Chapter II
THE HONEYMOON PERIOD, 1949-1952

The main economic goal of the Chinese Communists has been socialist industrialization, that is, industrialization of the Chinese economy and socialization of industry, handicrafts, and agriculture. The strategy for industrializing the economy adopted by the Party in 1949 and the early fifties was in essence the Soviet program for industrialization. Before China's first five-year plan could be implemented, however, the country had to be prepared.

The years 1949 to 1952 were a period of consolidation for the Chinese Communists. After they had won the civil war in 1949, they faced the task of moving from rural guerrilla centers to the cities and the political consolidation of their victory. In industry, too, this was a period of consolidation, sometimes almost of starting from scratch. China in 1949 was characterized by severe economic scarcity and underdevelopment. The economy had in the forties been ravaged by the Sino-Japanese War, the civil war and the sabotage of retreating Kuomintang troops. The industrial complex established by the Japanese in Manchuria had been stripped by occupying Russian soldiers. Communication and transportation systems and many factories had been destroyed. Inflation was rampant. In terms of both industrial base and reservoir of available skills, conditions in China were significantly less favorable than conditions in Russia after the October Revolution.

Labor policy was influenced by both the flush of victory and the major tasks facing the regime. It was in many ways a honeymoon period for the unions and the workers. The support and participation of the workers was actively wooed, and many were promoted to cadre and administrative positions. A national labor
insurance program was introduced and widely publicized. The unions were assigned many different functions and allowed a degree of independence in carrying them out. The specific tasks assigned to them reflected this general orientation. To the extent that an integrated program of interrelated functions was realized, categorization is somewhat artificial. Nevertheless, various union functions are discussed separately for analytic purposes.

The major administrative tasks of the unions during this initial period were building the unions and recruiting cadres, assisting the Party to recruit workers for cadre and administrative line-staff positions, representing the workers in the factories, and introducing labor insurance and related welfare programs.

Building the Unions and Recruiting Cadres

In the early years of the Communist regime the unions played a prominent role, in collaboration with the Party, in building their own organization and in recruiting workers for promotion.

The organization and reorientation of the union structure and the recruitment of union members was, logically and chronologically, the first task of the unions. Union cadres were sent to establish unions where none existed. In enterprises with established unions, teams of cadres were sent in to break the power of gang-labor chiefs and to reorganize the unions. The process of screening workers during this period was, in fact, overly rigorous in many areas. According to Hsü Chih-chen, many cadres committed the error of "closed doorism," excluding workers on the bases of ideological leanings, work ability, and educational level. As Hsü argued, a major function of the unions was to educate the workers to overcome those very disabilities. At the same time, an attempt was made to screen intransigent trouble-makers and "counterrevolutionaries" from union membership and especially from positions of authority.

As in the Soviet Union, membership in unions was not compulsory,
but every effort was made to persuade workers to join. In addition to the personal efforts of union and Party cadres, the press devoted considerable space to publicizing increases in union membership and the advantages of membership. The administration of labor insurance was also coordinated with this effort. According to the ACFTU, workers in "key" industries and cities were "basically organized" by the end of 1950. By the end of 1952 ninety percent of all industrial workers had joined unions. Recruitment became an issue again only in 1958 when the number of workers suddenly increased from nine million to more than twenty-five million as a result of the policies of the Great Leap Forward. Even then the recruitment problem was not major. Many of the new workers were only part-time and thus ineligible for union membership. Also during that period much of the mobilization of the workers was carried out by the Party committees directly, obviating mobilization by the unions.

In 1949 the unions were also assigned the task of assisting the Party branches select and nominate workers for cadre posts and assisting in the promotion of competent workers to administrative positions. In most cases these workers were first or simultaneously recruited into the Party. After these early years the unions were not mentioned in connection with this task at all, and industrial enterprises came to be staffed more and more by Party members who were sent to technical schools on the Party's initiative. But during this early period the assistance of all official and semi-official organizations was necessary. And the unions did continue to provide practical administrative experience and areas for activism through which individual workers could distinguish themselves for promotion.

Representing the Workers

According to Articles Five and Six of the Trade Union Law of the People's Republic of China:
Trade unions in enterprises operated by the state or by co-operatives shall have the right to represent the workers and staff members in taking part in administering production and in concluding collective agreements with the managements.

Trade unions in private enterprises shall have the right to represent the workers and staff members in conducting negotiations and talks with the owners of these private enterprises, in taking part in the labour-capital consultative councils and in concluding collective agreements with the owners of these private enterprises.8

As one would expect, however, not only did the nature of this function depend on whether an enterprise was state or privately owned, it was also particularly susceptible to fluctuations in Party policy in both types of enterprise.

