

Institute of Economic Development and Research
SCHOOL OF ECONOMICS
University of the Philippines System

Discussion Paper No. 75- 4

March 1975

PAY AND THE NEW POINTS SYSTEM IN
CHINESE AGRICULTURE

by

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Roberto M. Bernardo*

Ambiguity and misunderstanding mar current interpretations of the new pay and work-points arrangements that emerged from that crucial turning point in modern Chinese history: the Cultural Revolution of 1966-69. This new points plan is loosely called the Tachai work-points scheme, after that hard working and furiously inventive brigade in toilsome northern Shansi who spearheaded it nationwide since 1964. Jan Prybyla's thick synoptic work on the Chinese economy merely mentions this new points method: "Commune members' performance was to be measured not only or even mainly by the amount of work done, but by the workers' revolutionary spirit. The old piecework rate system was to be replaced

*I am thankful for financial support from the Institute of Economic Development and Research of the School of Economics, University of the Philippines for this paper and for a forthcoming monograph from which this is taken. Thanks, too, I owe Paul Ivory and C.P. Chen of the Berkeley Center for Chinese Studies; they shared some of their vast factual and linguistic knowledge of China with me. I also thank the U.S.-China Association of San Francisco through whose auspices I met and talked to nearly five dozen recent visitors to China. My research into the Chinese economy was began and completed while a lecturer in the departments of management and economics, University of California Extension. (The author was a Professorial Lecturer at the School of Economics during the first semester of school year 1974-75.)

by periodic awards based on scales established by revolutionary pace-setters." He hints at its probable establishment by writing that "The educational campaign of 1963-65 and its successor the proletarian cultural revolution did not--until 1969--manage to take over the economic base of China's society."¹

Frederick Crook tells us rather vaguely that the Tachai work-points "system was not widely used."² Yet the Chinese press and radio and visitors alike such as Klaus Mehnert tell us "Today you will find Tachais all over China."³ The otherwise authoritative United States government handbook on China disagrees, too: "Full details of the system used in 1971 were not known. They probably followed in general outline those reported in the 1960s..."⁴ It adds on

¹ Jan S. Prybyla, The Political Economy of Communist China (Scranton, Pa.: International Textbook Company), pp. 555, 424.

² Frederick W. Cook, "Collective Forms in Communist China," Monthly Labor Review, March 1973, p. 48.

³ Klaus Mehnert, China Returns (New York: New American Library, 1972), p. 172.

⁴ Area Handbook of the People's Republic of China. By the Foreign Area Studies of the American University (Washington, D.C.: U.S. Printing Office, 1972), p. 427.

same page that "Bonuses might be added for performance above average." Christopher Howe's timely book on wages in China should have settled this conflict in interpretation. But it skims through the current wage setting process rather superficially and tells us wrongly about a return in 1972 to pre-1966 rural, as well as industrial, income evaluation patterns.⁵ This view is not uncommon. For instance, Merle Goldman also wrote of a return to material incentives and bonuses prevalent in the pre-Cultural Revolution era.⁶ A point I make in this essay is that the Cultural Revolution significantly altered the balance between private monetary incentives and collective moral ones by replacing the old piecework points system by the Tachai-like group method of allotting points. It is true as Joan Robinson notes that "After the time of my visit in May 1972, there seems to have been greater relaxation and some drift to the right. Now ... [since late 1973] a return to the left is in full swing."⁷ But

⁵ See his Wage Patterns and Policy in Modern China 1919-1972 (Cambridge: Cambridge University Press, 1973), pp. 83, 96, 28.

⁶ Merle Goldman, "In the Wake of the Cultural Revolution," Current History, September 1973, p. 131.

⁷ Joan Robinson, Economic Management in China (London: Anglo-Chinese Educational Institute, 1975), p. 46.

to suggest that the pre-Cultural Revolution mixture between the two sets of incentives was approximately restored is to err on the side of scholarly conservatism in the face of the regrettably scanty economic information.

Transmuted Points

The new points system brought about by the Cultural Revolution and the nationwide emulation of Tachai is not well-understood even by those who report its widespread use. For example, Wheelright and MacFarlane seem to suggest suspension of the points system because "Wages, previously allocated by the brigade on a work-points system, are now arrived at by discussion." They quote a cadre from a brigade near Peking who is equally vague: "Today we have individual assessment, followed by mass discussion of the individual's assessment. If someone finishes work early now, he works elsewhere without points and 'serves the people'". "This is the clearest description they give us, which is still confusing, because points are used after all, although in 'non-automatic' form:

At the end of the year all the work points were added up and a final distribution of income [proportional to one's share of points] was

made (preliminary distributions, or advances, being made during the year). Since 1967, however, these distributions have been made by mass decisions, rather than by automatic application of a scale of work points."⁸

The points system of setting agricultural wages is still used, of course. The Cultural Revolution merely transformed its manner of application from its bureaucratic piecerate form, thus reducing its material incentive force. I should first like to discuss the Tachai-like points system, however, and I shall postpone discussion of the old until then. The essence of the Tachai-like points plan that replaced the old consists of having team or brigade members grade themselves on a scale of points with a limited given spread subject to ratification or modification by their peers and supervisors at a periodic assembly held for that purpose. Ideally, an able-bodied worker of above-average capacity sets the pace or standard of comparison at 10 points and the least productive regular workers receive six-and-a-half points. At Tachai itself, its tireless leader received the maximum daily points of 11.

