

CHINA KNOWLEDGE SERIES

AGRICULTURAL  
CO-OPERATION  
IN CHINA

TUNG TA-LIN



FOREIGN LANGUAGES PRESS  
PEKING

Packed with essential statistics and facts, this pamphlet gives a brief account of the actual process and experiences of the agricultural co-operation movement in China. The author begins with an analysis of rural conditions in the early days of the new China, of the difficulties still facing the peasants even after land reform had given them land and brought them a better life, and the whys and wherefores of the tremendous enthusiasm with which they turned to co-operative farming—the road leading to common prosperity. He then goes to describe the series of policies worked out by the Chinese Communist Party in the light of the concrete social and historical conditions, such as resolutely relying on the poor peasants and firmly uniting with the middle peasants; adherence to the principle of voluntariness; following the mass line in work; proceeding with co-operation without waiting for the mechanization in agriculture; and gradual transition from mutual-aid teams, through semi-socialist co-operatives, to fully socialist co-operatives.

Appended to the book are the "Model Regulations for an Agricultural Producers' Co-operative" and "Model Regulations for an Advanced Agricultural Producers' Co-operative."

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## INTRODUCTION

From the second half of 1955, the movement of agricultural co-operation in China surged ahead, and succeeded in bringing about a fundamental change in the countryside in less than one year's time.

According to statistics of 1955, 16,920,000 or 14.2 per cent of the nation's peasant households took part in the distribution of the co-operatives' autumn harvest.<sup>1</sup> Of these households, 16,880,000 belonged to semi-socialist co-operatives, and 40,000 to socialist co-operatives. Thereafter, a precipitous rise of co-operative-member households was registered every month as can be seen in the following table:

	<i>No. of peasant households in both semi-socialist and socialist co-ops</i>	<i>Percentage of the nation's peasant households</i>
October 1955	38,130,000	32.5
November 1955	49,400,000	42.1
December 1955	75,450,000	63.3
January 1956	95,550,000	80.3
February 1956	104,190,000	87.0
March 1956	106,680,000	88.9
April 1956	108,450,000	90.3
May 1956	110,130,000	91.2
June 1956	110,510,000	91.7

<sup>1</sup>In 1952, 59,000 or 0.05 per cent of the nation's peasant households joined agricultural producers' co-operatives; in 1953, 275,000 households or 0.2 per cent; in 1954, 2,297,000 households or 2 per cent.

In the spring of 1956, the agricultural co-operation movement developed to a higher stage. At the close of 1955, only 4,700,000 or 4 per cent of the nation's peasant households joined agricultural producers' co-operatives of the socialist type, but the number increased rapidly in 1956 as follows:

1956	No. of peasant households in socialist co-ops	Percentage of the nation's peasant households
January	36,520,000	30.7
February	61,030,000	51.0
March	65,820,000	54.9
April	69,840,000	58.2
May	74,720,000	61.9
June	75,410,000	62.6

Such a decisive victory in the socialist transformation of China's agriculture was achieved by the overall planning for, and the strengthened leadership in, the agricultural co-operation movement on the part of Party organizations at all levels, and by the rapid heightening of the consciousness of the broad peasant masses. This was, in turn, the result of the report *The Question of Agricultural Co-operation* made by Chairman Mao Tse-tung in July 1955 and the "Decisions on Agricultural Co-operation" adopted at the Sixth Plenary Session (Enlarged) of the Seventh Central Committee of the Chinese Communist Party in October 1955 which had sharply repudiated the conservative thinking then prevailing regarding the speed of the socialist transformation of agriculture.

This victory was a great triumph of socialism over capitalism in the countryside during the transitional period to socialism; it made the worker-peasant alliance still more stable on a new base, the base of a socialist economy. It was, in the main, the victory of socialist ownership in China. Meantime, the effect of this victory reached far beyond the realm of agriculture: it was reflected in a vigorous forward impulse in the socialist transformation of capitalist industry and commerce as well as handicrafts, and was a compelling factor in the speeding-up and consequential expansion of the work in industry, communications and transport, trade, science, culture, education and public health, thereby creating favourable conditions for the successful conclusion of socialist construction in China.

That the agricultural co-operation movement in China should have proceeded, as it did, on such an unprecedentedly large scale and with such an extraordinary speed was beyond anyone's imagination. Yet, this big development was the inevitable historical progress of Chinese society, and had objective facts as its basis. Having grasped the objective law of development, that is to say, having fully realized the already matured political and economic conditions in Chinese society, the Central Committee of the Chinese Communist Party headed by Mao Tse-tung resolved in good time the contradictions existing in the development of social life by adopting a series of correct policies, thus pushing the agricultural co-operation movement on to a new stage and completing the historical task of the socialist transformation of agriculture.

What, then, was the basis for the big development of the agricultural co-operation movement in China?

In order to answer this question, let us take a look at the changes in rural class relations after land reform.

## I. THE STRUGGLE BETWEEN TWO ROADS IN THE COUNTRYSIDE AFTER LAND REFORM

Here, before we go any further, it is necessary to briefly review the agrarian problem of the peasants in China.

The agrarian problem was actually the essence of the struggle in the history of Chinese society, because for thousands of years the peasants were exploited and their land absorbed by the landlords in a most formidable manner. "The lands of the rich stretch far and wide, while the poor have not even enough ground in which to stick an awl," and "In every district, nine out of every ten families are landless," were true descriptions of the agrarian problem in Chinese history. A landlord might own hundreds of thousands of *mou*<sup>1</sup> of land, and the imperial families, much more. The imperial court of every dynasty used to extort large areas of land from the peasants and bestow them upon the imperial families. It was commonplace to bestow one or two million *mou* of land upon one imperial family. At the same time, the peasants had to deliver more than half of their incomes to the landlords, in addition to paying government taxes and doing compulsory labour for the landlords and government. Throughout the lives of the peasants they paid off one debt and immediately took on another. Eventually, many were forced to sell their wives and

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<sup>1</sup> 1 *mou* = 0.1647 acre or 1/15 hectare.

children, houses and land and forsake their native places and often starve to death. The cruel exploitation of the peasants by the feudal landlords not only resulted in the backwardness of the Chinese people as a nation and retarded the development of China's economic and social life, but also sparked a long series of large-scale peasant uprisings and wars. The principal aim of these struggles was an attempt to solve the agrarian problem. Although the peasant uprisings and wars dealt incessant blows to feudal rule, they either failed in the end because they had no reliable allies in the cities and unflinching leaders or were made use of by the landlords and aristocrats as an instrument to form a new feudal dynasty during or after the revolution.

In modern times, after reducing China to a semi-colony, the imperialists not only monopolized the various modern enterprises in the cities and controlled the economic life of China, but also extended their claws to the villages, where they participated in every kind of feudal and semi-feudal exploitation of the peasants, used the landlords as their instruments and, in many places, themselves became landlords. Engaging in usury and piratic commercial dealings in the villages, both direct and indirect, they placed the peasants, directly or indirectly, in the fetters of exploitation, hastening their bankruptcy and depriving them of their land. The feudal exploitation on the part of the imperialists, landlords, warlords and high officials combined to make the lives of the peasants more miserable than ever. The demand to solve the agrarian problem of the peasants at this time became extremely urgent.

In the Revolution of 1911, a democratic revolution of the old type led by the bourgeoisie in China, Dr. Sun

Yat-sen put forward the principle of "equalization of land ownership" (and the slogan of "land to the tillers" as a later step) to convince the masses of the peasants to take part in the revolution. The putting forward of this principle reflected the peasants' demand for land. However, the peasants were not liberated and did not obtain any land in the 1911 Revolution, because the principle was abstract and there was no concrete programme for an agrarian revolution that would thoroughly upset the feudal relations.

It was only after the founding of the Chinese Communist Party that the agrarian problem of the Chinese peasants really began to be tackled. The Communist Party put forward slogans against imperialism and feudalism, making it its duty to win national independence and liberation and to positively solve the agrarian problem.

The whole course of the Chinese revolutionary movement led by the Communist Party embraces two stages — the democratic revolution and socialist revolution. The second revolutionary process, different from the first in nature, can be accomplished only after the former is accomplished. The democratic revolution is the necessary prerequisite for the socialist revolution, and the socialist revolution is the inevitable development of the democratic revolution. The democratic revolution is still a revolution of bourgeois-democratic character. The Chinese Communist Party maintains that the target of this revolution is not the bourgeoisie in general, but national and feudal oppression; it does not aim to abolish, but to protect, private property in general; and the victory of the revolution will enable the working class to accumulate strength to lead China towards socialism.

For this reason, it is necessary to carry out a thorough reform of the agrarian system and emancipate the peasants in the democratic revolution. Dr. Sun Yat-sen's proposition of "land to the tillers," although not proletarian socialist in character, is a correct proposition of the revolutionary classes of the bourgeois-democratic revolution, because "land to the tillers" means to transfer the land from the hands of the feudal exploiters to those of the peasants, to turn the private property of the feudal landlords over to the peasants and to free the peasants from feudal agrarian relations, thereby making it possible to transform an agricultural country into an industrial one.

From 1927 to 1936, the Chinese Communist Party took measures to make a thorough reform of the agrarian system. Even as early as in the spring of 1927, the demand for land of the peasants in South China was so urgent that in some places they spontaneously carried the slogan of "land to the tillers" into effect by erecting markers on the land indicating ownership. The Chinese Communist Party formally advocated agrarian revolution in November 1927 and later, at its Sixth Congress, it laid down a formal agrarian programme which stipulated that land owned by the landlords be confiscated and that land was to be owned by the peasants. In the new upsurge of the revolution in 1930, land owned by the landlords, warlords, local bullies, bad gentry, usurers and all foreign churches was confiscated and redistributed free to the farm labourers, poor peasants, middle peasants, hired labourers and fighters of the Red Army in many places. This awakened and mobilized millions of peasants to enthusiastically join the revolutionary ranks.

During the Anti-Japanese War, in order to impel the Kuomintang to fight against Japan and to mitigate the

opposition of the landlords in the liberated areas to the mobilization of the peasants for resisting Japan, the Chinese Communist Party changed the policy of "land to the tillers" to one of rent and interest reduction without depriving the landlords of the ownership of land. At the same time, it encouraged the landlords to transfer their capital to industry and mobilized the enlightened gentry to take part in the anti-Japanese social and governmental work. As for the rich peasants, they were encouraged to develop production.

When reform was introduced in the agrarian system — even such a preliminary reform like rent and interest reduction — the peasants' enthusiasm for production multiplied. Upon this foundation, the Chinese Communist Party helped the peasants to gradually and voluntarily organize themselves into agricultural producers' and other co-operatives. At the beginning, the agricultural producers' co-operatives were only such collective, mutual-aid labour organizations as work-exchange teams, labour-for-hire teams<sup>1</sup> and mutual-aid teams, which were based on the peasants' individual economy (i.e. based on the private ownership of the peasants). This kind of co-

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<sup>1</sup>A work-exchange team was a way by which the peasants evened off the labour power among the different households. With their own labour power and draught animals, the peasants in the work-exchange team worked collectively and in turn on the land owned by each household of the team. When the time came to settle accounts, the workdays were counted. Those households which had contributed less manpower or animal power should compensate those which had contributed more, with money. Manpower could exchange either for equal manpower or prorated animal power. The same was true of animal power. A labour-for-hire team was generally composed of peasants who had insufficient land. In addition to exchanging

operative organization had long since existed among the Chinese peasants. But in the past they were used by the peasants only as a way of improving their difficulties through their own efforts. After the reform of the agrarian system, this kind of co-operative organization underwent a change both in form and content and became a way for the peasants to expand production and strive for a life of plenty.

After V-J Day, the peasants urgently demanded land and the Chinese Communist Party made a timely decision to change its agrarian policy from rent and interest reduction to confiscation of the land owned by the landlord class and redistribution of the land to the peasants. In September 1947, the Communist Party convened the National Agrarian Conference and laid down the Outline of Agrarian Law of China which stipulated that land would be equally distributed according to the population, based upon the principle of abolishing the agrarian system of feudal or semi-feudal exploitation and carrying into effect the agrarian system of "land to the tillers." This was the most thoroughgoing method to abolish the feudal system. It fully met the demands of the peasant masses in China. The decision was immediately carried out throughout the liberated areas and a large movement for equal distribution of land was unfolded. In the three years from the liberation of the whole country in 1949 to 1952, the land reform movement was fully launched on a nation-wide scale in an area encompassing a peasant

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labour power between themselves as in a work-exchange team, the main function of the peasants in the team was to collectively hire themselves out to those households which needed labour power.

population of three hundred million. As a result of the resolute adherence to the class line of "relying on the poor peasants and farm labourers, uniting the middle peasants and neutralizing the rich peasants," the thorough implementation of the policy of fully mobilizing the masses in a guided way and the formation of the most extensive anti-feudal united front in the cities and villages in this great movement, the land reform movement was in the main completed on a nation-wide scale in three short years. Henceforth, the Chinese peasants were freed from the yoke of feudalism that had weighed down on them for more than two thousand years. They had become the rulers of the villages from their former position as beasts of burden for the landlord class, and masters instead of slaves of the land. This earth-shaking victory of historic significance was a victory won by the Chinese working class and its party, the Communist Party, together with the peasants under its leadership after thirty years of stubborn struggle. It was also a victory in China of the Marxist-Leninist theory concerning the peasant problem.

In this great land reform movement, from 60 to 70 per cent of the agricultural population received financial benefits. About three hundred million peasants who owned little or no land obtained about forty-seven million hectares of arable land. Before land reform, the peasants had to pay more than thirty million tons of grain in the form of rent to the landlords every year for the forty-seven million hectares of land they cultivated. Now there was no rent to be paid and the peasants were no longer working for the landlords.

During the period of bourgeois-democratic revolution, the Chinese Communist Party, acting upon the concrete

social and historical conditions in China, led the Chinese people in the struggle to overthrow imperialism, feudalism and bureaucrat-capitalism, and distributed among the peasants the land taken over from the landlords, thus satisfying the hunger of the overwhelming majority of the peasants for land, a craving that had persisted but had been unsatisfied in the long years of feudal bondage. Land to the tillers — this was an absolute necessity in a given stage of the historical development of Chinese society.

As a result of the thorough abolition of the feudal ownership of land, the peasants were more enthusiastic in farming; agricultural output went up to a certain extent; the peasants lived a better life; and big changes were brought about in the class composition in rural areas.

A survey of 14,334 peasant households from twenty-one provinces gave the following picture:

	<i>At the completion of land reform<sup>1</sup></i>		<i>December 1954</i>	
	<i>No. of households</i>	<i>Per-centage</i>	<i>No. of households</i>	<i>Per-centage</i>
<b>Total</b>	<b>14,334</b>	<b>100.0</b>	<b>14,334</b>	<b>100.0</b>
Co-op members	—	—	608	4.2
Hired labourers and poor peasants	8,191	57.1	4,150	29.0
Middle peasants	5,128	35.8	8,908	62.2
Rich peasants	514	3.6	305	2.1
Former landlords	375	2.6	363	2.5
Others	126	0.9	—	—

<sup>1</sup> Land reform was, in the main, completed during the years 1949-1952. It had been carried out in old liberated areas before 1949, while in a number of areas inhabited by national minorities it was to be completed after 1952.