Before the general nationalization of industry in the mid-fifties, the state assumed ownership of those enterprises previously owned by the Kuomintang government or by bureaucratic capitalists. A transitional system of factory management was established in state-owned enterprises. Since control and communications networks of the central authorities had not yet been consolidated, practice did not always conform to stated policy, and geographical diversity existed. But the general pattern was as follows. In most areas enterprises were actually taken over by the army's Military Control Commissions. The enterprises were then administered by Factory Administrative Committees consisting initially of top managerial and engineering personnel, local Party cadres, and military commanders. In effect, because the military and Party personnel lacked technical and administrative competence, the managers retained operational direction of the enterprise while the military and Party personnel held ultimate veto power.9

Official policy called for a change in state-owned enterprises to a system of collective or democratic management as soon as possible. What this meant in practice was that the Party committees came increasingly to dominate factory affairs. But the unions also
played a significant role. It was their duty to educate the workers preparatory to participating in democratic management, and they were to organize Staff and Workers Representative Councils which elected representatives to the Factory Administrative Committees. Many of the tasks of the Facotry Committees were, in fact, handled by standing committees consisting of the factory manager, the head of the union, and a third member who was "co-opted by the Factory Administrative Committee."^10

In private industries worker-management relations were to be systematized by the establishment of labor-capital consultative councils. The unions appointed worker representatives to the councils, and the union chairman was an ex-officio member of the council along with the owner or his representative and the manager. Labor-management relations centered on the adoption of factory collective agreements and the settlement of grievances, but these two issues were important in form only.

Collective agreements in China have followed the pattern established in Soviet industrial relations. The primary function of the agreements has been to publicize the factory production plan established by the state. In China the agreements have also had a second purpose, to establish management's responsibilities to the staff and workers that included the hiring and firing of workers, certain issues related to wages such as overtime pay and bonuses, treatment of apprentices, and equality of wages for men and women, the establishment of working hours and holidays, protection of female and child labor, and welfare benefits pertaining to workers in enterprises with less than one hundred employees and thus not participating in the national labor insurance program. Policies on these issues differed slightly from one type of enterprise to another, but they were basically defined by national labor legislation.

The unions were also formally designated to represent the workers in consultation with management to settle grievances.
In practice, however, the Chinese have favored informal mediation and persuasion over formal mediation and arbitration procedures, and formal grievance procedures are almost never mentioned in the Chinese labor press.

The formal worker and union role in the state-owned factories was therefore much greater than in private factories, with equal representation on the Factory Administrative Committees and their own Representative Councils to provide mass supervision of management, "tap the wisdom of the workers," and give the workers a sense of active participation in the enterprise. On the other hand, workers and unions were expected to cooperate more consistently with state managers than with private managers. In sum, this was a period of relatively active participation by workers and unions.

Welfare Tasks

Workers' welfare more than any other activity has been the special concern of the unions in China. Primarily, they have had total responsibility for the administration of labor insurance. They have also been responsible for general assistance to the workers (for example, mediating marriage disputes, helping workers budget their incomes, and organizing mutual aid societies), for organizing and administering cultural and recreational facilities, and for certain tasks related to labor protection or factory conditions.

The performance of all these tasks has reflected, once again, fluctuations in general economic policy. During the early years labor insurance was in the limelight. In February of 1951, labor insurance regulations were issued by the Chinese government. Under these regulations, in plants with more than 100 workers the management was to provide insurance benefits for retired, injured, and child-bearing workers. In smaller plants, workers and management were to reach agreements negotiated by the unions. In enterprises regularly covered by the national insurance program the unions managed insurance funds and carried out all duties connected with the collection and distribution of insurance funds.
The unions were also made responsible for establishing "communal labor insurance establishments," i.e., sanatorias, rest homes for the aged, orphanages, and homes for the disabled. Both the ACFTU and local unions sponsored such establishments. In major industrial centers, union councils also opened schools to train labor insurance officials. According to official statistics, 200,000 cadres had been so trained by 1954.16

During the early fifties the administration of labor insurance reflected other current policies. The unions were attempting to encourage voluntary membership by all eligible employees by pointing out that union members received superior insurance benefits. The unions' major focus of attention was the organization of emulation campaigns for production in which they recommended model workers for special benefits. The regime was also trying to liberate women and bring them into the work force by making insurance provisions for women workers during childbearing.