⁸E. L. Wheelwright and Bruce McFarlane, The Chinese Road to Socialism (New York: Monthly Review Press, 1970), pp. 131, 188, 193; John K. Galbraith who describes it as a pecuniary reward system "in accordance with their hours of toil as modified by the point system" is equally vague. See his China Passage (New York: New American Library, 1973), p. 105.

This is followed by ten-and-a-half points for one of its strongest and hardest workers. The lowest daily allotment of six-and-a-half points went to a married woman who was not so strong and whose family obligations slightly conflicted with her work. These points ratings, in effect, implied ten pay categories separated by half a point each, or five grades separated by a full point each.⁹ Generally, each worker's classification in these points-grades depends on his physical strength, technical skill, age and experience, and political attitudes. At the meetings, the worker considered these in relation to his co-workers' possession of these and other attributes the team considered relevant.

It is important to note that this informal and participative method of fixing relative basic wages takes

⁹ Mehnert, on pp. 41-55 reports instructively from his Tachai visit. On the campaign to implement Tachai nationwide, see, as examples: "Chen Yung-kuei Tours Anhwei, Addresses Tachai Conference," in Daily Report People's Republic of China (DRPRC), U.S. Department of Commerce, January 15, 1974; "Tachai Corn in Szechwan," DRPRC, January 21, 1974; "Many Model Agricultural Units Appear in Sinkiang," DRPRC, May 23, 1973. Three other Chinese periodical sources on Tachai I consulted extensively were Union Research Service (Hong Kong), Survey of China Mainland Press (U.S. Consulate, Hong Kong); Peking Review, especially issues Nos. 2, 15, 22 of 1973. For a history of Tachai's remuneration system, see Jonathan Unger, "'Learn From Tachai': China's Agricultural Model," Current Scene: Developments in Mainland China (Hong Kong), September 7, 1971.

place in a context where from 40 to 60 percent of the total wages fund is distributed to each community member on an equal basis independently of labor input. The actual proportion set aside for distribution according to the shares of points is discussed. In politically advanced teams or brigade such as Tachai, this proportion is closer to 40 than to 60 percent.¹⁰

The usual assessment period in the more than three million teams--in a small minority of cases, the brigade--is a month. Longer periods, many teams thought, strained the recollections of members regarding the relative performances of their companions. A double record-keeping arrangement kept daily track of each laborer's farm tasks and their respective duration. The team's or squad's record keeper entered such information in its book. On the worker's own booklet, he did the same and stamped it for

¹⁰ This important information is reported among others by Jack Chen, who spent a year in a commune in 1969-70 and returned again in 1972. He writes: "The Party and People's Government recommended that 60 percent of that [distribution] fund should be divided equally among all members..." Two years earlier, however, he observed that other teams may have allotted only 40 percent for equal distribution. See his A Year in Upper Felicity (New York: Macmillan Publishing Co., pp. 377, 158.

the worker's benefit and own record. A day's entry on February 18, 1975 might read: Digging irrigation ditches, half-a-day; ridged a field, half-a-day; and so on. The types of work done each day and their duration gave some inkling of the amount of work done. The evaluation assemblies then implicitly or explicitly gave a judgment on the quality of the work done when it fixes points to each person. The number of days recorded multiplied by the worker's day rate in points yielded his salary for the month, quarter, or year in question.

One would suppose that at these meetings, team members implicitly ranked themselves and others according to a perceived hierarchy of capability, since payment according to work was given a large weight in that portion of the wage fund meant for work-points distribution. Well-known key men and key jobs provided the standard of comparison. Those judged informally as the most able took the highest allowed daily base rates in terms of points. Those implicitly judged as the next most capable set of persons received slightly less points. The least capable members of the regular work force then received the smallest day rate or base rate. The money value of a point is known and given when the year's wage fund set aside for points

is divided by the total number of points of the whole team or brigade. Notice that a generous team that gives too many high daily wages in terms of points to those at the lower grades causes the monetary value of the point to fall and causes income to be redistributed from the most capable to the less advantaged. Notice, too, that the laborer is paid for his time, without trying to count his specific outputs directly. This contrasts with the old points plan that used points to pay workers directly for their measured output.

Because there is no direct relationship between pieces of output and wage under a day rate payments scheme, it has a lower material incentive value than piece rate. Of course higher productivity is rewarded, too, under a time payments scheme but these take the form of merit raises (implicitly given in the periodic assemblies). It is usually small, uncertain, and not proportional to the differences in relative efficiencies among workers. The same goes for promotions, which is still another form of reward under the base rate payments. Thus the switch away from the old piecework points system, to be described shortly, was a significant move away from private monetary incentives.

Variations Under the New Points System

In some teams, workers keep their daily work records on scraps of paper. In others where the degree of trust and consciousness are high, only official records are kept and evaluation meetings take place at longer intervals of time varying from a quarter to a year. Neville Maxwell reports two variations under the new points system. He writes of a team that breaks up into four groups, two composed of men, two of women, after all the members make their own assessments at the full assembly. The first male group criticize the self-assessments of the other group of men. The women's groups do likewise. Then all four groups submit reports to a previously elected small group representing a cross-section of the team. This elected discussion group sets the final array of member points and reports them at another full meeting of the team. Here exemplary members are praised, and those whose points are reduced are told why. In these meetings the team's record keeper may read critical or laudatory comments he has added to the members' daily record.¹¹ Still another slight

¹¹ Neville Maxwell, "People's Communes: Notes on a Field Trip, June-July 1973." (Unpublished draft).

variation practised by some teams is to give points to each person ahead of each month. The team then re-evaluates each laborer at the end of the month to see how they fared and to see whether their points need readjustments.