Thus the number of hired labourers, poor peasants and rich peasants decreased after land reform. Middle peasants became dominant in the villages (62.2 per cent of the total households) and they possessed 68.1 per cent of the total arable land. In other words, there was an unmistakable tendency for the rural classes to gravitate towards the middle section, and this was the most important result of land reform.<sup>1</sup>

We know, however, that to have land alone does not completely liberate the peasants, for the tendency to gravitate towards a few extremely rich peasants and a majority of extremely poor cannot be entirely avoided so long as private ownership of land exists. This is because what was set up after land reform was the individual economy of the peasants, and this small production, just as Lenin said, "*engenders* capitalism and the bourgeoisie continuously, daily, hourly, spontaneously,

<sup>1</sup> This change stands out more prominently if comparison is made with rural class conditions in old China. The following was a 1933 survey of the number of households of, and the acreage possessed by, various classes in the countryside covering six provinces:

	Percentage of households	Percentage of land
Landlords	3.5	45.8
Rich peasants	6.4	18.0
Middle peasants	19.6	17.8
Hired labourers and poor peasants	70.5	18.4

and on a mass scale.”<sup>1</sup> In this sense, the private ownership by individual peasants is, in the final analysis, bound to give rise to capitalism, and is the cause whereby the peasants are subject to capitalist exploitation.

The table on the following page shows the changes in class make-up after land reform:

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<sup>1</sup> Lenin, “‘Left-wing’ Communism, an Infantile Disorder,” *Selected Works*, International Publishers, New York, 1943, Vol. X, p. 60.

	No. of households at the completion of land reform	End of 1954				
		Co-op-member households	Hired labourers and poor peasants	Middle peasants	Rich peasants	Former landlords
Total	14,334	608	4,152	8,908	305	363
Hired labourers and poor peasants	8,191	342	3,844	3,991	14	—
Middle peasants	5,128	255	206	4,601	66	—
Rich peasants	514	8	30	252	224	—
Former landlords	375	3	3	5	1	363
Others	126	—	67	59	—	—

From the table above it is clear that the tendency to class grouping in the villages had not been completely checked. Between the time of the completion of land reform and 1954, of the 14,334 peasant households, 14 of the hired labourers and poor peasants and 66 of middle peasants, or 0.6 per cent of the households of hired labourers, poor peasants and middle peasants taken together at the completion of land reform, rose to become rich peasants, while 30 of rich peasants and 206 of middle peasants, or 4.2 per cent of the total households of rich and middle peasants at the completion of land reform, turned into hired labourers or poor peasants. More peasant households deteriorated than improved financially, with the 46.9 per cent of hired labourers and poor peasants remaining unchanged in their status during the period. Many peasants working on their own were still experiencing difficulties, and in the conditions prevailing were unable to pull themselves out of the quagmire of poverty. This was because the Chinese peasant owned only a small plot of land (the average holding was three *mou* for each person, and in many places in South China one got only one *mou* or even less<sup>1</sup> owing to population

<sup>1</sup>The average acreage of farmland per capita in a number of countries was shown in the following table:

	Year	Average acreage of farmland per capita (in hectares)
China	1953	0.19
Soviet Union	1954	1.03
Poland	1953	0.57
United States of America	1953	1.20
France	1952	0.50
Japan	1951	0.06
India	1949/1950	0.30

pressure). And the peasants constantly suffered, in varying degrees, from such calamities as flood, drought, gale, frost, hail and insect pests. Farm management was, on the whole, backward, resulting in low agricultural output. Under straitened circumstances some resorted to borrowing, others to selling or "pawning" their land, still others to placing their labour power at the disposal of individuals economically better situated. The result was a rapid and spontaneous growth of capitalism in the countryside, where the process of class grouping became increasingly acute.

To a larger or lesser extent, such a situation existed everywhere.

An investigation into the class changes in nine townships in Hunan Province — two townships of Changsha County, two of Hsiangtan County, two of Anhsiung County and three of Yuanling County — shows the following proportion:

<i>Households</i>	<i>Percentage at the time of land reform</i>	1952	1953	1954
Poor peasants	56.73	36.46	28.08	28.22
Middle peasants	30.25	50.45	58.96	58.07
Rich peasants	3.18	3.46	3.63	3.70

*Note:* After 1952, middle peasants included new middle peasants.

The percentages in the table show a speedy rise in the financial position of the poor peasants after land reform as evidenced in the continued increase in the number of

middle-peasant households in the first two years immediately following the land reform. However, the conditions of small-peasant economy were far from stable, and the number of middle-peasant households dropped from 58.96 per cent in 1953 to 58.07 per cent in 1954, and that of poor-peasant households rose from 28.08 per cent to 28.22 per cent in the same period. Despite the land reform, the number of rich-peasant households went up year by year.

The tendency to class status in Yenchia Village, Hsieh-yu County, Shansi Province was another illustration. In 1952, only six of the sixty-five households of hired labourers and poor peasants classified at the time of land reform remained poor peasants, while the rest became new middle peasants, and there were as yet no new rich peasants in the village. But changes took place in class conditions in 1955 with the number of poor-peasant households increasing from six to twenty-one and the appearance of two new rich-peasant households. This was because after land reform, usurers had been very active, and more than thirty families (mainly of upper middle peasants and old rich peasants) were engaged in lending out money. The biggest creditor was Kuan Feng-teh, a well-to-do middle peasant, who had as his debtors more than thirty families. He issued loans both in kind and in cash totalling more than fifty piculs<sup>1</sup> of wheat in value a year at the high rate of 50-70 per cent per month. After having been a money-lender at usurious rates for several years, he became a new rich peasant. Altogether

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<sup>1</sup> 1 picul = .05 ton.

forty-five families in the village had been victims of such usury during these years, causing some to sell their land and houses. Between 1949 and April 1954, thirty-one families sold 66.8 *mou* of land while in 1953 alone, twenty families were forced to sell land. Of those families which sold their land, nineteen or 61 per cent did so for one reason only — to repay loans borrowed at usurious rates.

This is to say that despite the fact that the peasants were faring better after land reform, cases of land transference, hiring help and borrowing money became more frequent with each subsequent year. This can be clearly seen from the following data gathered from field surveys.

(1) Land transference. The following materials were collected in 1954 from 15,432 peasant households in twenty-three provinces:

(in *mou*)

	No. of house- holds surveyed	Land bought	Land sold	Tenants' land	Leased land
Total	15,432	1,709	1,108	18,015	7,708
Co-op members	644	49	64	116	68
Hired labourers and poor peasants	4,492	351	224	5,176	2,011
Middle peasants	9,555	1,204	788	12,092	4,569
Rich peasants	361	93	29	118	752
Former landlords	380	12	3	513	308

(2) Labour employment. The following data were gathered in 1954 from 15,292 peasant households in twenty-two provinces:

	No. of households surveyed	Percentage between households hiring labour and no. of total households surveyed	Labour hired by per surveyed household (in man-days)		Percentage between no. of households selling labour power and no. of total households surveyed	Labour hired out by per surveyed household (in man-days)
			Total	Of which labour hired out by year-round farm-hands (in man-days)		
<b>Total and Average</b>	<b>15,292</b>	<b>59.7</b>	<b>15.4</b>	<b>3.1</b>	<b>53.7</b>	<b>20.3</b>
Co-op members	644	44.7	6.6	—	34.0	11.2
Hired labourers and poor peasants	4,453	48.7	7.0	0.3	60.3	25.7
Middle peasants	9,461	65.3	17.2	2.8	52.3	18.7
Rich peasants	357	77.3	78.6	32.9	40.9	11.7
Former landlords	377	57.6	11.8	0.9	56.0	20.5

(3) Lending and borrowing. The following figures were obtained in 1954 surveys covering 15,432 peasant households in twenty-three provinces:

(Figures in the table below represent the average of every 100 households.) (in yuan)

	<i>Money borrowed</i>	<i>Payments received from loans</i>	<i>Money lent</i>	<i>Payments for loans</i>
Average	1,893	791	230	660
Co-op members	2,322	1,193	352	637
Hired labourers and poor peasants	1,940	250	120	553
Middle peasants	1,896	943	257	692
Rich peasants	1,743	3,468	654	1,508
Former landlords	1,204	459	144	486

From the above information we can see that rich peasants were most active in land transactions, hiring help and making loans. For instance, 77.3 of every 100 rich-peasant households surveyed in 1954 hired labourers to work for them. Compared with the average of the peasants and former landlords, the labour employed (in terms of man-days) by the rich peasants was four times greater, while the labour (in terms of man-days) hired out by year-round farmhands in their employ ten times greater, and the amount of loans made by rich peasants about twice as great.

This, in brief, is a rough sketch of rural class relations after land reform.

Of course, the tendency towards class groups in the countryside under our social system was vastly different in nature and in scope from that under a capitalist society. Under capitalist conditions, middle peasants

steadily dwindle in number and go bankrupt, while the number of poor peasants and rich peasants rapidly increases. But here in our country, the inevitableness had been foreseen of class movement after land reform, and aid and relief was extended to hired labourers and poor peasants and a section of middle peasants, and they were assisted in organizing themselves in mutual-aid teams and co-operatives as a way of avoiding their plunging into the fate of poverty and bankruptcy. In addition, tight restrictions were imposed on exploitation by rich peasants and other capitalist elements in the countryside. Consequently, most hired labourers and poor peasants rose to become middle peasants, whose numerical strength, and with it their relative importance, greatly increased, to become the central figures in villages, while the number of rich peasants was much smaller and increased much more slowly than would be the case under a capitalist economy.

Nevertheless, it is clear from the above statistical data that class movement was still under way, and had become increasingly pronounced. It should be particularly noted that though, quantitatively speaking, the strength of rich-peasant economy was as yet not powerful, it had far-reaching influence upon a considerable section of the peasantry. The rich peasants put up a stiff resistance to the policy of state planned purchase and sale of grain, oil-bearing crops, cotton and some other farm produce, when the policy was about to be put into effect and immediately it came into force. Again, many well-to-do peasants openly ridiculed, obstructed and even were hostile to those poor peasants who were actively organizing or joining the co-operatives, at a time when agricultural producers' co-operatives were like a few isolated

islands in the vast ocean of individual economy. It was plain that, were rich-peasant economy and the vast network of individual economy allowed to exist and develop, an ill future would await China's countryside.

Lenin had early foreseen and warned of this. In a talk to the deputies of the Poor Peasants' Committee of Moscow State on November 8, 1918, he said: "Division of the land was all very well as a beginning. Its purpose was to show that the land was being taken from the landlords and handed over to the peasants. But that is not enough. The solution lies only in common cultivation of the land."<sup>1</sup>

Frederick Engels also made it abundantly clear that the policy of ownership of small parcels of land, if preserved, would be the worst kind of disservice for small peasants. In other words, small-peasant economy is no paradise for the peasants; such an economy can not guarantee that the poor peasants will not be impoverished nor the ruthlessness of the rich peasants checked.

Such being the new class relations in the countryside, if the peasants were not actively led along the path of socialism, capitalism was bound to flourish in rural areas, and the class division would be accelerated. Under such conditions, to quote Chairman Mao Tse-tung, "Peasants who have lost their land and who are still having difficulties will complain that we do nothing to save them when we see they are up against it, nothing to help them overcome difficulties. And the well-to-do middle peasants who tend towards capitalism will also find fault with us,

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<sup>1</sup> V. I. Lenin, *Collected Works*, International Publishers, New York, 1945, Vol. XXIII, p. 296.

for they will never be satisfied because we have no intention of taking the capitalist path.”<sup>1</sup>

It follows that the peasants must be led to march into the socialist revolution. At this new stage of revolution, the main thing was the struggle between the poor and lower middle peasants on the one hand, and the rich peasants and other capitalist elements on the other. The content of this struggle was the struggle between the path of socialism and that of capitalism, and the problem presented was the problem of agricultural co-operation.

In the meantime, we cannot fail to notice that although China produced more and more grain each year,<sup>2</sup> sufficient to feed the whole population, yet were the rural economy to remain chiefly a small-peasant economy, it would not be in a position to yield large amounts of commodity grain and industrial crops. Moreover, the level of agricultural production being very low, the annual share of each person among the 600 million was but more than 500 catties<sup>3</sup> of grain and about four catties of cotton, an amount far from being able to meet the needs of socialist industrialization. Small-peasant economy is, in essence, a self-consuming economy. This was accentuated after land reform when the peasants being better off consumed more grain and therefore had less for marketing.

To put it in another way, not only is there a limit to the increase of staple food produced by small-peasant

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<sup>1</sup> Mao Tse-tung, *The Question of Agricultural Co-operation*, Foreign Languages Press, Peking, 1956, p. 32.

<sup>2</sup> Taken 1949 as 100, the yearly increases in grain output were as follows: 1950, 117; 1951, 128; 1952, 145; 1953, 147; 1954, 150; 1955, 162.

<sup>3</sup> 1 catty = 1.1023 lbs.

economy, but the amount of surplus grain it is able to offer for sale is also small.

Between 1949 and 1952 the grain market remained stable. Then came tension in 1953, when the state sold more grain than was originally planned to purchase. The stress continued until the policy of state planned purchase and distribution of grain was carried out. The cause of this tension was not due to any crop failures in 1952; indeed, 1952 was a year of bumper harvest, with an output surpassing the pre-liberation peak. The fact was that China started her large-scale economic construction in 1953, and the expansion of industry and the growth of working and urban populations demanded a corresponding increase in the supply of commodity grain and industrial crops. It was at such a moment that the small-peasant economy, being one chiefly for self-consumption, revealed its fatal weakness of being unable to cope with the expanded needs of industrial development. And, of course, as industry progresses, the problem becomes increasingly serious.

In these circumstances, it was absolutely necessary for the state to follow the policy of planned purchase and distribution of grain, and the state has carried it out with remarkable successes. The peasants were particularly satisfied with the new measures promulgated in the first half of 1955, whereby the government fixed how much the average yield per *mou* should be, how much of his surplus grain a peasant was required to sell to the state, and the quantity a consumer received as food ration. With the state thus in control of marketable grain, there was no room for the well-to-do middle peasants to develop capitalism in the countryside, a condition conducive to the development of agricultural co-operation.

This, however, was not a fundamental solution to the problem of foodstuff and industrial raw materials. The problem could be solved only by switching the individual small-peasant economy to a system of large-scale production, which has the merit of higher output and, consequentially, a higher rate of commodity grain. Such a switch could be achieved by either of two ways: One, the establishment of a rich-peasant economic system; the other, the path of socialism through co-operative farming.

It was obvious that China would not choose a rich-peasant economy, which had been proved to be inferior to co-operative economy.

Below is a comparison of the annual income which each family of various rural strata derived from farming and of the returns of each *mou* of land in 1954:

(in yuan)

	<i>Average income derived from farming for each household</i>	<i>Average income from each mou of cultivated land</i>
<b>Average</b>	<b>420.6</b>	<b>26.6</b>
Co-op members	466.4	28.8
Hired labourers and poor peasants	272.6	24.3
Middle peasants	479.7	27.1
Rich peasants	860.6	27.7
Former landlords	286.0	22.3

The above statistics show that the co-operatives, because of better management, netted more than the rich peasants from one *mou* of land. The average income of each rich-peasant household was larger than that of each

co-operative-member household, because the former possessed more land.

In rejecting a rich-peasant economy, could the state count on the co-operatives for a greater supply of commodity grain? This well-based confidence was confirmed by a 1955 survey covering 13,245 households in eighteen provinces. The average rate of commodity grain for each peasant household was 25.7 per cent.