In the field of cultural and recreational facilities, the unions were to establish clubs, cultural halls or palaces, libraries, and cultural and recreational programs. One of the major reasons for these programs initially was presumably to occupy the workers' spare time and thus control such activities as gambling and drinking. But it was also designed to serve the positive function of conducting both cultural and political education among the workers. By the end of 1955 all factories with more than 100 workers reportedly had their own recreational clubs.17 Aside from this figure, however, very little was published about the activities themselves during the early fifties. Before they were significantly developed, they were preempted by production efforts with the beginning of China's first five-year plan, and cultural education became temporarily the responsibility of management.18

Political Education

Political education is discussed in some detail in the previous chapter. During this early period the effort to socialize
the workers predominated. The workers were lauded as the leading class in the state, and improvements in the lives of the workers since "liberation" were emphasized along with the role of the Party in providing those improvements. Another major theme of political education during this period was the patriotic "Resist-U.S., Aid-Korea" campaign. China now belonged to the workers, under Party leadership. Conditions were already better than before "liberation," as evidenced, for example, by the new national labor insurance program. But the major tasks of industrialization lay ahead, and the country was threatened from without. Therefore the workers must also realize their responsibilities as the leading class and sacrifice immediate and partial interests for the overall and long-term interests of the state as spelled out in Party programs and policies.

The attempt to coordinate these lessons is illustrated by the nature of union participation in the "Anti-U.S." movement. In October of 1950, a patriotic emulation or production-mobilization campaign was initiated in the Northeast and soon became nationwide. The thesis connecting the emulation campaign to a broader propaganda movement was that a truly prosperous China could only be built after the defeat of American imperialism in Asia, particularly in Korea at that time, and that the United States could only be defeated in Korea by increased production within China. In addition to the production campaign, the unions were also to organize the workers for related educational programs, demonstrations against the United States, and patriotic donations to the war effort.

Production

In China, as in other developing countries, production has been a central function of the unions. It has been at the center of a relatively unified union policy in which specific tasks relating to production, incentives, welfare, and political education are all closely related. The emphasis in approach to stimulating production during a given time period has reflected Party policy
emphases. Labor emulation campaigns or socialist emulation campaigns have been the cornerstone of Chinese industrial incentive policy. The goal has been continuous participation in some form of emulation by the entire work force. Even by early 1951 an estimated 2.23 million workers had participated in emulation campaigns.²⁰ By the end of 1953 more than 223,000 people had been designated model workers.²¹

China's early campaigns were similar in many ways to Soviet Stakhanovite emulations. Shock workers or shock brigades, for example, would establish new production records by the "improvement of tools" and the "improvement of work organization," the latter being basically the division of work processes into essential and auxiliary tasks to allow the shock worker to concentrate entirely on the production record, while another worker performed the auxiliary tasks. Since it is often more efficient for the worker to perform his own auxiliary tasks, this approach is appropriate only under conditions of surplus labor and/or for rate busting to establish new records for other workers to emulate.

But early Chinese emulation campaigns differed from Soviet Stakhanovite campaigns in two ways. First, they emphasized work-group performance rather than individual performance. They tended, therefore, to integrate rather than divide production units. A major part of the publicity connected with the "new records" campaign, for example, was devoted to the Ma Heng-chang shock brigade.²² The second difference was the emphasis on combining emulation with national mass propaganda campaigns such as the "Anti-U.S." movement.

**Transmission Belt**

The transmission belt function of the unions is discussed in this study essentially in terms of Party criticism of union performance. This has both advantages and disadvantages. The manner in which the unions serve as a link between the Party and the workers provides an overview of how well they are carrying out other duties, how well they are communicating with the workers, and how their
orientation to their own work differs from Party expectations. It also means that our perspective will be primarily from the top down rather than from the point of view of the workers or even the unions. It also means that the emphasis will be on crises and periods of major reorientations in union-Party relations rather than day-to-day functioning.

The first crisis in Party-union relations came in the early years of the regime and was widely publicized at the Seventh ACFTU Congress in 1953. This attack was directed at the national union leadership which was accused of economism and of seeking independence from Party control. The unions had "arbitrarily" stressed the individual interests of the workers as against the overall long-term interests of the state, and the national leadership had led lower union organs away from the Party and had considered the unions the "highest form of organization of the working class." Party priorities and expectations were much different in 1953 than in 1951 when these deviations had taken place. The Seventh ACFTU Congress was held to redirect union activities in preparation for significant changes in economic policy. Party accusations were, therefore, undoubtedly overstated. Union activities, however, had inclined toward independence and economism in 1951 for several causes.

One cause of union independence during 1951 was circumstantial. In theory, the unions were from the outset under the leadership of the Party, but in 1951 the Party was still consolidating its own position. Potential rivals were being eliminated, and the Party was recruiting the cadres necessary to rule the country. This situation had several consequences for the unions. First, the workers and unions could be used to attack the capitalists. Second, worker support was being actively wooed, as evidenced by the strong emphasis on labor insurance and the lack of emphasis on labor discipline during this period. That is, Party policy itself tended to economism during this honeymoon period. The success of the
revolution combined with Party propaganda about the leadership role of the workers must have created very high expectations among the Chinese workers. And, third, the Party did not seem to exercise very direct control over union affairs during this period. The Party issued policies, but they were carried out by the unions in a relatively independent way.