A minority of communes, however, use points that resemble the pre-1967 piecework points. Joan Robinson writes about this in these words: "The old system, a kind of job evaluation, is still in use in some areas. A points-price is set on each task, say so much for weeding a mou of paddy, so much for picking ten catties of cotton." She tells us that even in advanced communes, which use the method of fixing points on each person by mass discussion, these "use a points-price for special jobs, such as building or driving carts. These work out as slightly more remunerative than ordinary agricultural tasks. ...the most exacting have to be given to the best workers, who have the highest marks. Thus there is some element of job evaluation even in the most advanced system."¹²

The passage above obscures two distinct ideas: fixing points on specific jobs, which is not piecework

¹²See her cited work, p. 7.

payment but job evaluation, and fixing points on each unit of output of specific jobs, which converts points into a piece rate system. Giving points to jobs is still setting base rates, which are time rates of pay given for a worker's time regardless of output. In the end, whether points are fixed to the job or fixed to the man does not matter much. Jack Chen, who spent a year with a brigade in 1969-70, also suggests this when he writes: "Other communes I heard of had the system of work-points fixed to the job, and not to the man. In these cases each job had its work-point tag fixed by common agreement, and anyone who did that job would get that number of work-points. Of course, if he did it badly or took too long doing it he would get less work-points for the day." Chen notes that this system was more complicated and led to a lot more discussion but "this system led to an average able-bodied commune member earning around ten work-points a day, ..." ¹³ The appeal of this points evaluation lay probably in its tendency to stretch the spread in the work-points allotted by several above ten. And it probably gave members in some

¹³ See his cited work, p. 163.

teams a greater sense of certainty about their work-points allotments.

In practise, the two methods of fixing points on the man and on the job respectively seem to have been mixed together and led to comparable general results at the periodic wage-setting assemblies, as the quotation from Joan Robinson and Jack Chen suggest. A recent official account is consistent with this view: "At the end of the year members receive amounts based on the number of work-points ... they earn. After thorough discussions by the members, these are awarded according to the amount and type of job, the quality of the labour and the members' attitude towards collective production."¹⁴ In regard to the use of direct piecework--so many points for weeding a mou of paddy, so many points for picking ten catties of cotton--its use does not seem to be widespread and it probably is subject to open examination and modification at the public evaluation meetings. Even if so many points are fixed for weeding a mou of paddy, that piecerate is modified when members of a squad working the paddy together break it down among themselves by discussion.

¹⁴Quoted from "China at Work," a special magazine published by the Society for Anglo-Chinese Understanding, London, 1975, p. 7.

The Old Points System

The essence, on the other hand, of the old wage evaluation used in Chinese agriculture for most of the 1960s was its piecerate character. One way of using points to set piecerates was by direct assignment of points on units of agricultural output. Thus piling stalks into haystacks of the conventional size may carry a price of .4 points per 100 catties; drying grain in the sun, .8 points per 100 catties; keeping a bullock, 10 points per day. One limitation of piecerating is that many jobs--especially those of an indirect and staff nature--did not have easily countable outputs that could be priced with points. These were given base rates of pay, and that produced tension because many workers did not make as much money as those on piecework. Special bonuses were designed to make up for this, and we may view the special bonus schemes as further attempts at piecework payments, whose essence is payment by results. Consequently, innovations, cost reduction, quality, safety improvements, and so on, gave such persons added material incentives. In addition, there was a bonus for team fulfillment of the plan.

Quoted from "China's Special Economic Reforms" by the Society for Anglo-Chinese Understanding, London, 1972, p. 7.

Charles Hoffmann, whose most recent book on the Chinese worker skates on the surface of the new points system, relates a more sophisticated method of setting piecerates in the old arrangements. A four-to-seven grade scale reminiscent of the seven-to-eight grade scale in industry was used to classify commune workers.

For each full day's stint, there are a specific number of work-points for workers of different grades, ranging, say, from 4 to 10 points (7 grades). In other words, the lowest grade farmer receives 4 points and the highest grade 10 points for performing a ten-hour day's work regardless of quantity of output.

Having thus set each persons base rates, which are the actual job pay rates in the absence of piecework, supervisory staff could now set piecerates with greater precision than by the direct assignment of points per piece noted previously. Suppose that a day's base pay for a team carpenter is ten points. The team leader or his technical expert or both decide that a reasonable standard output for our carpenter in a particular job is five tables a day. Then the piecerate is obtained by simple division of ten points by 5 tables. Those who produced above their standard quota often received rising piecerates. For above-

norm payments and overtime, however, only 10 percent of total base wages were set aside.¹⁵

Comparison with Points under Capitalism

A most popular American points method of evaluating the many ultimate jobs found inside the factory comes to mind at this point. Some comparisons with the old and new points plans in Chinese agriculture would fully clarify our discussion. The aim of job evaluation in all modern complex economies is, after all, the same: imputation of base wages onto the multitude of specific jobs inside the enterprise. The old points scheme in Chinese agriculture resembles the various American points plans, which are formal with elaborate procedures and rules. Both are authoritarian or nonparticipative methods of establishing wage differentials among workers. A management staff draws up the evaluation plan; supervisors classify workers into the various wage grades and categories; they also administer the periodic merit rating evaluation as time

¹⁵ Charles Hoffmann, Work Incentives Practises and Policies in the People's Republic of China, 1953-1965 (Albany: State University of New York Press, 1967), p. 48. His most recent book on the subject is The Chinese Worker (Albany, N.Y.: State University of New York Press, 1974).

goes by whose main purpose is to place a worker in the range of pay allowed for his classification. Another aim of merit evaluation is the eventual promotion of an employee to a higher grade.

