didn't necessarily want to get rid of these cadres. Nobody knew they would lose the election.

Preparations for the elections: They had a preparatory period, a yunniang shiqi, but not like before when they told us how to vote and didn't have a secret ballot. The plant director was not even a party member. And in fact all the vice-directors and dept. heads he appointed were not party members either, except the heads of personnel and security. This is very rare. No, they didn't write about this part in the papers. They probably didn't like it because the party was not at all responsible for turning things around. After the director did well they began to prepare him for admission to the party. He had been applying for years but had always been refused. He had a small business class background.

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Another reason why the local press may not have given much publicity to this is that they gave a lot of raises. They did publicize our success, but not the composition of our leading group after the elections, or the election results.