#### Ratio of Commodity Grain

Rich peasants	43.1%
Co-op members	30.0%
Former landlords	28.1%
Middle peasants	25.2%
Hired labourers and poor peasants	22.1%

If we take the co-operatives as a whole and not their individual member households, then the ratio of commodity grain of the co-operatives was 32.1 per cent in 1955, in which the co-operatives of the socialist type accounted for 44.8 per cent and the semi-socialist co-operatives 31.6 per cent. These figures explain many things: the socialist co-operatives at their earlier stage of development already produced more commodity grain than the rich peasants did, while the semi-socialist co-operatives were superior to the middle peasants and former landlords in this respect, not to mention the hired labourers and poor peasants.

A similar situation existed in cotton production and its commodity ratio as is evidenced in the changes of the following figures of Yihsien County, Liaoning Province, prior to and after agricultural co-operation.

	1953		Spring of 1955	
	Tons	Percentage	Tons	Percentage
Co-op-member households		1.9		67.4
Cotton output	4,784	100.0	6,101	127.0
Amount of cotton self-consumed	513	100.0	300	58.0
Amount of cotton for sale	4,271	100.0	5,801	136.0
Rate of commodity cotton		89.3		95.0

The foregoing facts fully confirmed the wisdom and soundness of the policy of agricultural co-operation and socialist transformation of agriculture as essential to complete the task of socialist revolution in the countryside. Only that policy could result in the closing of the gap between industry and agriculture, satisfy the growing needs of the country's socialist industrialization for commodity grain and industrial crops, and so resolve the contradiction between planned economic construction and a scattered, backward, small-peasant economy.

This socialist revolution of banishing, once and for all, poverty among the tillers is a far more profound one than the overthrow of the feudal land system. Under her concrete social and historical conditions, China had the following advantages for the achievement of this revolutionary task:

(1) Agricultural co-operation was carried out immediately after land reform, which enabled the peasants to stand up, get themselves organized, and firmly control the power and armed forces in the villages. Land reform in China eliminated the landlords as a class and greatly weakened and isolated the rich peasants, both economically and politically. The awakened poor peasants realized

that exploitation, be it by the landlords or by the rich peasants, was a social crime. All these factors were enlightening to the peasants and helpful to them in their determined struggle against the rich peasants and other capitalist elements, thus greatly reducing the length of time required for the completion of co-operative farming.

(2) The socialist sector of China's economy, then already growing powerful, furnished the material basis for the socialist transformation of agriculture, and also of handicrafts and capitalist industry and commerce. As soon as the people took power, their government immediately confiscated all of the enterprises which had been owned by the Kuomintang comprador-capitalists and with which they had once controlled the nation's economic life. The People's Government then spared no efforts in developing state industry, state transport and other state enterprises. The value of state industrial production rose from 26.3 per cent of the value of the nation's industrial output in 1949 to 51.3 per cent in 1955. The state controlled the large banks and foreign trade, and set up a unified, powerful state commerce and co-operative trade apparatus, enabling socialist commerce to occupy a leading place in the home market. Starting from 1953, the state purchased and distributed grain and other main farm produce according to a plan and at reasonable prices, and thereby put an end to practically all speculative activities in these commodities. All this could not but produce a strong effect on the peasants. It made them realize more and more clearly that a bright future lay only in socialism. In this sense, the upsurge of agricultural co-operation can be regarded as the inevitable result of the maturing of China's social and economic conditions since 1949.

(3) Experience showed that, even after land reform, the multitude of peasants could not dream of a plentiful life, if they continued to work on their small plots of land by themselves in a country like China where arable land is too scarce to go round adequately among a huge population. The peasants were therefore quickly attracted to co-operative farming, particularly once they had seen, by concrete example, the superiority of co-operative over individual economy. The mutual-aid teams set up immediately after land reform had already recorded higher labour productivity than the peasants working on their own. Then came experimental agricultural producers' co-operatives scattered here and there throughout the country, and in the first half of 1955 many localities — whole townships, whole districts, whole counties, and even whole special administrative regions embracing several counties — went over to collectivization. These co-operatives, then numbering hundreds of thousands, produced, man for man, not only more than individual peasants, but also more than mutual-aid teams, and some of them even succeeded, in a short time, in reaping a bigger crop per *mou* than well-to-do middle peasants and rich peasants. Furthermore, the labour productivity of these co-operatives continued to increase. It was by such living examples as these that the poverty-stricken peasants were greatly inspired in their enthusiasm for socialist agriculture. This was an important reason why the report *The Question of Agricultural Co-operation* made by Chairman Mao Tse-tung resulted in rightist conservative thinking being shattered and the upsurge of collective farming being brought about in a very short space of time.

## II. RESOLUTELY RELYING ON THE POOR PEASANTS AND FIRMLY UNITING WITH THE MIDDLE PEASANTS—CLASS LINE OF AGRICULTURAL CO-OPERATION

The socialist transformation of agriculture is a revolution led from above by the state where the working class is in power. Such a revolution has its laws similar to those of all other revolutions, in that firstly it should have a correct class line based on an analysis of class relations and the relative strength of various classes in the countryside; and secondly it should follow the correct mass line by awakening and letting the peasants do the job themselves, supplemented with necessary administrative measures.

The policy of agricultural co-operation was to group the peasants according to their economic conditions and their degree of understanding and to encourage them to form co-operatives by stages. The poorest and the not-so-well-off were first grouped according to their degree of understanding and helped to organize co-operatives, into which the well-to-do middle peasants were later admitted. The over-all plan, under which the peasants were mobilized to enter upon collective farming in an energetic and yet orderly way, prepared for the all-out advance of the agricultural co-operation movement at a later date.

In 1955, while describing the rural class conditions prevailing at that time, Comrade Mao Tse-tung pointed out

that the number of households of poor peasants and lower middle peasants, both new and old, accounted for about 60-70 per cent of the nation's peasant households, while the households of new and old upper middle peasants took up only 20-30 per cent. He predicted that an upsurge could be brought about in the agricultural co-operation movement since it was based on a solid class foundation and had powerful and reliable forces.

A survey of 192,760 peasant households from twenty-two provinces and municipalities showed the following class make-up before socialist co-operatives were established in these areas:

	<i>Percentage of households</i>
Poor peasants	32.6
New lower middle peasants	20.5
Old lower middle peasants	18.4
New upper middle peasants	9.2
Old upper middle peasants	11.9
Other working people	1.4
Rich peasants (including those whose status had not been changed)	2.7
Landlords (meaning those whose status had not been changed) and other exploiters	3.3

The above figures, though not based on a universal survey of the class make-up throughout the country's rural areas, could be said to be a synopsis of the rural class conditions before collective farming.

As to population and labour power, poor peasants and new and old lower middle peasants also took up the

overwhelming proportion in the total population and labour power in the countryside.

The above data gave a clear picture of whom should be relied on and united with in rural areas and the number of those hostile to us so as to differentiate and remould them.

How, then, could the Party's class policy be correctly carried out in the agricultural co-operation movement?

So long as there are distinctions between the poor peasants and other social strata, the reliance must be on the poor peasants. In his "Analysis of the Classes in Chinese Society" written in 1926, Chairman Mao Tse-tung pointed out that the semi-proletariat in China consisted of the overwhelming majority of semi-tenant peasants and poor peasants, who "constitute a very large section of the masses in the countryside."<sup>1</sup>

This rural semi-proletariat led a wretched life and was imbued with revolutionary spirit. Experience of the land reform movement testified that unless reliance was firmly based on the poor peasants, unless strict care was taken to organize first the poor peasants and then the middle peasants, unless the poor peasants were trained to be the backbone of the movement and control the movement, then the middle peasants would not closely rally round the liberation struggle, the enemy would not yield, and the movement would become spiritless and feeble, and even fail.

After land reform, many poor peasants rose to the status of new middle peasants, whose financial positions, with the exception of a handful of upper middle peasants

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<sup>1</sup> *Selected Works of Mao Tse-tung*, Lawrence and Wishart Ltd., London, 1954, Vol. I, p. 17.

among them, remained unstable, and who were ardent supporters of the socialist road. For this reason, they, second to the poor peasants, could be counted on as reliable forces. It should be particularly noted here that, on the basis of their positions in production, their living conditions and their attitude towards socialist transformation, Chairman Mao Tse-tung divided the middle peasants, both old and new,<sup>1</sup> into lower middle peasants and upper middle peasants. He also pointed out that, like the poor peasants, the lower middle peasants 'among both the new and old middle peasants were disposed to choose the socialist road, and were a reliable force in carrying out socialist transformation in the countryside.

Even after land reform, of all the strata in the countryside the poor peasants remained the stratum with the worst production conditions. An investigation made in 1954 showed that on the average each poor peasant household possessed 11.7 *mou* of land, every two households shared a draught animal, every three households a plough and every 17 households a water-wheel. With their meagre income, they sometimes could hardly keep body and soul together. Under such circumstances, it would have been extremely difficult for them to expand their economy on their own. The lower middle peasants, though better off than the poor peasants, were also beset with difficulties in production and could hardly be said to be well off. They learned from their own experience that a small-peasant economy could not go far and that to take the capitalist road meant nothing but their impoverishment

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<sup>1</sup> Old middle peasants are those who were middle peasants before the land reform. New middle peasants are those who have risen to the status of middle peasants since land reform.

and ruin. In his report *The Question of Agricultural Co-operation*, Comrade Mao Tse-tung mentioned a small co-operative of three poor-peasant households in Nanwang Village, Anping County, Hopei Province, and pointed out that the road taken by these three poor-peasant households was the one which would be taken by 500 million peasants throughout the country. Why were these three poor-peasant households so firm in taking the socialist road? The main reason was that they believed the socialist road was the only road that would lift them out of poverty.

The financial positions of the poor peasants and the new and old lower middle peasants were akin to each other, as can be seen from the purchasing power of each person in a 1955 survey which covered twenty-six representative families in Hohsin Township, Changsha County, Hunan Province:

Poor peasant	18.01 yuan
New lower middle peasant	23.45 yuan
Old lower middle peasant	18.64 yuan
New upper middle peasant	38.30 yuan
Old upper middle peasant	36.40 yuan

As Chairman Mao Tse-tung said in his *The Question of Agricultural Co-operation*, this similarity in financial conditions made the poor peasants and the lower middle peasants among both the new and old middle peasants aware of the fact that "for them socialism is the only solution."<sup>1</sup> "Most of the peasants," he said, "if they are to throw off poverty, improve their standard of living and withstand natural calamities, cannot but unite and go

<sup>1</sup> *Op. cit.*, p. 19.

forward to socialism. This awareness is already taking an increasing hold on the masses of the poor and not so well-off peasants."<sup>1</sup>

Because this correct class line was carried out, in a very short time the poor peasants and the lower middle peasants became the core of the agricultural co-operation movement and took the lead in it. Their high enthusiasm for socialism was a decisive factor in the rapid expansion of collective farming, pushing it to reach its climax at an accelerated rate.

But if attention had been paid only to relying on the poor peasants and not to uniting with the middle peasants, if the middle peasants had been coerced into co-operatives instead of patiently waiting for them to join of their own accord, if their interests had been encroached on rather than protected, and if the inclusion of their representatives into the leadership of the co-operatives had been omitted, then the poor peasants would have become isolated.

The middle peasant has a dual character. As a working person, he is disposed towards the proletariat; as a small property-owner, he is inclined towards the bourgeoisie. Lenin taught us that in leading the peasants, the working class should at every moment bear in mind the peasant's dual personality—as a worker and as a small proprietor.

The new and old upper middle peasants who constituted in the period 20 per cent of the rural population had a strong tendency to take the capitalist road. For instance: (1) They rented more land and hired more labour. They were apt to use mutual-aid teams to exploit farmhands in a disguised form. (2) They had spare money to lend at

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<sup>1</sup> *Op. cit.*, p. 19.

high interest rates. (3) They disobeyed the state plan. They were hostile to state planned purchase and distribution of grain and some other staple farm produce, and also to the state plan of yearly crops. (4) They often engaged in commercial speculative activities. Because their development was along the lines of individual economy, and because they longed for a capitalist society with its dominant profit motive, they were generally not keen on joining co-operatives, and even when they joined wavered for some time.

On the other hand, it would have been a mistake to have confused this tendency of the well-to-do middle peasants for capitalism with the mainstay of capitalism in the countryside, that is, the rich-peasant economy. Although the two were similar in forms of expression, they were different in degree. The rich peasants consistently and largely amassed their wealth by means of exploitation, whereas the well-to-do middle peasants were but small exploiters, small money-lenders and small speculators, and the money they pocketed from exploiting others amounted to less than twenty-five per cent of their total income. This distinction was very important and it was necessary to understand this clearly. The rich peasants were the last rural exploiting class, and the contradiction between the working class and the rich peasants was an antagonistic one, which could be resolved only by restricting and gradually eliminating the rich-peasant economy.

The contradiction between the working class and the well-to-do middle peasants, however, was not an antagonistic one. As a whole, the well-to-do middle peasants supported the People's Government and the socialist road, and many of them benefited immensely in the land reform. Although they invariably hesitated in joining the

co-operatives, their hesitation was only temporary, and facts have proved that it could be completely overcome. It was obviously a mistake to think that the quicker the agricultural co-operation movement moved ahead, the more the well-to-do peasants would waver. What Chairman Mao Tse-tung had stated in his *The Question of Agricultural Co-operation* was well confirmed: The well-to-do peasants "will make up their minds to join the co-operatives only after the majority of people in the rural areas have joined, or when the yield per *mou* of the co-operatives equals or surpasses that of the land of well-to-do middle peasants, and when they realize that they stand to gain nothing by going on working on their own, and that it is rather more profitable to join."<sup>1</sup>

It is interesting to recall one of the host of examples which substantiated Chairman Mao's statement. Yao Kuei-lin, an upper middle peasant of Chienlutze Village, Hsingtai County, Hopei Province, started his life with three *mou* of land, and after twenty years of back-breaking toil, he was comparatively well off. He made his land bear the biggest crop in the village, 600 catties per *mou*.

"When the co-op produced 420 catties per *mou* in its first year," he admitted, "I said it was lousy. But it caught me up in the second year, with 590 catties, and beat me in the third year when its crops went up to 708 catties. For twenty years I worked myself almost to death for my 600-catty record, but the co-op exceeded it in only three years. God knows how much more it will be able to get with things going on like that!" Needless to say, he joined.

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<sup>1</sup> *Op. cit.*, p. 19.

In a 1954 survey giving the average income of each peasant household in China, that of the co-operative member already was much larger than that of the middle peasant.

(in yuan)

	<i>Average income per household</i>	<i>Average income per capita</i>
Average	692.90 (702.10)	144.40 (146.30)
Co-op members	704.60 (904.20)	138.20 (177.30)
Hired labourers and poor peasants	488.70	116.40
Middle peasants	774.40	154.90
Rich peasants	1,297.00	209.20
Former landlords	497.20	118.40

*Note:* The average income of each household of co-operative members amounted to 704.60 yuan, which included its share of earnings both inside and outside the co-operative. If this sum were added to the household's contribution to the public funds of the co-operative, then it would come to 904.20 yuan (704.60 yuan plus 199.60 yuan). Similarly, the average income of each household of all peasants and former landlords taken together would come to 702.10 yuan. Hence, the average income of the co-operative member, though still lower than that of the rich peasant, was higher than that of the middle peasant, and was 85 per cent higher than that of the hired labourer and poor peasant.