Why do firms operating in markets bother with elaborate and necessarily imprecise job evaluation schemes? The main reason is that market supply and demand does not provide the enterprise with a completely specific structure of wages for its scores of specific jobs. There are no specific supply curves, for instance, for specializations such as for automatic screw machine operator, grade A, and for washer assembly stockmen. Supply and demand forces set wages for broad occupational groups of workers. Large and medium companies hire persons in these broad groupings, then train and promote them to its scores of ultimate jobs. Job evaluation in a market economy is, however, easier because market prices for broad occupational groups of workers set guidelines. Management then devises its evaluation plan and presents it to workers as fair on that account. Thus in market societies, the eternal wage-conflict is submerged under externally imposed and powerful forces of supply and demand, which dominate the firm's principles

of equity. In China, where live labor markets as we know them are absent, the assignment of fair wages on jobs and men is more difficult and singularly interesting thereby.

By far the most important method of job evaluation in the United States is the points system, of which the National Metal Trades Association's (NMTA) points plan is the pace-setter. The NMTA points system prices ultimate jobs by measuring the amount of each defined degree of 11 factors deemed important for the job. For example, the highest minimum level of education associated with a specific job is arbitrarily given 70 points as compared to 50 points for physical effort, 110 points for experience, 50 points for the most adverse working conditions, and so on.¹⁶

After each job has been so assigned a points-total, jobs with minor point differences are grouped into "labor grades" and correspondingly assigned matching monetary base rates of pay. But the base rates are stated as a

¹⁶ From Franklin G. Moore, Manufacturing Management. Fifth Edition (Homewood, Ill.: Richard D. Irwin), p. 468. A good introduction to job evaluation practises in the United States is Leonard R. Burgess, Wages and Salary Administration in a Dynamic Economy (New York: Harcourt, Brace and World, Inc., 1968).

range of pay to leave room for the less formal or less "objective" process of merit evaluation. Job evaluation appraises job contents impersonally while merit evaluation is periodically administered by a worker's supervisor, less objectively, for the personal attributes a man or woman has shown on the job. His merit rating determines the worker's place in his job's range of pay and is a way of fixing, so to speak, additional points on the person who happens to fill a formally evaluated job. In the new points system of job evaluation in Chinese agriculture, each points-total is equal to a unique monetary value unknown ahead of the team's yearly sales. Moreover, a member does not know exactly how many points he will receive from the periodic group evaluation meetings. The team member thus receives a kind of variable salary.

Participative Job Evaluation

The essence of the new points system appears to be its administration by workers and supervisory staff on an equal basis. No longer did supervisors and technical experts alone administer job and merit evaluation but all members of the collective enterprise including the former.

In so decentralizing this aspect of enterprise administration, many problems that plagued the old points system were reduced, if not eliminated. For example, resentments against leaders and their assistants diminished as a result of worker participation in the job and merit evaluations. In the old points system, leaders and their assistants usually assigned the work-points even to themselves, and by these assigned tasks they also affected points distribution. During the mini-Cultural Revolution of late 1962-1965 called the Socialist Education movement reminiscent of the current one called the movement to criticize Confucius and Lin Piao, team leaders were often criticized for over-grading themselves and for conspicuous consumption and for misappropriation of funds. To combat such abuses, new party regulations stipulated that "The work-point bonuses for brigade and production team cadres should in general be one per cent, and should not exceed two per cent of the total work-points, and should moreover be awarded through mass discussion and agreement ..."¹⁷ We see here

¹⁷ Charges against cadre corruption are found in official and party documents translated in Rural People's Communes in Lien-Chiang. Edited by C.S. Chen (Stanford: Hoover Institution Press, 1969), pp. 109-10, pp. 121, 128, 120.

the beginnings of a new participative method of fixing points flexibly on each person or job or both and which the Tachai ripened and spread. (A March 1966 People's Daily report by Tachai leader Chen Yung-kuei publicized this kind of public assessment of workers, and presumably "in response" to appeals by the authorities to spread the Tachai spirit, this system was widely adopted in communes by the end of 1966.¹⁸) The combining of job and merit evaluation in the new open and informal periodic evaluation not only saved large administrative costs incurred by the old formal grading of men and their tasks. It also provided a high-trust climate inside the enterprise and thereby encouraged high-trust productive activities. Most sociologists would probably say that the consequent reduction of inequity and hierarchy raised levels of group cooperation.

There is a distinctive practise in the Chinese collective for which the new points system seems well-suited. We recall from our popular knowledge of the institutions set up by the Cultural Revolution the attack on

¹⁸ China Topics (London), April 28, 1970, p. 11

over-specialization of jobs, work schemes to bridge the gap between mental and manual labor, and work sharing arrangements that allowed workers to participate in managerial tasks and managers and staff to sweat on the shop floor. On the farm during the off-seasons, many found themselves in other team-financed activities unrelated to their usual jobs. Workers and cadres found themselves sharing and enlarging their jobs and so working out of traditional job classifications on which they were originally rated and paid. Traditional criteria of occupational grading for determining relative wages thus lost much of their traditional significance. This redistribution of occupational status and job tasks inside the enterprise contrasts with the old, or with market societies, both of which stressed specialization and professional occupational rankings as the main determinant of wages.