Paul Harper has suggested an additional point in this connection. The functionaries of the old Chinese Association of Labor (CAL) had been absorbed into local unions after CAL was dissolved. Most of these men were non-Communists and had been exposed to the union philosophy of the West. Many of them, therefore, may have been more committed to economic or trade unionist struggle than to political struggle. The relevance of this point would seem to be modified by the fact, not overlooked by Harper, that Party criticism during this period was directed almost entirely at the national leadership and not at local units. At the same time, out of the ten representatives from the CAL included in the top ACFL leadership after the Sixth ACFL Congress in 1948, five were replaced or dropped at the Sixth Executive Committee of the ACFL during 1950-1951.

A second cause of union economism during this period apparently was a reaction to earlier criticisms by the Party. The initial task in the factories in early 1950 had been to restore production. In line with this the unions had worked closely with management. As a consequence, by the middle of 1950 the unions were criticized for over-emphasizing production and becoming divorced from the workers.

A third major cause of union mistakes was presumably a difference of opinion between top union leaders and top Party leaders. According to the Trade Union Law of 1950: "The trade unions have their own nationwide, independent and unified system of organization." This statement was missing from the Revised Trade Union Law of 1953. The ACFL, expanding and consolidating its control over a revamped union structure, also attempted to exert its statutory independence, which invoked a strong reaction from the Party.
These union deviations during 1951 were attributed mainly to Li Li-san. Li, as Minister of Labor and a Vice President of the ACFL, had been the official spokesman on labor and union policy in China since 1948. At the Seventh Congress he made no statement and was not elected to the new Secretariat of the ACFL (renamed the All-China Federation of Trade Unions, ACFTU, at that Congress). Although he retained his position as Minister of Labor for two more years, his last major policy speech was delivered in February of 1951. At the Eighth National Party Congress in 1956 Li offered a vague apology for "mistakes I made when I was working at the All-China Federation of Trade Unions," without specifying the nature of those mistakes. The official version of Li's mistakes and those of other ACFL leaders was that they formulated a series of mistaken views, namely: the administration side should represent the whole and long-term interests, while the trade union side should represent individual and immediate interests; the administration side should represent production, while the trade union side should represent distribution, etc.

The points emphasized here were obviously that the unions were not to be independent of the Party and that union goals were not different from Party goals. Production, not worker remuneration, was the unions' primary consideration. The workers, through the unions, were to be used by the Party against the capitalists. But their conflict with management was as a part of "the people" and not as workers or union members. They were to confront enterprise owners on such issues as obeying state laws and cooperating in state plans, not on the issue of wages.

The union sins of economism and excess independence were ascribed to the central organs of the ACFL. The second attack on the unions was directed at lower-level cadres and concerned mistakes of quite a different nature. By 1952 and 1953 the unions were caught up in the policy changes introduced by the san-fan and wu-fan movements and preparatory to China's first five-year plan. The unions were assigned a major role in the attack on capitalists
during that campaign. This, of course, changed the task orientation of the unions in private enterprises.

But the unions also came under attack and were reorganized during the san-fan movement. For the unions those campaigns began with a Democratic Reform Movement which was launched in the Northeast in 1951. It was essentially a movement to purify factory-level unions of "bad elements" who persisted in old pa tao practices of taking bribes for obtaining jobs for people. The san-fan campaign, as it applied to the unions, was an intensification of that purification process.

Union cadres were accused of the three general sins of extravagance, waste, and bureaucratic work style from which the movement received its name. They were also accused of inadequately supervising managers and thus of allowing irregularities to occur, of failing to promote workers, of bowing to the technical expertise of retained administrators, and of neglecting the political education of the workers. Some union cadres had allowed themselves to be bribed or corrupted by the owners and managers. In the most serious cases they were accused of gross corruption in their own union work. Lai Jo-yü, the new ACFTU president, and other members of the national union leadership formally confessed to the lesser charges of extravagance, waste, and bureaucratism. Lower-level cadres were subjected to criticism and, in the more serious cases, purged from leadership positions in the unions.

The attacks on the unions at this time were preparatory to policy changes, but they were also intended to "purify" the unions. Most of the union cadres purged during the Democratic Reform Movement and the san-fan movement were from one of two groups: old union officials who had stayed at their posts after 1949 without sufficiently reforming, and cadres from the old Communist guerrilla areas who were "corrupted" by the move to the cities and their new positions of authority. Replacements for purged cadres were recruited primarily from worker activists who proved their merit.
during the san-fan and wu-fan campaigns.

The wu-fan campaign also involved mobilization of the workers. They were organized by the unions to voice grievances and to hold "confrontation meetings" with employers. This served to pressure employers toward the regime's goals and also served to mobilize the workers who, especially in old industrial cities like Shanghai, had remained closely tied to their employers.