The superiority of the co-operatives was the main thing that attracted the masses of middle peasants. The middle peasants knew that co-operation was the only alternative and it would be advantageous to them in the course of time, if they became co-operative members, and so during the high tide of agricultural co-operation they lost no time in applying to become co-operative members.

In the first half of 1955, most of the well-to-do middle peasants were opposed to co-operative farming. In the latter half of the year, however, some of them changed their attitude and applied to join co-operatives, although a number of these did so in order to assume leadership in the co-operatives. Others who wavered paid lip-service to joining while they were actually reluctant to do so. Still others took a wait-and-see attitude. The most obstinate of them sold their means of production, transferred their funds or organized bogus co-operatives. A handful of them went so far as to engage in disruptive activities in collusion with former landlords and rich peasants. In view of this, it was necessary to patiently wait for the well-to-do middle peasants to change their attitude. Moreover, it would be good for the poor peasants and new lower middle peasants to establish their leading position in the co-operatives if some of the well-to-do middle peasants were enlisted into the co-operatives later. It should be noted here that the well-to-do middle peasants had a strong tendency towards capitalism. If political work had been slackened among the peasants during the agricultural co-operation movement, this tendency would have prevailed. And this was also true for a long time to come.

Comrade Mao Tse-tung pointed out that unity must be sought with the middle peasants and it would be wrong not to do so. Who should be relied on to unite with the middle peasants to realize the socialist transformation of the entire countryside? During land reform, the poor peasants had been relied on to fight against the landlords. This time, they should again be banked on to deal blows to the rich peasants and other capitalist elements and bring about the socialist transformation of agriculture. During

these two revolutions, the middle peasants wavered at the outset, but, seeing the general trend of events and that victory was within sight, they came over to the revolutionary side. Once they did so, efforts should be made by the poor peasants to rally the middle peasants around themselves so as to push the revolutions forward to final victory.

The rich-peasant economy in China was very weak. This was because, in addition to their bad reputation in society, the portion of land owned by the rich peasants and used for semi-feudal exploitation was requisitioned during land reform and most of them had stopped hiring labourers to work for them. On the other hand, the strength of the well-to-do middle peasants and the comparatively well-off middle peasants was fairly powerful. One of the important aspects in the struggle between two roads in the countryside was demonstrated through the peaceful competition between the poor peasants and lower middle peasants on the one hand and the well-to-do middle peasants on the other. At first, the competition proceeded between the co-operatives organized by some poor peasants and lower middle peasants on the one hand and the well-to-do middle peasants working on their own on the other, each side striving to win over the majority of the poor peasants and lower middle peasants who then took a wait-and-see attitude. In this competition, the well-to-do middle peasants had the open or covert support of former landlords and rich peasants.

To cement the alliance with the middle peasants, the principle of voluntariness and mutual benefit was strictly adhered to, particularly during the movement of collective farming. Not only was compulsion strictly forbidden, but the comparatively well-off middle peasants were, as

a rule, not welcome to join the co-operatives at their early stage. The interests of the middle peasants were looked after either when they worked on their own or after they joined the co-operatives. And this was especially true in evaluating the means of production pooled by them in the co-operatives. Fair play was the rule: it was agreed that neither the middle peasants nor the poor peasants should take advantage of each other.

Beside resolutely relying on the poor peasants and firmly uniting with the middle peasants, the class line in the countryside had a third aspect: different treatment for different rich peasants and former landlords.

The rich peasants made up only a very small proportion of the rural population. Data collected in 1954 showed that on the average each rich-peasant household owned 34.6 *mou* of land, two draught animals and a plough and every three households shared a water-wheel; that 77 per cent of the rich-peasant households hired labourers to work for them, averaging an annual number of 79 workdays employed by each household, of which 33 were done by year-round farmhands; and that 41 per cent of the rich-peasant households sold labour power, giving an average of 12 workdays sold by each household. The above investigation showed that the rich peasants, because of more land and other means of production in their possession, could manage their economy partially (some of them mainly) by hiring help. Their economy was of the capitalist type. On the other hand, as their land was only two to three times as much as the land of the peasants in general, they did not go in for large-scale management by tenanting land and hiring large numbers of labourers to work for them, but, on the contrary, some of them rented part of their land while taking

an important part in their own productive work. This showed that the rich-peasant economy in China as a capitalist economy had reached but a very low level of development. The capitalist activities of the rich peasants were marked mainly by commercial speculation and usury. Their capitalist management in agriculture did not amount to much, while in production they were not much superior to peasants working on their own. Under such circumstances, although the rich peasants were opposed to co-operative farming and tried to wreck the agricultural co-operation movement in collusion with former landlords, they could hardly form a big stumbling block in the movement since they were small in number and weak economically.

The policy towards the rich-peasant economy was to restrict and gradually eliminate it. In the early days of co-operative farming, neither rich peasants nor former landlords were allowed to join the co-operatives. Only when the agricultural co-operation movement had been crowned with victory could the co-operatives, on conditions and at different times, take in group by group those former landlords and rich peasants who had given up exploitation and were now engaged in labour, letting them continue to reform themselves through labour. The rich peasants would be eliminated as a class.

To sum up, from land reform onwards the struggle between capitalism and socialism had been waged in the rural areas. The battle of "which will win" was on in many fields, particularly in the economic field. The fact that not long ago China had a capitalist rich-peasant ownership and an ocean-like individual peasant ownership made the question of agricultural co-operation a most pressing one in the period of transition

to socialism, whereby the battle of "which will win" was to be decided. In this serious and complex struggle, the poor peasants and the new and old lower middle peasants—in the period under review—still experiencing financial difficulties and suffering from capitalist exploitation in varying degrees, were extremely enthusiastic in taking the socialist road. Most of the new and old upper middle peasants also joined the co-operatives en masse, after they realized what they stood to gain by becoming co-operative members. With a complete understanding of the new situation arising from the rural class struggle and its laws of development, and having scientifically analysed the concrete conditions of the social strata of middle peasants, Chairman Mao Tse-tung pointed out that the broad masses of poor peasants and the new and old lower middle peasants should be made the backbone of the movement to check the vacillation of the well-to-do middle peasants; thus a rapid expansion of agricultural co-operation was brought about which reached its climax in a short time. The high tide of socialism in the countryside surged ahead.

This was the class basis as well as the moving forces of the big development of China's agricultural co-operation.

### III. CO-OPERATION PRECEDING - MECHANIZATION

Some people held that, without tractors, co-operation could not be achieved, or at least it would be slowed down. Or they maintained that, without tractors, production could not be increased and land could not be used to the full. But in the case of China, the very opposite proved to be true. It was precisely because of the lack of tractors that co-operation had to be accelerated. That is to say, we had to create favourable conditions primarily by developing agricultural production, so that the cause of socialist industrialization would be assured of a reliable base, supplying it with enough grain and raw materials. This would help to speed up our industrialization which, in its turn, would thus be able to provide agriculture with powerful technical assistance.

On the other hand, under the specific social conditions prevailing in China, development of agricultural production was not only possible but vastly practicable, even though industry could not yet provide it with sufficient technical assistance in terms of tractors, chemical fertilizers, etc. This was an actual fact.

First of all, we had to take note of the fact that, owing to agricultural production being hampered by the long-standing system of feudal ownership, the potential of farmland was far from being fully tapped.

The utilization of new land after land reform which gave land to the peasants had been very limited. Due

to the system of private ownership and individual farming, the peasants were still unable to introduce even the simple, wholly practicable technical reforms in production. It was because of these factors that the farmland had yet to be fully used. Marxism-Leninism teaches us that productive forces can be developed to the fullest only when production relations are in keeping with their growth.

Changing production relations is, therefore, one of the prerequisites for making the most effective use of land. A wealth of facts have proved that prior to the attainment of agricultural co-operation, technical reforms in farming were greatly restricted while after the peasants had taken to co-operation and especially after the land and other means of production had been placed under the co-operative's unified management, production had gone up enormously.

Take for instance the Pearl River Delta in Kwangtung Province. The land in that area is immensely fertile, but because they were subject to the exploitation inherent in the system of feudal ownership, the local peasants followed the primitive inter-planting method in rice-growing. The process was like this: A wide space was left between rows in the course of transplanting the early-rice sprouts. When the plant had grown half a metre high twenty-five days later, seedlings of the late rice were transplanted in between those rows. No further cultivation was done or fertilizer spread after that right up to July when the early rice was gathered in and even up to November when the late rice was reaped. Such cultivation only yielded an extremely low output of 400-500 catties per *mou* at most.

If the inter-planting method were changed to the "quick succession" system, namely, planting the late rice after ploughing, harrowing and fertilizing the field immediately vacated by the early-rice harvest, the land would be used more profitably and it would not be difficult to reap a combined rice harvest — early and late— of 1,000-2,000 catties per *mou*. Nevertheless, although such a technical reform was easy to carry out, it was beyond the capability of the individual peasants. This was because each piece of land in the Pearl River Delta, stretching over an area of a hundred and even a thousand *mou*, was enclosed by an embankment, and the irrigation devices were under unified management. So any reform in farming technique could not be undertaken by any one peasant on his own small plot of land, but had to be done simultaneously on the whole enclosed land owned by many peasants. Furthermore, introduction of the "quick succession" method required a sufficient number of oxen and farm implements, and the preparation of enough natural fertilizers also called for a much greater amount of labour power. It would be well-nigh impossible to adopt such a method and thus obtain a richer harvest unless there was co-operative farming.

Another example: For nearly thirty years, the Liaoyuan Agricultural Producers' Co-operative in Wangtsun Village, Hsiehyu County, Shansi Province had planted cotton at the southern end of the village where the water supply was abundant, while (for seventy years in this case) wheat had remained the crop cultivated at the northern end where the water had a harsh flavour and the soil was alkaline. The amount of water available was not effectively used; crop rotation was impossible; and increase in grain and cotton production was greatly

restricted. It was only when it became a socialist agricultural co-operative early in 1956 that the local peasants were able to alter such a state of affairs. A ten-li<sup>1</sup>-long irrigation canal was dug, cutting through the village from north to south. This made it possible to deal more effectively with the alkaline soil at the northern end, and the 12,000 mou of dry land there was brought under irrigation. Reasonable crop rotation was introduced on the land at both ends of the village. As a result, an increased harvest was ensured for 1956 and a good foundation laid for the year-to-year agricultural development.

Describing the weaknesses inherent in the cultivation of small plots of land owned by the so-called free land-owners in France, Marx said that "under the system of parcellation the soil is purely an *instrument of production* for its proprietor. Now the fruitfulness of land diminishes in the same measures as land is divided. The application of machinery to the land, the division of labour, major soil-improvement measures, such as cutting drainage and irrigation canals and the like, become more and more impossible, while the *unproductive costs* of cultivation increase in the same proportion as the division of the instrument of production itself."<sup>2</sup> The same was true of China before agricultural co-operation became the order of the day, especially before the completion of land reform. Only with agricultural co-operation could the peasants overcome the weaknesses accompanying the cultivation of small plots of land. Inasmuch as there is

<sup>1</sup> 1 li = 0.3107 mile or 0.50 km.

<sup>2</sup> Karl Marx, "The Class Struggles in France, 1848-1850," *Karl Marx and Frederick Engels: Selected Works*, Foreign Languages Publishing House, Moscow, 1951, Vol. I, p. 197.

enormous room for a more effective use of land in China, it can well be expected that, organized in agricultural co-operatives, the peasants will work miracles on their land in a short space of time.

Here we may cite the example of the Tungsheng Agricultural Producers' Co-operative in Kucheng County, Hupeh Province. Nine crops, mostly vegetables, were planted in 1954 on each of the twenty-eight *mou* singled out. The per-*mou* yield was 20,000 catties for vegetables and 500 for maize, a yield that could only be obtained from as many as eleven "1,000-catty" *mou*.

This glaring example shows how the per-*mou* yield can definitely and constantly be raised after co-operation has been achieved and farming technique improved. The idea that production has reached its peak has been refuted by facts even under the present-day technical conditions.

To further expose the fallacy of the so-called permanent and natural "law of diminishing returns," we may cite the example of how the red-loam wasteland in South China has been brought under cultivation and how its content has been improved. As shown by scientific data, the red-loam soil suffers mainly from lack of organic matter, low phosphorous content, poor soil structure, high acidity and low water- and fertilizer-holding capacity. Investigations revealed that there are 15 million *mou* of such red-loam wasteland alone in central and southern Kiangsi and in the hilly areas in other parts of the province. If all such wasteland is reclaimed, the total cultivated acreage in Kiangsi will be increased by one-third. From repeated studies and experiments and a sum-up of the experiences gained by the peasants in production, the agronomists in Kiangsi found out that the application of a kind of ordinary compost — a cheap, easily available fertilizer

— can play an important role in helping the crop grow so that it may give an increased yield. At the same time, they also discovered a variety of plants that are suited to red-loam soil, namely, wheat, buckwheat, sweet potatoes, peanuts, tangerines, oranges, loquats, etc.

Armed with the above-mentioned experiences the peasants in Pokang District succeeded in reclaiming 300 *mou* of the red-loam wasteland and continuously increased the crop yield and land fertility. A *per-mou* yield of 86 catties of buckwheat and 700 catties of sweet potatoes was obtained from such newly reclaimed land. The *per-mou* yield of buckwheat from reclaimed red-loam soil tilled for two years was 122 catties, and that of sweet potatoes 1,280 catties. The *per-mou* yield of sweet potatoes from the red-loam soil brought under cultivation for three years was 1,380 catties, and that of peanuts 100 catties. The *per-mou* yield of peanuts from the red-loam soil cultivated for four years was 200 catties. An analysis made in 1954 by the Research Institute of Agricultural Science in Kiangsi showed that the percentage of organic matter contained in the red-loam soil that had not been reclaimed was 0.31. The figure rose to 0.56, 0.93 and 1.22 for red-loam soil cultivated for one, two and three years respectively.

The above example fully proves that the fertility of land regarded as least profitable will not be reduced but will be increased progressively if it is reasonably utilized and its content improved. It also tells in a conclusive way that so long as we energetically carry out soil amelioration, which is possible only after the attainment of agricultural co-operation, it is entirely practicable to turn barren areas into fertile land.

In its early stages, agricultural co-operation meant better organization and use of the available labour power to increase the fertility of the land, to fully exploit it, and to make the best use of water and other resources. This is in line with what Marx said, "Not only have we here an increase in the productive power of the individual, by means of co-operation, but the creation of a new power, namely, the collective power of masses."<sup>1</sup>

Making an analysis of the agricultural co-operative organizations in the Shensi-Kansu-Ningsia Border Region during the Anti-Japanese War, Chairman Mao Tse-tung pointed out, in the light of the experiences gained in the region, that every two peasants in the work-exchange teams or labour-for-hire teams equalled, in general, three peasants so far as labour power was concerned; the work of a peasant among the best in such teams was equivalent to that of two and even three. So, if all the peasants were organized in collective labour characterized by mutual aid, the productive forces in the entire border region would be increased by 50-100 per cent.

Such a reform involved no change in farm tools at all, and the crop yield went to the individuals instead of the collective. Nevertheless, it brought about a change in the relations between men in production. This meant a revolution in the system of production. Here, Chairman Mao Tse-tung taught as clearly as Marx that productive forces could be enormously increased even though no change took place with regard to farm tools; this was so, because the peasants went in for collective labour thus changing the production relations.

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<sup>1</sup> Karl Marx, *Capital*, George Allen & Unwin Ltd., London, 1949, p. 316.