How then set pay differentials for persons in more than one job? The informal grading system helped solve this problem. At the evaluation meetings, individuals were in effect classified not so much on the basis of traditional occupational specializations but on the basis of a hierarchy of individual capability. Workers, in effect,

graded themselves and their peers and their supervisors in a rank order of productive ability. Capability or ability is, surely, many-sided with a plethora of components. But like houses and cars on a scale of amenity, men can be ranked on the basis of their relative capabilities independently of pay. When the group accepts or adjusts a worker's points on a given scale from 6.5 to 10, let us say, it implicitly ranks the laborer's in an order of ascending capabilities. Relative wages on the farm conform on the average to this rank order. This is the limited sense in which the official claim about distribution according to work dominates. The official claim that pay follows the hierarchy of work has this sense of truth to it. Note that distribution according to work (or productivity) is an expression of a market force. But market forces cover a broader range since they also include distribution according to luck as Jencks documents.¹⁹

¹⁹ See Christopher Jencks and associates, Inequality (New York: Harper and Row, 1973).

What Criteria Are Given Points?

Since anything can be evaluated with any arbitrary scale of points and with any set of factors, so can jobs or persons. To transform an authoritarian formal points system into another, you change the criteria evaluated or their relative weights or both. The other way of transforming such a points system of evaluation into a new one is to change its bureaucratic administration to a participatory one. The Chinese made both sets of changes and thereby caused fundamental breaks with the pre-1966 wage system.

Skill, strength, years of experience, intensity of work were the main criteria used in the 1961-65 period. The Cultural Revolution added back to this list two that figured importantly during the Great Leap period: political consciousness and relative need. Of the two, political consciousness is harder to pin down. After searching widely in China for the Chinese understanding of political consciousness, Mehnert wrote that it meant placing the collective well-being ahead of individual interest.²⁰ After poring

²⁰ Mehnert, op. cit., p. 71.

over the Chinese press in search of its meaning, this writer agrees. Chen Yung-kuei, Tachai's party secretary until 1974 and Politburo member since mid-1973, stressed this meaning of political consciousness in his wide-ranging efforts to instill Tachai's work ethic nationwide. Indeed the unceasing struggle against what the Chinese call the inequalitarian capitalist spirit of individual self-interest caused Tachai to abandon private plots since 1963. Its members worked mainly in collective labor. Working conscientiously to the best of their abilities, members assigned themselves to their various tasks and no longer ignored chores that were either unassigned or used to carry a small number of points. And they often contributed overtime work. Detailed reporting, inspection and supervision were consequently drastically reduced.²¹

No one knows the extent to which the formal payment of regular overtime has been eliminated. Press and visitors' reports point to its widespread formal abolition, although

²¹Chen Yung-kuei, "Put the Thought of Mao Tse-tung in Command and Improve Labor Management," Nung-yeh Chi-shu (Agricultural Techniques), June 13, 1967, in Survey of China Mainland Magazines, No. 600.

there are occasional reports that some communes still pay regular overtime directly and still follow the old piece-work points system. It probably matters little to what extent the formal payment of overtime was abolished just as it matters little to what extent ability has been downgraded by the stress on political consciousness. The point worth remembering is that political consciousness was manifested chiefly by increasing one's ability at the workplace including overtime. Thus the payment for regular overtime was merely disguised and made indirect. The break with the past is, nevertheless, real since the new implicit payment for overtime chores was not guaranteed or paid soon after the chore was accomplished. As we know, those are hallmarks of a real overtime payments system. This remark applies as well to a special or extraordinary kind of overtime work. Jan Myrdal and Gun Kessle tell us that this was recorded and rewarded:²²

The annual meeting had made a decision that, in principle, no one should earn more than one day's pay ... to prevent the piecework system from creeping in again by the back door.

²² Jan Myrdal and Gun Kessle, China: The Revolution Continued (New York: Random House, 1970), p. 104.

At the same time it was regarded as self-evident that those who worked overtime during the nights at the threshing machine ought to receive some sort of compensation.

Arthur Galston who also lived in a commune wrote an informative paragraph on the same subject:²³

... individuals ... volunteered repeatedly for extra duty to benefit the group. An example is the chore of arising in the middle of the night after a full day's work ... to operate the irrigation system ... Such outstanding service was recognized at the time of allocating work-points to groups and workers, not only in the approbation of the group, but in extra monetary returns. Yet such labor did not yield returns proportionate to the extra effort involved, nor was the reward assured.

No one knows what the precise relative weights of the various factors specified above are in the average brigade and team. In fact it varies among teams and brigades. The informal participatory administration of the new points system necessarily decentralized and weakened the enforcement of centralized values and procedures. It probably does not matter whether brigades and teams gave points for political attitudes unrelated to producti-

²³ Arthur Galston, Daily Life in People's China (New York: Thomas Y. Crowell Company, 1973), p. 232.

vity. What is more important is whether the new points were distributed within the narrow limits centralized policy demanded. They seem to have been since the usual range of points given per day to regular members of the labor-force reported by travellers varied in practise from 8 to 10.5.

In some brigades and teams the points range slightly above that to 13, but then the upward draft of the effective minimum points may fully or partially offset it. In many places, in fact, the effective range between maximum and minimum was smaller than politically allowable. To save time and avoid resentment, some teams and brigades divided points equally among themselves. An item in the People's Daily of February 23, 1970 condemned such practises for any reasons. But this tirade, one should note, was "aimed at the supporters of the more extreme version of the Tachai system under which everyone gets the same reward regardless of his contribution."²⁴ It is easy to add such press

²⁴ China Topics, April 28, 1970, p. 11. Charles Bettelheim regards the slight shift to the right as a reaction to the ultra-leftist egalitarians. See his Cultural Revolution and Industrial Organization in China (New York: Monthly Review, 1974). Ronald Berger, the noted visitor and writer on China, told me on February 17, 1975 that the group bonus proportionately given to everyone that was still practised by some enterprises may have finally been abolished in the current campaign.

reports to occasional news about the use of piecework and group bonuses here and there in atypical cases in order to write that the pre-Cultural Revolution balance between collective moral incentives and private monetary ones was approximately or nearly restored. But such an interpretation is not justified by this writer's reading of the Chinese press and radio and other periodicals. No doubt when the current mini-Cultural Revolution aimed at deepening collective moral incentives dies down, there will be a slight swinging back of the proverbial pendulum as it enters a period of relaxation. But that does not mean that the pendulum will swing most of the way back, or even half of the way.

To Each His Need

The group evaluation and distribution of points imparted a significant egalitarian bias to wages. What indications do we have of this? Mehnert reports the continuing high number of points given to aged farmers in the face of declining strength and output. Myrdal and Kessle report equally from a fortnight spent at a brigade

in late 1969.²⁵ At Tachai the same applied. Galston²⁶ noted the same high regard for the needs of the aged.²⁶ That group evaluation leads to a narrower spread in wages another set of observations further suggests. I refer to the many reports of able workers and cadres who underestimate their periodic share of points.²⁷ Closely related to this is the relatively higher incidence of the raising of self-assessed points at the evaluation meetings. James Tobin's report notes: "The scores are publicly determined at meetings once a month. Each peasant suggests his own score, and his suggestion usually prevails without dissent. Sometimes his colleagues argue that his score should be higher. Less frequently, we were told, they try to persuade him it should be lower." He notes, too,

²⁵ They observed that an old man was "allocated a considerably greater number of work-points ... than if only his physical strength or the actual job he was doing were taken into account." Myrdal and Kessle, p. 104.

²⁶ Galston, p. 103.

²⁷ See, e.g., Unger, p. 8.

in late 1969.²⁵ At Tachai the noted the same high regard for That group evaluation leads to wages another set of observations refer to the many reports of a underestimate their periodic related to this is the relative raising of self-assessed point James Tobin's report notes: "I determined at meetings once a his own score, and his suggest dissent. Sometimes his colleagues should be higher. Less frequent to persuade him it should be 1

visited near Shanghai, the to be about 11."²⁸ In spite of ailing of 13 points that this average suggests a mian income distribution. visited, the strongest cent more than the weaker ly, in my opinion, that total wage fund is distributed And suppose conservatively best points-paid team superer is 2 to 1. Then overall, re as an approximate and xtent of income inequality farm today. The size distribution is of course more equal

²⁵ They observed that an considerably greater number of only his physical strength or were taken into account." Myr

²⁶ Galston, p. 103.

²⁷ See, e.g., Unger, p.

concentrated around the members receives the lowest onal official and visitors' of of points that cover the nomy of China: A Tourist's 1973, p. 27.

tellingly: "In the commune we visited near Shanghai, the average daily score was said to be about 11."²⁸ In spite of a rather unusually high ceiling of 13 points that could be given in this commune, this average suggests a substantial move toward egalitarian income distribution. Tobin adds: "In the commune we visited, the strongest and best workers earned 40 percent more than the weaker members." Suppose realistically, in my opinion, that roughly fifty percent of the total wage fund is distributed equally to each peasant-worker. And suppose conservatively that the ratio between the highest points-paid team supervisor and the lowest paid farmer is 2 to 1. Then overall, we get Tobin's 40 percent figure as an approximate and rough indicator of the small extent of income inequality inside the Chinese collective farm today. The size distribution of intra-collective income is of course more equal since most workers are probably concentrated around the average and very few regular members receives the lowest and highest scores.

Judging from the occasional official and visitors' reports, the effective spread of of points that cover the

²⁸James Tobin, "The Economy of China: A Tourist's View," Challenge, March-April 1973, p. 27.

adult, regular work force varies from about 8 and 10.5 or within any 2.5 spread. That narrow spread, with a high concentration around the average can be explained by the egalitarian principle of distribution according to need. Grant that much of the existing overall pay differences really just compensate workers' greater needs to replace relatively larger expenditures of physical, mental, and nervous energy in more difficult, unpleasant or dangerous jobs. Add to these replacement needs the loss of real income in the most preferred alternative employment occasioned by the long period of training for technically difficult professions. Intuitive and a priori notions of common justice suggest that a differential payment for this last real sacrifice is also in the nature of an equalizing payment because workers need such a pay differential to raise their supply of skills to the socially needed levels. The official ideology describes the agricultural wage system as socialist since it preserves the market-like criterion of pay based on quantity and quality of work. An equally accurate interpretation seems to be that the collective is governed by the principle of "from each according to his ability, to each according to his need."