According to investigations made into the Wuchiamuchiaio Agricultural Producers' Co-operative in Tsaochuang Township, Chiahsing County, Chekiang Province, the utilization rate of labour power had been appallingly low before the co-operative was organized, the average number of workdays earned by each "labour power" being only 150 a year, still less by women and the "half labour power." That was why shortage of labour power was sharply felt each year when the busy farming seasons set in and consequently the field work was done in a rough manner. But in the first year of the co-operative the average number of workdays done by an average man shot up from 135.5 to 215.3, representing a 58.9 per cent increase. Meanwhile, waste of labour power in field work was greatly reduced as a result of unified management of land. A total of 1,000 workdays was thus saved in 1955 alone and used for productive purposes.

After the achievement of agricultural co-operation in Hochu County, Shansi Province, the peasants sang the following song with enthusiasm while doing water and soil conservation work.

We all work together, men and women,  
Building dams and collecting river silt;  
Digging canals to irrigate the dry land;  
Making terraced fields and digging wells,  
To preserve the moisture in the hilly land;  
Planting trees and making orchards,  
To prevent recurring drought.  
As long as we're all in the co-ops,  
We needn't fear anything at all!

This folk song shows that the peasants realized the truth that to conquer nature and raise agricultural production, they had to work together, and that, organized in the

co-operatives, they could overcome any difficulty that might crop up.

And all this has been borne out by facts. In 1956, some two million units of labour power were put into the building of irrigation works in Shansi. The result was that irrigated acreage was expanded by 4,410,000 *mou*, a 100 per cent increase over the six years 1950-1955. Some three million units of labour power were devoted to water and soil conservation, with a total of 45 million workdays for such purpose on 15,660,000 *mou* of land. This unheard-of achievement involved an amount of work more than treble what was done in the previous six years. Furthermore, trees were planted over an area 3.5 times as large as in 1955.

Some misguided people thought that our programme, namely, first co-operation and then mechanization, was meant to slow down the mechanization of agriculture so as to avoid a labour surplus that would inevitably result from mechanization. In fact, such an erroneous understanding was due to a lack of knowledge as to how labour power would be disposed of after China had achieved agricultural co-operation. Chairman Mao Tse-tung made this very clear when he said:

Prior to the spread of co-operation, many parts of the country suffered from a labour surplus. With the coming of co-operation, many co-ops are finding themselves short of labour. It has become necessary to get the great mass of the women—who never worked in the fields before—to take their place on the labour front.

This is an important development. Many people never expected it.

People used to say: We are bound to have a labour surplus after the co-operatives are formed. We have too large a labour force already. What shall we do if it gets any bigger?

In a great many places when co-operation came into effect this fear was sent flying. There was not only no excess of labour power—there was a shortage. There seemed to be a labour surplus in some places for a time immediately after co-operation started. But this was because the co-ops there had not yet launched into large-scale production, had not yet begun additional money-making activities, had not yet started intensive cultivation.

In a considerable number of localities where the co-ops have gone in for large-scale production, increased the number of their side-lines, extended their exploitation of nature in every way and do their work more skilfully, they find that they do not have enough labour power.

This condition is only beginning to make its appearance. We will see more and more of it as the years go by. The same thing will happen after the mechanization of agriculture. In the future there will be all sorts of enterprises that people have never dreamed of, raising our agricultural output to several times, a dozen times, perhaps scores of times, its present level.<sup>1</sup>

Since China enjoys vast potentials with regard to land utilization and labour power, so long as there is co-operative farming, the land, draught animals and farm

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<sup>1</sup> *Socialist Upsurge in China's Countryside*, Foreign Languages Press, Peking, 1957, pp. 285-86.

tools as well as labour power can be used more effectively, thus greatly increasing agricultural production.

This also means that agricultural co-operation has opened up vast perspectives for the development of productive forces in agriculture.

Some people asked: Is it socialism if what you have is agricultural co-operation minus mechanization? We said that if we formed co-operatives of an advanced type, if all the important means of production were put under collective ownership, and if the relations between the member peasants were based upon co-operation and mutual aid and were not those as existing between the exploiters and the exploited, it was socialism in operation. How could it be otherwise? In his speech entitled "Problems of Agrarian Policy in the USSR," Stalin termed those embryonic collective farms, then being formed in the Soviet Union on the basis of the simple pooling of the peasants' implements of production, as collective farms of the "manufacture period."

Industry forms the core of the national economy as a whole. It is the basic policy guiding China's socialist construction that heavy industries be given priority in development. It is also an irrevocable socialist principle that industry leads agriculture, town leads country, and the workers lead the peasants. But we have to bear in mind the fact that China is a big country with 600 million people, of whom more than 500 million are peasants, and that her agriculture enjoys vast possibilities of development. To achieve co-operation as a first step in order to increase agricultural production was, therefore, of paramount importance for the accelerated development of socialist industrialization.

That is why Chairman Mao Tse-tung pointed out, "In agriculture, under the conditions prevailing in our country, co-operation must precede the use of big machinery. (In capitalist countries agriculture tends to develop along capitalist lines.)"<sup>1</sup> It was precisely because we firmly carried out this policy of achieving co-operation first and succeeded in shattering the erroneous, dogmatic and opportunist views that there could not be agricultural co-operation without tractors, that we created the conditions for the triumphant, speedy advance of the agricultural co-operation movement in China.

Of course, by emphasizing the necessity of achieving co-operation first we never meant that the great role played by mechanization could be ignored. To radically change the backwardness of China's agricultural production, we must bring about, in a systematic way and not at one stroke, a technical revolution, changing from handicraft production to mass production with up-to-date machinery and gradually introducing into production such modern technology as tractors, agricultural machinery, chemical fertilizers and electrification. That is to say, we must achieve mechanization and electrification of agriculture step by step and introduce chemical fertilizers into agricultural production in the same manner.

Lenin said that if there was any Communist who imagined that the economic foundations of the small peasants could be transformed in a matter of three years, he was of course nothing more than a dreamer. We could solve this problem regarding the relationship with the small peasants and put their whole psychology upon a

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<sup>1</sup> Mao Tse-tung, *The Question of Agricultural Co-operation*, Foreign Languages Press, Peking, 1956, pp. 23-4.

sound basis only if we built up a material base, only if we acquired technology, only if we could use large numbers of tractors and other machines in agricultural production and only if we realized electrification on a large scale. This, said Lenin, was the way we could reform the small peasants radically and most quickly.

With the achievement of co-operation, the demand for mechanization of agriculture was becoming more and more urgent. Farming co-operatives were beginning to put forward the demand before industry that they be supplied with ever more means of production so as to realize reforms in farming techniques. Obviously, the situation would be like this: The achievement of co-operation and the growth of agricultural production would provide industry with unprecedentedly favourable conditions for its development; in its turn, the accelerated development of industry would greatly facilitate the earlier accomplishment of mechanization of agriculture. Thus, in China agriculture and industry are kept in line with each other and support each other. Herein lie the basic characteristics of the worker-peasant alliance that has entered a new phase in the course of China's socialist construction. This is a great motive force behind the speedy attainment of a socialist society.

#### IV. THE INEVITABILITY OF QUICK TRANSITION FROM LOWER TO HIGHER STAGE OF AGRICULTURAL CO-OPERATION

Socialist transformation of agriculture in China was carried out in a gradual and systematic way. The peasants were advised first to organize mutual-aid teams of a kind of embryonic socialism, then small semi-socialist co-operatives, and finally big fully socialist co-operatives.

The mutual-aid teams were classified into two types, seasonal and year-round, both of which preserved private ownership of the means of production. Collective labour was carried out in the mutual-aid teams, and this was where they differed from the individual economy. The member households not only took care of their own land but had the right to whatever it yielded. Members who had surplus labour power were to work with pay, on the land of other members short of labour power. Such a form of mutual aid had the advantages of helping member peasants through the difficulties arising from the shortage of the means of production, raising work efficiency, stimulating agricultural production and increasing the income of the members.

Not long after the birth of New China, most of the peasants were organized into mutual-aid teams, through which they received an elementary socialist education and became accustomed to collective labour. Nevertheless, as the private ownership of the means of production was

kept unaltered, the mutual-aid teams could not as yet free themselves from contradictions, mainly the contradiction between collective labour and decentralized management. Under decentralized management, collective labour was restricted and it was impossible to make rational use of the land, labour power, draught animals and farm implements. Moreover, with more land and other means of production in their possession those member peasants who were economically better off could, through mutual aid and exchange of labour and animal power, take advantage of part of the labour of other members and could thus obtain more income. Under such circumstances, it was difficult to effectively check the tendency towards class grouping among the peasants. Because of the above-mentioned reasons, increase in labour productivity and production in the mutual-aid teams was more or less limited. With the further development of the productive forces and the improvement of their standards of living, the broad masses of the peasants realized what they stood to gain through collective labour and demanded production organizations of a higher form, namely, the co-operatives of the elementary type which were semi-socialist in character.

The semi-socialist co-operative was mainly marked by the pooling of land as shares and unified management. The members still owned their land and other means of production which were put under the unified control of the co-operative. While members of the mutual-aid teams got all the harvest reaped from their own land, the bulk of the co-operative's harvest was distributed to its members according to the number of workdays earned by them and the rest went for dividends on land and for the co-operative's reserve and welfare funds. In co-operatives

of this type ownership of the means of production was, in essence, beginning to change from private to common ownership. Although the land was still privately owned, dividends on it accounted for only a small portion in the total harvest of the land. Draught animals, big farm implements and other means of production, which were also privately owned in the early days of the co-operatives, would be gradually converted into common property by different methods. In the co-operatives, common property was accumulated day by day. That is why they were socialist in character. Nevertheless, since in these co-operatives the major means of production remained privately owned and the harvest was distributed not entirely in accordance with the principle of "to each according to his work," they were only semi-socialist in character.

This type of co-operative had greater advantages than the mutual-aid teams. On the basis of centralized management, it changed the individual small production marked by decentralized management into large-scale collective production. By so doing, first of all, it was possible for the co-operative to make rational use of the land and other means of production and to better exploit the potentials of the land. Secondly, the co-operative made use of labour power in a more rational and planned way than was done by mutual-aid teams. It organized labour co-operation on a larger scale with better-thought-out division of work, and gave fuller rein to the special abilities of each member—all of which stimulated a great increase in labour productivity. Last but not least, as the members' income was distributed mainly in accordance with the principle of "to each according to his work," by which those who did more and better work were paid

more, it had the advantage of bringing the members' enthusiasm for work into fuller play. All this brought production to a much higher level than that reached by the mutual-aid teams. As shown by the results of investigations made in 1951 by the Ministry of Agriculture in 40 agricultural producers' co-operatives in North and Northeast China, the average *per-mou* yield registered by these co-operatives was 16.4 per cent greater than that achieved by local mutual-aid teams and 39.2 per cent greater than that recorded by peasants working on their own. In the best case, the *per-mou* yield was 100 per cent more.

Nevertheless, since the socialist factor existed side by side with that of private ownership in the co-operatives of the elementary type, it was inevitable that contradictions should appear between the two factors. The existence of these contradictions was bound to cause hitches in the further development of the productive forces. Since the members still had their claim to private ownership of the land and other means of production in the semi-socialist co-operatives, it inevitably placed restrictions on the rational use of the land and on the undertakings of agrarian capital construction and made it difficult to make rational use of the draught animals and farm tools. Furthermore, since it was necessary for the co-operatives to distribute part of its farm produce to the members in the form of dividends on land and payment for other means of production, some members might more or less take advantage of the labour of others. To some extent this affected the members' enthusiasm for work.

In order to completely root out these contradictions, further free the productive forces in agriculture from

the fetters of private ownership and guide agricultural production to an upsurge, it was imperative to transform these semi-socialist co-operatives based on partially collective ownership into fully socialist co-operatives marked by full collective ownership. As a matter of fact, in the course of its development the co-operative of the semi-socialist type had gradually created all the necessary conditions for its transition to a fully socialist type. Its centralized management and collective labour as well as its advantages, for instance, would inculcate in the members a socialist spirit and further raise their socialist consciousness. With the growth of production in the co-operative and the accumulation of more and more commonly owned means of production, privately-owned draught animals and farm tools correspondingly lessened in economic importance. Of the greatest importance was that, besides the rapid, year-by-year increase in the output of the co-operatives resulting from the advantages of large-scale production, it was possible for them to guarantee increased income for the overwhelming majority of their members while abolishing the private ownership of land and other means of production.

The co-operative of the advanced type was based on common ownership of the means of production, in which land, draught animals and farm implements were no longer owned privately by the members but were the common property of the co-operative. In the distribution of the co-operative's products, dividends on land and payment for draught animals and farm tools were dispensed with when distribution according to the amount of the means of production pooled as shares by the members was abolished. The products of the co-operative,

after deducting those which went to replace the expended means of production or were set aside for paying taxes to the state and for common accumulation within the co-operative, were all distributed to the members according to the quantity and quality of their work. This showed that the co-operatives had forsaken their semi-socialist economy in favour of a socialist one.

Why should agricultural co-operation take such transitional forms as mentioned above? This was because by so doing, in the first place, the peasants gradually raised their socialist consciousness out of their own experiences, gradually changed their way of life, and thus were spared the full impact of a sudden change. Secondly, agricultural output was prevented from falling in the first two years of the reorganization, and if things were managed well, it would go up every year. Thirdly, it allowed time for the training of the necessary technicians and managerial staff to run the co-operatives. This transition from mutual-aid teams to socialist co-operatives, through semi-socialist co-operatives, was the path traversed by the Chinese peasants towards agricultural co-operation.

It turned out that many of the small semi-socialist co-operatives changed over to big fully socialist co-operatives in the short space of six months, between January and June 1956. The reasons for this swift change-over will be given in the following paragraphs.

The main characteristic of a semi-socialist co-operative, a transitional form of agricultural co-operation, was that apart from publicly owning certain means of production its members retained their right to the ownership of their land and other means of production, both of which they put at the disposal of the co-operative with

compensation. This transitional form suited the Chinese peasants well who had just liberated themselves from feudal ownership, and who loved to possess at least for some time the land they had longed for all their lives. It guaranteed that the interests of both the poor and middle peasants after land reform would not be infringed upon. It enabled a faster rise in agricultural production than individual economy.

The private ownership of the means of production in the semi-socialist co-operative, however, was incompatible with the unified management of land and collective work and hampered the further development of the productive forces of farming. This contradiction required very little time to expose itself after the change-over from individual economy to semi-socialist co-operatives, because the change-over brought along with it a rapid rise in productivity. The contradiction first of all expressed itself in an inadequate utilization of land, and an irrational use and not fast enough breeding of draught animals.

This was exactly the case with twenty-four co-operatives in Heilungkiang Province in 1954. While they were still semi-socialist co-operatives, they had 25 sets of modern animal-drawn farm tools, bought 123 more head of draught animals, reclaimed 430 hectares of wasteland, raised their output per *mou* 30 per cent higher than before the formation of the co-operatives, and some of them had part of their land put under mechanized farming. But private ownership of principal means of production imposed restrictions on the further rapid rise in productivity of these twenty-four co-operatives. For instance, it made over-all planning and capital construction necessary for agricultural production impossible.

Because land was privately owned, some of the co-operatives were unable to build irrigation works, others to grow trees as windbreaks, and still others to employ mechanized farming. Who, indeed, would like his land turned into a ditch or a forest belt? Who would like his land exchanged for another piece, perhaps inferior or smaller in size, so that the co-operative might have an unbroken stretch for tractors?

Another thing was that the co-operatives needed more draught animals to draw farm tools of the new type and to bring virgin land under the plough. But as draught animals were privately owned, the co-operatives had to be satisfied with what was available. They were not in a position to sell the members' donkeys for horses, if what they needed was horses and not donkeys. Moreover, the members were not willing to buy new draught animals, even when they had the money to do so. Also not every co-operative member took good care of female animals when he was using them, and this could not but affect their fertility. The results were that no one wanted to keep female animals; also it meant that there were fewer young animals.

All these contradictions inherent in a semi-socialist co-operative were no more, when the twenty-four co-operatives turned into fully socialist ones. Broad prospects opened up for the development of productive forces. With land converted into public property, capital construction to improve the land and a rational and better use of land became possible. For example, all these co-operatives built drainage works, six of them even small-scale irrigation works, while eight planted trees to lessen the harmful effects of wind and sandstorms. Each co-operative had an additional twenty hectares or

more for tillage by merely demolishing field boundaries. The members said: "Now we can do what we like. We are no longer restricted by private ownership of land."

In socialist co-operatives, land was joined to become large stretches, and manpower and resources pooled, making possible mechanized farming, the adoption of new techniques and the planting of a greater variety of crops. The result was a 25-30 per cent rise in output per *mou* after the formation of the twenty-four socialist co-operatives.

The Liaoyuan Co-operative in Huachuan County succeeded in reaping 12,000 catties of rice from a hectare of paddy field, which amount exceeded that of the local semi-socialist co-operatives by some 1,000 catties.

With draught animals publicly owned, the socialist co-operatives were able to discard the old and the weak, or give them light work to do, and female and young animals received good care. Compared with the period of semi-socialist co-operatives, animal births doubled. All the twenty-four co-operatives greatly developed cattle- or sheep-raising.

Another important thing was that the principle of "to each according to his work, and more work more pay" could not be fully applied in semi-socialist co-operatives, since they had to set aside part of their income for dividends on land and payment for some other principal means of production. Hence, not the whole of their earnings went to the members for their work, and this could not but dampen their enthusiasm for work.

The case was worse in those semi-socialist co-operatives which distributed their income between wages for labour and dividends on land in a certain ratio. This was graphically illustrated in the example of a co-operative in

Hopei Province. This co-operative allocated 60 per cent of its earnings for wages and 40 per cent for dividends on land in 1953. One unit of land got 5.05 yuan. Although the ratio was changed to 80 per cent and 20 per cent in favour of wages, because of the rise in output, one unit of land got 6.4 yuan in the following year.

In a co-operative such as this, those members with more land would be satisfied with the compensation they received for their land, and would not care to do much work for the co-operative. On the other hand, those with less land would increasingly become dissatisfied with the fact that a sizable part of the fruit of their labour was taken away for dividends on land. Naturally, this state of affairs, if allowed to continue, would more and more hinder the unity between the poor and middle peasants. In cases such as this some of the upper middle peasants often worked off and on in the co-operative, because even if they did not work much, they still got more money than the poor and lower middle peasants simply by virtue of the means of production they had put at the disposal of the co-operative. Statistics from some co-operatives of that type show that poor peasants registered 35 per cent more workdays than upper middle peasants. Also, as a rule, women members lost their enthusiasm to work.

Take another co-operative in the same province of Hopei. When it was still semi-socialist in nature, apportioning 40 per cent of its earning to land and 60 per cent to labour, five of the twelve middle-peasant households with more land worked half-heartedly, and only sixteen of the thirty women members worked for the co-operative. But after it became a fully socialist co-operative (nothing paid for land) all twelve middle-

peasant households worked hard, and all thirty women members turned out to work.

The Shukuang Co-operative of Heilungkiang Province is still another example. Its members had to their credit 29.2 per cent more workdays the year immediately following than the year prior to the change-over from a semi-socialist to a fully socialist co-operative, and the increase for upper middle peasant Chang Huan-chiang was 27 per cent.

Further comparison between semi-socialist and socialist co-operatives in some of their aspects is presented in the following information gathered in 1955 from a more comprehensive survey covering 26,935 co-operatives (of which 202 were socialist and 26,733 semi-socialist) in fifteen provinces, municipalities and autonomous regions.

	<i>Semi-socialist co-operatives</i>	<i>Socialist co-operatives</i>
No. of average annual workdays credited to one full labour power	95	128
Per capita yield of grain	404.00 kg.	483.00 kg.
Surplus grain available for sale from each peasant household	589.50 kg.	977.50 kg.
Value of output by one labour power	187.00 yuan	380.00 yuan
Pay for one workday	0.90 yuan	1.58 yuan
Annual pay for one labour power	86.00 yuan	202.10 yuan
Annual actual income of one peasant household	274.00 yuan	413.00 yuan

Striking evidence of how much higher the labour productivity of socialist co-operatives was than that of semi-socialist co-operatives! Having abolished the private ownership of land and other principal means of production, fully socialist co-operatives were in a posi-

tion to make better use of land, farm tools, draught animals and farming technique than semi-socialist ones. Particularly worth mentioning is the full application of the socialist principle of pay—to each according to his work—in the fully socialist co-operatives, which spurred the members to work with greater enthusiasm. Hence, the inevitability of semi-socialist co-operatives developing into socialist ones at a certain stage of their growth. (There were some mutual-aid teams which, instead of passing through semi-socialist co-operatives, switched directly to fully socialist ones.)

For many of the peasants, the moment they sent their applications to the semi-socialist co-operatives the contradiction between private and collective ownership had been in the main resolved, and that made it much easier for them to move a step further to become members of socialist co-operatives. Indeed, unless they had fought and won an ideological battle within themselves, they would not have joined the semi-socialist co-operatives at all, to which they had to hand over their land and other means of production for common use and unified management. As co-operative members, they knew that dividends on land would be gradually reduced and even finally eliminated and by that time the semi-socialist co-operatives would have attained the status of socialist ones. As production in semi-socialist co-operatives expanded, and their public property steadily increased, the members from their own experiences learned that with more and more production their lives became more and more stable and well off, and they thought less and less of their land. In the meantime, they were gradually accustomed to collective work. All these were prerequisites for a more smooth and speedy change-over

from semi-socialist to fully socialist co-operatives. And this was exactly the case with China's vast countryside early in 1956 when hundreds of millions of peasants went over en masse to collective farming during the mass movement. The peasants had found the best way to increase their income from farming and side occupations, and their belief in private ownership had already withered away.

With the agricultural co-operation passing from its lower to higher stage, rich-peasant economy came to an end, and the system of individual economy was virtually wiped out. The policy of restricting rich peasants was changed to one of eliminating them as a class. In socialist co-operatives, the principal means of production had become public property, the peasant members were becoming well off together, the distinctions between the poor and middle peasants were being gradually demolished, and rural classes would finally disappear.

Socialist collective farming was a most far-reaching change in China's economic system. This change, once a prophecy, had become a reality.

This was the state of affairs.

The fundamental realization of agricultural co-operation opened the way for the speedy development of China's agricultural production. Although China was struck by serious natural calamities in 1956—the first year after the realization of co-operation on the nationwide scale—its agriculture withstood the test. Under the leadership of the Party and government, the Chinese peasants brought the advantages of the agricultural producers' co-operatives into full play and increased production despite the calamities.

On the basis of the fundamental realization of agricultural co-operation, the Chinese Communist Party put forward a great programme for the construction of a socialist countryside—the Draft National Programme for Agricultural Development (1956-1967), intending to consolidate the agricultural co-operative system and vigorously raise the output of grain, cotton and other crops. According to this programme, in twelve years beginning from 1956, the average annual yield of grain should be raised to 400, 500 and 800 catties per *mou* and that of ginned cotton, to 40, 60, 80 and 100 catties, depending on the different natural and economic conditions of the various areas; the production and income of most of the co-operatives should catch up or surpass that of the local well-to-do middle peasants within the Second Five-Year Plan period; and a great leap forward should be made within twelve years in agriculture and other aspects of rural work according to necessity and possibility.

From the surveys made in 1956, the first year of agricultural co-operation, we can see the overwhelming superiority of the collective economic system formed after agricultural co-operation.

The increase in production as a result of the liberation of the productive forces was one of the important indications of the superiority of agricultural co-operation. The following is a survey of the production made in 1,154 co-operatives in 14 provinces and municipalities in 1956:

No. of co-ops	Percentage of co-ops whose production increased	Percentage of co-ops which retained their former output	Percentage of co-ops whose production decreased
1,154	67.6	8.8	23.6

The percentage increase as shown by 405 co-operatives in 11 provinces and municipalities whose production increased is indicated in the following table:

<i>No. of co-ops</i>	<i>Percentage of co-ops whose production increased by 10% or less</i>	<i>Percentage of co-ops whose production increased by 10-20%</i>	<i>Percentage of co-ops whose production increased by 20-30%</i>	<i>Percentage of co-ops whose production increased by more than 30%</i>
405	17.0	25.9	16.3	40.8

From the above tables we can see that a great number of the co-operatives increased their production in the first year of agricultural co-operation. The decrease in the production of some of the co-operatives was for the most part caused by serious natural calamities. Had it not been for the co-operation that enabled the co-operatives to fight against the natural calamities more efficiently, the situation of those co-operatives would have been worse. (It must be admitted that the decrease in production of some of the co-operatives was the result of inexperience and bad management.) Worthy of particular attention was that the percentage increase in the production of the co-operatives greatly surpassed that of the small-peasant economy. This was another sufficient proof of the fact that co-operation was incomparably superior to individual farming. Since the range of increase of most of the co-operatives (83 per cent) that increased their production was above 10 per cent, it suffices to prove that a forward leap was made in agricultural production in 1956.

There is no doubt that agricultural co-operation had greatly promoted the development of the rural economy. This can be seen most clearly in the following.

(1) The socialist co-operatives could guarantee the correct carrying out of the production policy of "making an over-all development of production by guaranteeing the supply of grain and cotton, increasing the production of other industrial crops, developing livestock farming and engaging in diversified operations." According to the analysis of the total output value (not including agricultural handicrafts for self-consumption and agricultural subsidiary products that were not sold or were distributed as remunerations) of 1,034 co-operatives in 21 provinces and municipalities, grain made up 58.4 per cent of the total output value within the socialist co-operatives in the first year, and non-grain, 41.6 per cent. This was a powerful proof that grain production received prior consideration. The nearly 60 per cent proportion of grain in the total output value was obtained mainly by following the correct way of energetically raising the per-mou yield of grain. A comparison of the per-mou output of grain of 1956 with that of 1955 showed that 114 co-operatives in Honan Province had an 11.66 per cent higher output, 15 co-operatives in Hupeh Province a 14.01 per cent higher output and 10 co-operatives in Shensi Province a 31.10 per cent higher output. In order to give priority to the expansion of grain production, the socialist co-operatives gave first place to grain as regards labour power, fertilizer, technique and irrigation. The increased production of grain gave a powerful support to the national construction, improved the livelihood of the co-operative members to a certain extent and greatly promoted the restoration and development of livestock farming and subsidiary production of the co-operatives and members. Take the increase in the number of pigs from 1955 to 1956 for example. The number of pigs increased

by an average of 29.15 per cent in 15 co-operatives in Hupeh Province, 43.6 per cent in 114 co-operatives in Honan Province and 100 per cent in eight co-operatives in Hunan Province. This also shows that grain is the foundation for the development of the entire agricultural economy.

The proportions of the other aspects of production in the total output value of the 1,034 co-operatives in 1956 were as follows: cotton and other industrial crops, 18.8 per cent; subsidiary production, 14.5 per cent; market gardening, 4.2 per cent; animal rearing, 3.24 per cent; and forestry, 0.98 per cent. This shows that attention was paid to developing the diversified economies and productive operations in the socialist co-operatives during the first year of their existence.

It must be pointed out that the ratio between grain and non-grain crops in the total output value of the co-operatives differed greatly in the different economic areas. According to the survey of the 1,034 co-operatives, the general ratio was 6:4. It was 7:3 in the grain-producing areas, 3.5:6.5 in the areas where industrial crops were mainly cultivated, 2:8 on the outskirts of cities, and 6:4 in the mountain areas. From this analysis we can see that the ordinary co-operatives were engaged mainly in the development of grain production, while the other co-operatives under different conditions had to concentrate their principal effort on the development of non-grain production. We can also see that those co-operatives whose main task was grain production also paid attention to the development of the diversified economies, so as to meet the needs of the state, co-operatives and members, and that the co-operatives whose main task

was non-grain production also gave appropriate importance to the production of grain and, under the condition that they fulfilled the task of non-grain production of the state, exerted efforts to develop grain production, so as to supply grain for their own consumption and cut the amount of grain to be supplied to them by the state.

(2) Agricultural co-operation made it possible to make economical use of the land and to adopt better agricultural techniques.

The following is a survey of the double cropping area of 101 co-operatives in Shansi Province:

<i>Percentage of double cropping area in proportion to arable area</i>	1936	1955	1956
	103.45	106	109.39

The adoption of advanced techniques was mainly shown in the use of superior seed, popularization of close planting and control of harmful insects and plant diseases. In the old days, harmful insects were regarded by the peasants as supernatural things. Whenever their fields were attacked by harmful insects, they would resort to gods and prayer. After liberation, the peasants broke down superstition and gradually began to take preventive measures and fight against the pests and diseases in an active way by using insecticides and related instruments. The amount of insecticide used in 22 co-operatives in Shansi Province, according to a survey, increased from 11,484 catties in 1955 to 22,406 catties in 1956.

(3) One of the important aspects of the development of the rural economy after agricultural co-operation was

the various kinds of large-scale capital construction in agriculture which aimed to gradually change the natural conditions for agricultural production. Although still at its beginning, capital construction in agriculture, as shown by some typical examples, had already made surprising headway.

The following are two examples:

The Lucky Star Co-operative in Chuwo County on the plains of southern Shansi had, before the anti-Japanese war, 26 wells, 4 water-wheels and 166.1 *mou* of irrigated fields, 4.82 per cent of its total arable land. In the six years from the time of liberation to the formation of the semi-socialist co-operative in 1955, it still had only 27 wells, 21 water-wheels and 347.3 *mou* of irrigated fields, 7.43 per cent the total arable land. But by 1956, the first year after it became a socialist co-operative, it boasted 56 wells, 56 water-wheels and 2 diesel engines. Its irrigated fields were expanded to 750 *mou*, 15 per cent the total arable land, thus laying a preliminary foundation for increasing the production of cotton and grain.

Also in Shansi, in Shangkou Township, Wuhsiang County, in the undulating hilly region where the land was criss-crossed by deep gullies, there was a co-operative called the Five Star Co-operative. After the formation of the socialist co-operative, it sank 15 wells, added water-retaining facilities to 105 *mou*, repaired 63 wells to bring 150 *mou* of dry land under irrigation, built irrigation ditches to water 20 *mou* of land, bored a seven-metre tunnel through a mountain which saved the members a one-and-a-quarter-kilometre walk to get to 110 *mou* of land and turned these 110 *mou* of land into irrigated fields. The members did away with the carry-

ing poles and hauled things around on wheels. Within two years they were able to save the labour power of 660 men. In water and soil conservation, the co-operative built 295 small temporary reservoirs, dug 40,000 water-holding pits on the slopes of the hills, and built three dykes (each 400 metres long and 1.3 metres high) and three reservoirs. These projects gave a completely new appearance to the mountain tops, hill slopes, gullies, the surface of the fields and the bends of the rivers and checked loss of water and soil over an area of 10,000 *mou*, 20 per cent the total area that was to be dealt with. The co-operative also deep ploughed 252 *mou* of land and put an extra 600 *mou* of land under the plough by levelling the paths between the fields. As a result of the above-mentioned measures, the grain output of the co-operative surpassed the pre-war level by 81.03 per cent and its income from agricultural and side productions was double the pre-war level. The co-operative members said: "The socialist co-operative is capable of moving mountains and emptying seas."