Need here should be defined, of course, in the broad realistic way proposed above. The ethical principle of "to each according to his need" should therefore be translated to mean "to each according to his comparative just needs." I insert the ethical concept in the preceding phrase to rule out morally obvious frivolous needs, at cost to others. We would then scorn a person's assumed need for gourmet foods or a second car when some of his co-workers barely survive. The egalitarian criterion of relative just needs thus rejects its neoclassical economic interpretation in terms of the distribution of income in such a way that the marginal utility of the last yuan is the same for everyone. That interpretation, like John Rawls' much-discussed but much more vague principle of just distribution (inequality only if it helps the least advantaged), is consistent with a regime of a few millionaires on the one hand, and a fraction of that for others.

Market Vs. Collective Forces and Pay

Our contention that politically imposed and stimulated forces of justice determine to a large extent the intra-collective pay hierarchy seems to contradict an earlier

statement that claimed it to reflect the hierarchy of individual capabilities. No contradiction, however, exists between this moral principle of just distribution and the view that income is distributed according to relative just needs. The two otherwise conflicting principles are reconciled in practise by the narrow spread between the politically set maximum and minimum pay in points. Moreover, the group evaluation process has, in practise, narrowed the official spread even further. To test out this idea just mentioned, I once asked several of my college classes to evaluate their own mid-term grades by discussion in small groups, on a scale from A, B, C, D, to F. None of the classes gave Fs or Ds. The number of Cs given was much smaller than the number of As, and the average was a B. The result was not only grade levelling, but a solid contribution to the grade inflation as widespread in America today as its monetary inflation. On the Chinese farm, a corresponding points-inflation must have occurred too. But a social virtue of the new points system, noted previously, is that such activity does not lead to monetary inflation but only to further narrowing of income differentials. The new participative points system thus satisfied the innate moral

craving for social justice and the desire for greater individual shares of the proverbial limited pie, without stimulating inflationary forces as would the awarding of money directly at these public evaluation meetings, and not points. (By deferring wages until output is produced and sold, the points system contributes further to its anti-inflationary properties.)

Let us go back to our reconciliation of the two seemingly opposed moral principles of income distribution. Recall that, overall, the highest paid person in the team or brigade received 40 percent more than the lowest paid regular worker. These were generally regarded as the team's most capable and least capable workers. Add three more intermediate levels of capability: below average, average, and above average. I suggest that if we classify team members into these five categories independently of their respective pay and then rank them again, this time according to pay, the most capable persons will also show the highest pay, the next most capable, the next highest pay category, and so on. I suggest also that if we rank individuals in the team's regular work force according to relative just needs, the persons judged most in need of

the highest pay get it; the persons ranked below those most in need receive the next highest pay category, and so on. We add one more stipulation in arguing that distribution according to one's comparative ability or capability is compatible with distribution according to one's broadly conceived, relative just needs. The range of pay within each pay category or rank must be narrow. They seem intuitively narrow enough in Chinese teams and brigades.

The five categories of pay that covers most members of the regular work force are separated from its successor category by half-a-point with a range of three to two-and-a-half points.

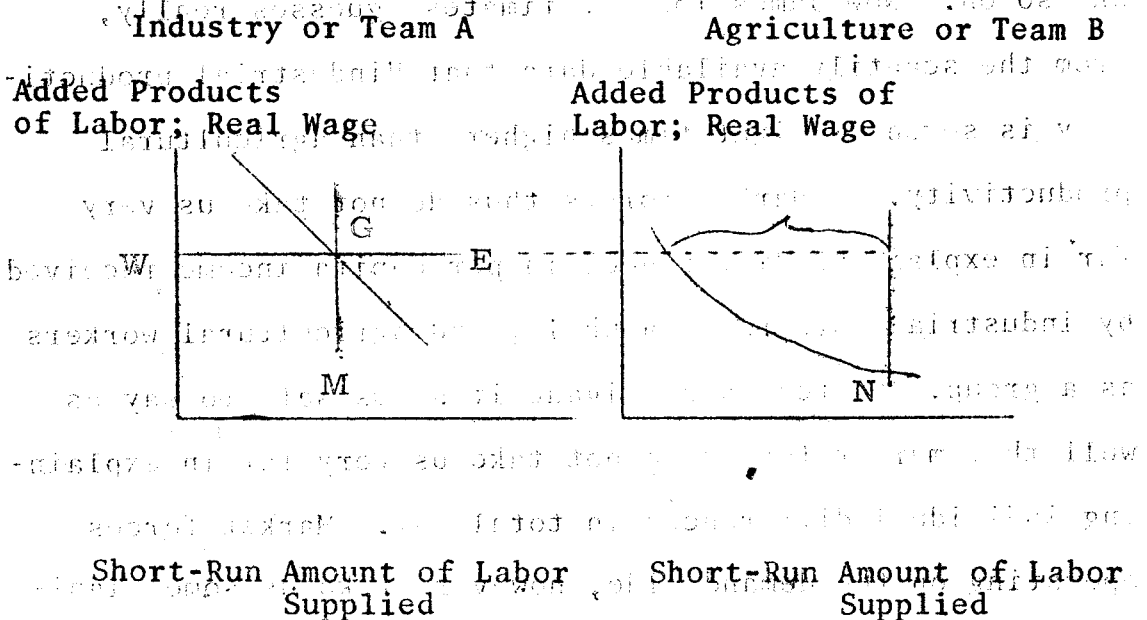
That China's policymakers can cut down market forces of supply and demand in the setting of intra-collective pay structures is hinted by the surprisingly low ratio between average industrial income and average rural income in the face of very substantial differences in their respective labor productivities. A research crew commissioned by Time puts the ratio between per capita incomes of factory workers and per capita incomes of farm workers at 2 to 1.²⁹ This