As a result of the continuous expansion of the scale of production and capital construction in the socialist co-operatives, the rate of utilization of labour power and the rate of work of the co-operative members were also rapidly raised.

A survey of 521 co-operatives in 18 provinces shows that 93.5 per cent of the entire labour power worked regularly in 1956. The rate of work of the different kinds of labour power was as follows: men's full labour power, 97.1 per cent; men's half labour power, 93.3 per cent; women's full labour power, 91.9 per cent; and women's half labour power, 88 per cent.

Now, let us look into the distribution of the socialist co-operatives in 1956.

Distribution was a question of key importance to the consolidation of the agricultural producers' co-operatives and an important aspect of the socialist relations of production. When dealing with the question of distribution, one principle must be dominant. That is that the collective interest is the basis of individual interest. However, if the collective interest is over-emphasized without giving due consideration to the individual interest, the collective interest will also inevitably suffer. For this reason, production and distribution, and the interest of the state, the collective and the individual must be correctly linked. For a co-operative, the concrete measure to be taken to ensure this correct link was to allot from 60 to 70 per cent of its income to the members, allowing, as far as possible, for 90 per cent of the members to increase their incomes. From the typical data obtained from various places, we can see that the socialist co-operatives, in their work of distribution in 1956, correctly considered the relation between the state, the co-operative and the individual and their interest, correctly carried out the principle of "to each according to his work" and enabled most of the co-operative members to increase their incomes on the basis of increased production. Through distribution, the co-operatives actually further consolidated their organization and promoted production.

The income of a socialist co-operative went to its members, the co-operative itself and the state.

According to a survey, the income of 1,059 co-operatives in 22 provinces was distributed as follows:

No. of co-ops	Total income (in yuan)	Average per capita (in yuan)	Percentage of the state tax for agricultural and subsidiary production	Percentage retained by the co-ops	Percentage for the members	Percentage not yet distributed
1,059	140,034,639	79.3	9.1	27.1	63.1	0.7

*Explanation:*

1) The total income of the co-operatives was the total income from production (i.e. total production value) before deducting the production cost of the current year. It included part of the non-production income, such as interest for the money in the bank, bonuses and social relief.

2) The amount retained by the co-operatives included the cost of production, reserve and welfare funds and administrative expenditure.

3) The amount not yet distributed was the remaining part of the income after distribution which had not yet been disposed of.

The rate of the state tax for agricultural and subsidiary production remained mainly the same after the formation of the co-operatives as before co-operation. The state tax accounted for 9.1 per cent of the total income of the co-operatives, of which 8.7 per cent was agricultural tax and 0.4 per cent was subsidiary production tax. We must say that the taxation rate was not high at all. As production developed, the agricultural tax, for example, was decreasing relatively in proportion to the total income from agriculture. Moreover, the state gave different considerations to the co-operatives of the

different economic areas. As we have mentioned above, the average state tax was 9.1 per cent of the total income of the co-operatives; it was 9.7 per cent in the grain-producing areas, 7.4 per cent in the industrial crop areas, and 7.3 per cent in the mountain areas. The state gave special consideration to those co-operatives whose production decreased as a result of natural calamities. They might be exempted from taxation or pay at reduced rate.

In 1956, in distributing the income of the socialist co-operatives, the interest of the co-operatives was taken into consideration. All the deductions that had to be made by the co-operatives were made from the total income. The portion of 27 per cent of the total income retained by the co-operatives covered the following items: cost of production, 21 per cent of the total income; administration expenses (including the salary of the co-op cadres), 2 per cent; reserve fund, 3 per cent; welfare fund, 1 per cent. The different items could be classified, according to their nature, into three categories: cost of production of the current year, accumulation for extended reproduction and funds for collective welfare. The investment fund for reproduction in the socialist co-operatives, which accounted for 23 per cent of their total income, was much higher than that of the small-peasant economy. This was absolutely necessary, because only with sufficient funds, could production be guaranteed to continue and expand.

As for the income of the co-operative members, since the state and co-operatives saw to it that the members benefited from co-operation, the benefits the members got from the co-operatives were by no means small when production was increased. This was why they

took active part in running and consolidating the co-operatives. The members of the socialist co-operatives got their benefits from several sources. In addition to the income from the household subsidiary production and enjoying collective welfare facilities and help from the co-operatives, the members got their income from the following sources: remuneration for their work according to the principle of "to each according to his work," which was the principal and most important source of their income; income from their investment in the co-operatives (including the price for manure they collected and interest for their investment); and, in the case of cadres, salary. The income of the members received from the co-operatives in 1956 was already 64.4 per cent the total income of the co-operatives. This meant that the principle of allotting from 60 to 70 per cent of the total income of the co-operatives to the members was satisfactorily carried out. As for allowing, as far as possible, for 90 per cent of the members to increase their incomes, there were in the period under review less than 90 per cent of them whose incomes increased. This was because the co-operatives had just turned to the socialist stage and therefore the expansion in production was as yet unable to catch up with the demands of the members for improving their material lives and, moreover, the incomes of the members before they joined the co-operatives were not on the same level.

According to the data obtained from 989 co-operatives (not including those in the areas struck by natural calamities) whose production either increased, decreased or retained their former level in 1956, the situation was as follows:

<i>No. of co-ops</i>	<i>Total no. of households</i>	<i>Percentage of households whose income increased</i>	<i>Percentage of households whose income retained the former level</i>	<i>Percentage of households whose income decreased</i>
989	335,505	72.62	7.66	19.72

Another survey of 708 typical co-operatives in 10 provinces showed that 24 per cent of the co-operatives increased the income of 90 per cent of the members in the first year after they became socialist co-operatives, and another 23 per cent of the co-operatives increased the income of 80 per cent or more of the members. This survey showed that it was fully possible that, after a few years, 90 per cent or more of the co-op members would receive a higher income than before they joined the co-operatives.

Those socialist co-operatives which were able to increase the income of 90 per cent or more of the members in the first year of their existence made it possible through the following ways: 1) Increasing production and raising the production level. The Yangmei Co-operative in Fukien Province, for instance, made it possible to increase the income of more than 90 per cent of the members by making a 42 per cent increase in the total income from agricultural and subsidiary production. Three co-operatives in Anhwei Province increased the income of 90 per cent of the members by doubling their 1955 total income from agricultural and subsidiary production in 1956. 2) Persistently carrying out the policy of running the co-operative with industry and thrift and cutting down the cost of production. 3) Making better

arrangements for the labour power of the households which had comparatively less or weaker labour power, so that they might earn more workdays. 4) Giving due consideration to the production brigades and groups which were not so well off. 5) Helping the members develop household subsidiary production. These were all valuable measures.

Finally, let us examine the increase and decrease in the income of the co-operative members of the various former classes and strata.

The following statistics were obtained from 564 co-operatives in 20 provinces:

	Total no. of house- holds	Percentage of households whose income increased	Percentage of households whose income retained the former level	Percentage of households whose income decreased
Total	195,354	67.53	4.38	28.09
Poor peasants	65,394	69.34	4.13	26.53
New lower middle peasants	39,184	72.89	4.10	23.01
Old lower middle peasants	35,333	64.26	4.61	31.13
New upper middle peasants	17,268	67.45	4.53	28.02
Old upper middle peasants	23,542	61.92	4.88	33.20
Other working people	2,768	62.50	6.43	31.07
Rich peasants	5,194	57.78	3.81	38.41
Former landlords and other exploiters	6,671	65.48	4.55	29.97

Facts proved that agricultural co-operation brought extremely great benefits to the poor peasants and the new and old lower middle peasants. The increase in their income resulted in a fundamental change in the economic conditions and life of the former classes and strata. The main characteristics of agricultural co-operation were that it eliminated the system of exploitation, stopped the tendency to gravitate towards a few extremely rich peasants and a majority of extremely poor in the villages and placed the countryside on the path leading towards common prosperity. Co-operation not only greatly improved the economic conditions and the material and cultural lives of the former poor peasants and new and old lower middle peasants, but also benefited the economic conditions and livelihood of the whole stratum of new and old upper middle peasants. As the poor peasants said, "Joining the socialist co-operative has severed the root of our generations of abysmal poverty."

And this is also our conclusion.

## V. CLOSE CO-OPERATION BETWEEN LEADERS AND MASSES

Why was there such a fundamental change in the outlook of China in a period of little more than six months?

It was due to nothing but the close integration of the correct leadership of the Chinese Communist Party with enthusiasm for socialism on the part of the broad masses of the peasants.

For many people in China, 1955 was a year of toppling old idols. While in the first half of the year many people still held on to their erroneous viewpoints on certain questions, in the latter half they found it difficult to hold their own and had to change their misguided viewpoints for correct ones. They claimed, for instance, that the slogan of "bringing about co-operative farming in three years" raised by the peasant masses was built on false hopes and that co-operation could be effected fairly quickly in North China but not in South China. They also said that co-operatives could never be successful in backward townships, mountain regions, national minority areas, areas inhabited by many nationalities in a single community and villages frequently visited by natural calamities. According to them it was easy to establish co-operatives but difficult to consolidate them; the peasants were too poor to contribute funds to the co-operatives; and they were illiterate and could not supply the co-operatives with qualified accountants. They even declared that the more co-operatives the more

troubles; that the political consciousness of the masses and the experience of the cadres could not catch up with the co-operatives' rate of development; that the Party's policy of planned purchase and marketing of grain and that of agricultural co-operation had dampened the peasants' enthusiasm for work; that if the Party did not change its policy of agricultural co-operation it was liable to break up the worker-peasant alliance; and that co-operative farming would create a big army of surplus labour without jobs. The rapid development of the agricultural co-operation movement, however, exposed all these assertions as deviations towards right opportunism.

There were also a handful of right opportunists inside the Communist Party who, echoing the forces of capitalism outside the Party, tried to prevent the broad masses of poor peasants and lower middle peasants from taking the co-operative road. Some of these people, who were Communists in name, showed little or no interest in the socialist cause of agricultural co-operation. Instead of encouraging them, they turned a cold shoulder to the peasant masses who were keen on co-operative farming.

In the second half of 1955, however, the atmosphere changed completely. Tens of millions of peasants went into action. In response to the call of the Central Committee of the Communist Party and Comrade Mao Tse-tung, they turned to co-operative farming. This was a raging tidal wave which swept away all the clamours raised by the capitalist elements and right opportunists.

That was why the promulgation of the report, *The Question of Agricultural Co-operation*, made by Comrade Mao Tse-tung in July 1955 reminded many people of the

*Report of an Investigation into the Peasant Movement in Hunan* written by him in March 1927. Although there is a long stretch of 28 years between the two reports, both are brilliant works of Marxism-Leninism of equally great importance. They were keys to tackling peasant problems in the two different stages of the Chinese revolution.

In 1927, the bourgeois-democratic revolution in China experienced a critical moment. This was also a time when the Northern Expedition Army had fought its way to the areas around the Yangtse River Valley and the broad mass of peasants, not content with the victories already gained by the revolution, demanded that the revolution advance to the new stage of agrarian revolution. At that time, although not a few people both inside and outside the Communist Party came forward with all sorts of condemnations and slanders against the great revolutionary struggle of the peasants, Comrade Mao Tse-tung extolled it in a dauntless spirit. He pointed out:

In a very short time, in China's central, southern, and northern provinces several hundred million peasants will rise like a tornado or tempest, a force so extraordinarily swift and violent that no power, however great, will be able to suppress it. They will break through all trammels that now bind them and dash forward along the road to liberation. They will send all imperialists, warlords, corrupt officials, local bullies, and bad gentry to their graves.<sup>1</sup>

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<sup>1</sup> Mao Tse-tung: *Report of an Investigation into the Peasant Movement in Hunan*, Foreign Languages Press, Peking, 1953, p. 2.

He acclaimed the actions taken by the peasants as absolutely correct and "very good indeed," while dealing a severe blow to the assertion of describing these actions as "an awful mess," which was made by people from the middle strata upwards to the right-wing elements in the Kuomintang and those in the revolutionary ranks who were influenced by the right-opportunist ideas. At the same time, Comrade Mao Tse-tung pointed out:

For the rise of the present peasant movement is a colossal event. . . . All revolutionary parties and all revolutionary comrades will stand before them (meaning the peasants — *author*) to be tested, and to be accepted or rejected as they decide. To march at their head and lead them? Or to follow at their rear, gesticulating at them and criticizing them? Or to face them as opponents?<sup>1</sup>

Unfortunately, the Central Committee of the Chinese Communist Party, then under the control of opportunists represented by Chen Tu-hsiu, not only did not make energetic efforts to lead the peasants to attain their goal but adopted the erroneous attitude of gesticulating at them. As a result, the counter-revolutionary clique headed by Wang Ching-wei overpowered the peasants and the revolution of 1925-27 met with failure. This was a tragic historical lesson.

After China embarked on the new stage of socialist revolution, a serious battle of "which will win" was fought between socialism and capitalism. At this critical juncture, some people raised a fuss around the peasant

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<sup>1</sup> *Ibid.*, p. 2.

problem which, in essence, aimed to make the Party give up or weaken its policies of socialist industrialization and socialist transformation and adopt a policy of reconciling itself to the bourgeois demands for developing capitalism. Inside the Party, some comrades, under the influence of the bourgeoisie, rich peasants or the well-to-do middle peasants who showed a spontaneous tendency towards capitalism, were imbued with right-opportunist or pessimistic ideas with regard to agricultural co-operation. Just at this moment, Comrade Mao Tse-tung foretold: "Throughout the Chinese countryside a new upsurge in the socialist mass movement is in sight."<sup>1</sup> He had a high opinion of the huge socialist revolutionary movement which involved a rural population more than 500 million strong, saying it was a movement of very great world significance.

On the other hand, Comrade Mao Tse-tung treasured every bit of socialist initiative shown by peasants and cadres. While referring to the determination in co-operation of the three poor-peasant households in Hopei Province, he pointed out with great enthusiasm:

The road taken by these three poor-peasant households is the one which will be taken by five hundred million peasants throughout the country. All peasants working on their own will eventually take the road resolutely chosen by these three poor-peasant households.<sup>2</sup>

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<sup>1</sup> Mao Tse-tung: *The Question of Agricultural Co-operation*, Foreign Languages Press, Peking, 1956, p. 1.

<sup>2</sup> *Ibid.*, p. 11.

In the first half of 1955, basing itself on the situation of the class struggle then existing at home as well as the new changes in rural class relations, the Central Committee of the Chinese Communist Party headed by Mao Tse-tung severely criticized right-opportunism in rural work and laid down a programmatic directive and an over-all plan regarding the scope and speed of agricultural co-operation. This was followed by a fundamental change in China's countryside in the latter half of the same year, when the peasants, casting off their hesitation, finally rejected the capitalist road for a socialist one. Thanks to the rapid advance of co-operation, the urban bourgeoisie, now finding itself completely isolated, could not but change its hostile or wait-and-see attitude towards socialist transformation and bow to socialism.