²⁹ Time, February 3, 1975, p. 22.

is probably our best current estimate or guess in view of increases in procurement prices of farm products, a significant decline in the price of industrial inputs, the massive transfer of human capital from the rustification of educated youths, subsidized consumption, income in kind, and so on. Now James Tobin estimates, guesses really, from the scantily available data that "industrial productivity is seven or eight times higher" than agricultural productivity.³⁰ Market forces thus do not take us very far in explaining differences in per capita income received by industrial workers as a whole, and agricultural workers as a group. In team and brigade it seems safe to say as well that market forces do not take us very far in explaining individual differences in total pay. Market forces operating on the demand side, however, take us some significant distance in explaining differences in per capita incomes between teams and communes and regions. There are presently considerable but unknown differences in these per capita incomes among rural groups and areas. But these differences stem, evidently, from variations in the

³⁰Tobin, op. cit., p. 27.

productivity of the land including climate. The following instructive, even if oversimplified diagrams, help us tie these strands of thought together, and they serve as guides for our concluding thoughts.



The two illustrative diagrams above, not drawn to scale, show some essential relationships between industry and agriculture on the one hand, and between more productive and less favored teams on the other. Let us take the relation between industry and agriculture first, but what

we shall say applies analogously to the relation between rich and poor teams. We assume full employment for the same wrong or right reasons that have caused officials, visitors, and knowledgeable writers to believe it.³¹ Assume further, merely for simplicity and comparative reasons, that the average industrial and agricultural wages, after the rustification movement of the late 1960s and early 1970s, are fixed in the vicinity of the intersection between the pairs of constant supply of labor schedules and the added productivity schedules of labor. For agriculture or for the poor team, the average pay is really probably above the product added by the last unit of labor, about 55 percent of average product of the entire team, since government policy enjoins teams not to distribute less than 55 or 50 percent of their total products.³² Let us assume also that for some institutional reasons, industrial wages cannot be expected to fall much from OW.

³¹ See, for example such a claim made by the Restons, Toppings, Durdins in their New York Times Report From Red China (New York: Avon Books, 1971); many writers cited in my "Some Properties of Tachai-Taching Cooperation," (Unpublished article, January 1975).

³² See Chen, p. 376.

Under the typical situation found in labor-surplus, poor market economies, the much higher industrial wage beckons many from the pool marked by the curly bracket to move out into industry to contribute to wide-scale unemployment and crime. In effect, the supply of labor to industry under that normal market situation is horizontal, where the demand for labor curve cuts it, causing excess supplies of labor. In China no such horizontal supply of labor at OW seems to exist, thanks partially to the force of collective moral incentives. These help cause WGE to stand vertically on point M. Intra-village collective participative management, including worker administration of the new points system, stimulates strong social and emotional ties to the work community, and the resulting feeling of community keeps the supply of labor schedules from varying significantly with wages at the relevant ranges.³³ But the group assignment of points also helps make supply curves of labor constant. At these

³³ That the heightened sense of community may keep group supply curves of labor fairly vertical at significant wage-ranges is suggested by similar experience in the large-scale Japanese factory. See Ronald Dore, British Factory-Japanese Factory (Berkeley: University of California Press, 1973). If this is so, then the central policy of minimizing labor turnover may not be such a felt infringement on personal choice.

meetings, workers get social and moral pressure to keep the amount of labor they supply constant and to keep it from falling as higher wage-incomes tempt them to work less. For that matter, workers are equally encouraged not to cut the amount of labor they supply when wage-incomes fall because any such reductions in labor supplied would reduce the value of the others' work-points. This important feature of the new points system relates to a major way the many voluntary projects in the rural areas are financed. Several from each team do volunteer work for others usually during the slack seasons. By continuing to give those who volunteer, or those persuaded to volunteer their share of points, the entire collective shares in the burden of volunteer labor. And to keep the value of each point from falling consequently, they may all pitch in by putting in slightly longer work time, or more effort, or by temporarily enlisting children and the aged to help out. This process again keeps the amount of labor available to the team at a fairly constant vertical position on the graph above. It shows interestingly how growth can be financed costlessly in terms of consumer goods forgone, or even in terms of inflation caused. Note that the short-run amount of labor, which assumes fixed capital,

depends upon the number of hours worked, diligence, and labor-force participation rates.

Another important cause of vertical supply schedules of labor is, of course, the government development policy of urging each team and brigade to grow faster regardless of their current state of productivity. Thus collective enterprises are required to clear their recruitment and firing of workers with the relevant authorities, especially the area labor bureau. Note that labor transfers from poor to rich areas would help reduce disparities in wages. It would also improve current combined production. China relies instead on policies that shift the productivity curves of each team and area. Thus to reduce drastically the impact of very high industrial productivity on pay, pricing and state budgetary policies, in effect, shifted down by drastic amounts the net received productivity curve of industry. By so transferring income to the agricultural areas, the state shifted up the net received productivity curve of agriculture. There are similar, if weaker, policies to redistribute income from the rich regions and communes to the poorer ones. But interregional income

equality is not likely to be achieved this way. There is no guarantee that, in spite of aid, the poorer teams and communes will shift up their productivity curves faster than the more favored ones.

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