Worthy of particular mention was that, based on a Marxist class viewpoint, Chairman Mao Tse-tung scientifically analysed the broad stratum of post-land-reform middle peasants, pointing out that in order to enable the working class to rely on the majority of the rural population in carrying out socialist revolution in the countryside, together with the poor peasants, the lower middle peasants among both the new and old middle peasants should be treated as reliable forces. It was the essential aspect that the poor peasants and the lower middle peasants were willing to take the road to socialism. With this in mind, the class policy in the countryside became clearer and more concrete, and the fundamental problem of "who will win" could be solved smoothly.

History is made by the people, who liberate themselves through their own strength. Therefore, the task

in the peasant movement was to raise the peasants' class consciousness and stir them to action, so that they would take their destiny in their own hands. Any viewpoint of "bestowing favours on the peasants" and "doing everything for them" would have been harmful. So it was again and again emphasized that in the agricultural co-operation movement it was necessary to adhere to the mass line, that is, to carry out a painstaking, thorough ideological education among the peasants in the light of their own experience in actual life; find the most active peasants and make them keep close contact with the masses and lead them; protect the masses' initiative whenever any wrong tendency in work needed correction; and overcome any inevitable shortcomings in the movement through the consciousness of the masses themselves. Only when the masses were thus fully mobilized would the development of agricultural co-operation be guaranteed.

The question of the relations between quantity and quality is a difficult one we often run into in our work of leadership. We often set quantity against quality, believing that if emphasis is on quantity, quality would suffer, and vice versa, and forgetting what dialectical materialism tells us: quantitative change always leads at a certain critical point to qualitative change, and qualitative change always arises as a result of an accumulation of quantitative changes. By applying this correct viewpoint, the question of developing and at the same time consolidating agricultural co-operation would be solved. Emphasizing only consolidation, but not development at the same time, disbelieving that the increase in the number of co-operatives would help improve their quality; or emphasizing only development but not con-

solidation, simply seeking after quantity and neglecting quality — all these were one-sided and wrong. That is to say, what we desired was both quantity and speed, both quality and economy. This correct relation between quality and quantity is also a principle we have to follow in our work as a whole.

Correct leadership requires scientific foresight. To achieve this, we must have an over-all plan and refrain from doing things in a haphazard way. Making a comprehensive plan is an important method by which we shall be able to overcome any blind tendency in our work of leadership. In drawing up a correct plan we must acquaint ourselves with every aspect of the situation in question, use the Marxist-Leninist viewpoint to analyse problems and find out the laws of the development of things, and then according to urgency and importance make arrangements for the necessary manpower and material resources to accomplish the assigned task in a systematic way. An over-all plan, when made, will impel us to work with zeal, demand of us to spot any problems that may crop up in our work and resolve them in time. It will also make us look ahead and give us confidence and strength. “The Draft Programme for Agricultural Development in the People’s Republic of China, 1956-1967” provides us with a good example for making an over-all plan. It is also the centralized expression of correct leadership in the field of agricultural production.

It must also be pointed out that strengthening the political and ideological work of the Party was an important prerequisite to the realization of agricultural co-operation. The agricultural co-operation movement, from the very beginning, had been a severe ideological

and political struggle. No co-op could have been established without going through such a struggle. Chairman Mao Tse-tung pointed out:

Before a brand-new social system can be built on the site of the old, the site must first be swept clean. Old ideas reflecting the old system invariably remain in people's minds for a long time. They do not easily give way. After a co-op is formed it must go through many more struggles before it becomes strong. Even then, the moment it relaxes its efforts, it may collapse. . . . Opposition to selfish, capitalistic spontaneous tendencies, and promotion of the essence of socialism—that is, making the principle of linking the collective interests with the interests of the individual the standard by which all words and deeds are judged—these then are the ideological and political guarantees that the scattered, small-peasant economy will gradually be transformed into a large-scale co-operative economy. Ideological and political education is an arduous task. It must be based on the life and experience of the peasants and be conducted in a very practical manner, with careful attention to detail. Neither bluster nor over-simplification will do. It should be conducted not in isolation from our economic measures, but in conjunction with them.<sup>1</sup>

He also pointed out:

The birth of a new social system is always accompanied by a great uproar and outcry, proclaiming the

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<sup>1</sup> *Socialist Upsurge in China's Countryside*, Foreign Languages Press, Peking, 1957, pp. 302-03.

superiority of the new system and criticizing the backwardness of the old. To bring our more than 500 million peasants through socialist transformation is a project of earth-rocking, heaven-shaking dimensions which cannot possibly be achieved in an atmosphere of calm seas and gentle breezes. It demands of us Communists that we patiently educate the great mass of the peasants—who are still burdened with many of the habits and ideas of the old society—and explain things to them in vivid terms which they can easily understand.<sup>1</sup>

The Party's Central Committee, headed by Mao Tse-tung, applies the universal truth of Marxism-Leninism to the Chinese revolution. Collective farming through which the peasants are led on to the road of socialism—this is a basic theory of Marxism-Leninism. But to put this theory into practice in China, we had, in the light of our concrete historical and social conditions, to lay down such principles and policies as relying on the poor peasants and the lower middle peasants among both the new and old middle peasants, overcoming the wavering attitude of the well-to-do middle peasants, remoulding the rich peasants and the former landlords by peaceful methods; co-operation first and then mechanized agriculture; gradual transition from mutual-aid teams, through semi-socialist co-operatives, to socialist co-operatives; improving the work of the Communist Party branches in villages; and paying particular attention to political and ideological education among the peasants so as to raise their socialist consciousness. All of these were drawn up by taking into account the reality of China.

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<sup>1</sup> *Ibid.*, p. 253.

The correct leadership of the Chinese Communist Party is the force that determines everything; it is an enormous material strength that not only promoted the great development of agricultural co-operation, giving a new look to the backward countryside in a very short time, but will also rapidly build China into a prosperous, powerful and great socialist country.

APPENDIX I

MODEL REGULATIONS FOR AN  
AGRICULTURAL PRODUCERS'  
CO-OPERATIVE

Adopted on March 17, 1956, by the Standing Committee  
of the First National People's Congress  
of the People's Republic of China  
at Its 33rd Meeting

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## Chapter One

### GENERAL PRINCIPLES

**Article 1** An agricultural producers' co-operative is a collective economic organization formed on a voluntary and mutually beneficial basis by working peasants with the guidance and help of the Communist Party and the People's Government. In such a co-operative, the principal means of production such as land, draught animals and farm tools owned privately by members are put under a single, centralized management and gradually turned into their common property; members are organized for collective work and the fruits of their labour are distributed according to a common plan.

The aim in promoting agricultural producers' co-operatives is step by step to end capitalist exploitation in the countryside, to overcome the backwardness of small-peasant farming and develop a socialist agriculture which will meet the needs of the nation's socialist industrialization. That is to say, steps must be taken to gradually replace private ownership of the means of production by collective ownership by the working masses, and small-scale production by large-scale, mechanized production, so as to create a highly developed agriculture bringing prosperity to the peasants as a whole and satisfying the ever-increasing demands of society for agricultural products.

**Article 2** Agricultural co-operation is the only clear road which can lead the working peasants to the final

elimination of poverty and exploitation; that is why all working peasants must be gradually enrolled in the agricultural producers' co-operatives, to bring about the complete victory of socialism in the countryside. To do this, co-operatives must on no account resort to coercion in dealing with the peasants remaining outside; they must persuade and set an example to them so that they become willing to join when they realize that far from suffering loss, they can only benefit by joining.

The agricultural producers' co-operative should be an association bringing mutual benefits to all the working peasants, especially as between the poor and middle peasants. The only way to ensure that the peasants take the road of co-operation voluntarily is by adherence to the principle of mutual benefit. In promoting agricultural producers' co-operatives the rule must be to rely on the poor peasants and unite firmly with the middle peasants. The co-operative must not violate the interests of any poor peasant, or of any middle peasant. When the co-operative has reached the advanced stage at which all the chief means of production are turned into common property and the peasants as a whole prosper, there will no longer be any distinction between poor and middle peasants.

**Article 3** Agricultural co-operation proceeds through two stages — the elementary and the advanced.

At the elementary stage, the co-operative is semi-socialist in character. At that stage part of the means of production is owned in common and members are, for a definite period of time, allowed to retain ownership of land and other means of production which they have

pooled for use under centralized management and receive an appropriate return on this property.

As production develops and the socialist understanding of members grows, the dividend paid on land pooled by members will be gradually abolished. Other means of production brought by members for use under centralized management will, as need arises and with the approval of the owners, be gradually converted into common property, that is, property collectively owned by all the members, after paying the owners for them or taking other mutually beneficial measures. In this way the co-operative will pass step by step from the elementary to the advanced stage.

At the advanced stage the co-operative is entirely socialist in character. In such a co-operative, all the land pooled by members and other means of production needed by the co-operative will become common property.

Household goods of members, small plots of household land, small holdings of trees, poultry, domestic animals, small farm tools, and tools needed for subsidiary cottage occupations, will not be made common property in co-operatives either of the elementary or advanced type.

**Article 4** The co-operative must bring about a steady expansion of productive activities, raise the level of agricultural production, make its members more efficient and increase yields.

The co-operative must work to plan. It should draw up plans both for the production and sale of products in the light of its own conditions and gear these plans to the production and purchase plans of the state.

With its land under centralized management and by working collectively the co-operative should, as circum-

stances permit, start using better farm tools, constantly improve farming skills, and, with the assistance of the state and the working class, bring about the gradual mechanization and electrification of agriculture.

The co-operative should do everything possible to take full advantage of organized collective work, promote labour emulation, encourage and urge every member to work hard, and make vigorous efforts to create wealth both for the community and for each individual member.

**Article 5** In paying members for work, the co-operative must stick to the principle "to each according to his work—that is, more work, more pay."

**Article 6** The co-operative must not practise any form of exploitation. It must not hire farm labourers for lengthy periods, rent out land, lend money out for a profit or engage in commercial exploitation. No one is permitted to bring farm labourers into the co-operative upon joining it.

The co-operative may engage technical personnel; it may hire a small number of farm labourers for short periods if an urgent need arises. Those employed by the co-operative must get proper treatment.

**Article 7** In dealing with its economic problems, the co-operative should stick to the principle of giving due consideration to both public and private interests, so that the interests of the state, the co-operative and individual members are properly integrated.

The co-operative must set an example in fulfilling its duties to the state. In paying the agricultural tax in kind it must observe the state's requirements regarding quantity, quality and delivery dates; it must sell its

products in accordance with the state plan for unified purchase of agricultural produce and in accordance with the advance contracts concluded with state purchasing agencies for the purchase of its products.

In distributing the fruits of its labour, the co-operative should, while giving each member his due, set aside funds needed to expand production and improve public welfare and amenities.

With the expansion of production, the co-operative should gradually improve the material well-being of members and enrich their cultural life.

**Article 8** The co-operative should live up to the principles of democracy and strive for unity and constant progress.

The co-operative should be managed in a democratic way. Officers of the co-operative should keep in close touch with members, discuss things with them thoroughly, and rely on the members as a body to run the co-operative well. They must not abuse their authority and position or restrict democratic rights.

The co-operative should take any measures which will effectively strengthen internal unity, and foster comradely relations among members. There must be no discrimination against members who belong to national minorities, members who come as settlers, new members or women members.

The co-operative should take any measures which will bring about a steady rise in the level of political understanding of members; it should give them regular education in socialism and patriotism, and see to it that every member abides by the laws of the country. It should be ready to respond to the call of the Communist Party

and the People's Government, and lead its members in the advance to socialism.

**Article 9** Close contact should be established between agricultural producers' co-operatives, and between them and supply and marketing, co-operatives, credit co-operatives and handicraft producers' co-operatives, as well as the state economic agencies in the villages, so that each can help the others to carry out their economic plans and join in the common effort to implement the state economic plan.

The co-operative should make a big effort to unite with working peasants still outside its ranks — those who have joined agricultural producers' mutual-aid teams and those who still work individually, and do all it can to help them increase production and take the co-operative road.

**Article 10** The co-operative should carry on the struggle against the rich peasants and other exploiters so as to restrict and gradually abolish capitalist exploitation in the countryside.

## Chapter Two

### MEMBERSHIP

**Article 11** All working men and women, who have reached the age of 16, who are peasants or other working people able to take part in the work of the co-operative (e.g. handicraft workers and book-keepers), and who voluntarily apply to join, shall become members of the agricultural producers' co-operative when their applications are accepted by a general meeting of members.

The following points should be observed by the co-operative in admitting new members:

(1) No restrictions shall be placed on admittance of poor peasants; no middle peasant shall be prevented from joining the co-operative.

(2) Active steps should be taken to draw into the co-operative demobilized soldiers, new settlers and the dependants of revolutionary martyrs, soldiers and government workers. The aged, the weak, the orphaned and widowed who can take part in subsidiary work should also be absorbed into the co-operative according to plan.

(3) During its first few years the co-operative shall not accept former landlords and rich peasants as members. Former landlords whose status has been changed according to law, and rich peasants who have for many years given up exploitation may be admitted individually into the co-operative but only when the co-operative in question is firmly established and when over three quarters of the working peasants in that particular township (*hsiang*) and county have joined co-operatives, and after a general meeting of members has examined their cases and approved their applications, and this decision has been examined and sanctioned by the county people's council.

(4) Persons who have been deprived of their political rights shall not be admitted into the co-operative; this restriction, however, does not apply to members of their families.

**Article 12** The co-operative may satisfy the request of persons who are not yet qualified to be members but who ask to take part in the work of the co-operative (e.g. boys or girls under 16); they should receive payment

according to the work they do in the same way as members of the co-operative.

**Article 13** Every member of the co-operative enjoys the right:

(1) to take part in the work of the co-operative and receive the payment which is his due;

(2) to take part in the activities of the co-operative, put forward suggestions and criticisms concerning its management and supervise the management of the co-operative's affairs; to elect the leading personnel of the co-operative, stand for election, and to be appointed to certain posts in the co-operative;

(3) to engage in subsidiary cottage occupations on condition that this does not interfere with participation in the work of the co-operative; and

(4) to enjoy the benefits of all public services and amenities provided by the co-operative.

Former landlords and rich peasants are not permitted to take on any important post in the co-operative for a certain period of time after becoming members.

**Article 14** Every member of the co-operative shares the obligation:

(1) to observe the regulations of the co-operative; to carry out decisions of the general meeting of members and of the management committee;

(2) to observe labour discipline in the co-operative and punctually fulfil tasks assigned him;

(3) to care for state property, property owned in common by the co-operative, and property owned by members but turned over to the co-operative for public use; and

(4) to strengthen the unity of the co-operative and resolutely oppose all activities aimed at undermining it.

**Article 15** Members of the co-operative are free to withdraw from membership.

When a member withdraws he may take with him the means of production which he still owns and withdraw his contribution to the share fund and his investment in the co-operative. If he cannot take his land with him because the co-operative has used it for important construction work, the co-operative should exchange his plot for one of a similar size and value or pay him suitable compensation for it. If the quality of his land is improved after being looked after by the co-operative and the value of his tools and farm implements is increased after being repaired by the co-operative, the person withdrawing should pay suitable compensation to the co-operative.

Members who wish to withdraw can, as a general rule, do so after the harvest for the year is brought in; in this way the productive work of the co-operative will not be interfered with and the settling of accounts will be facilitated.

**Article 16** A member who commits a serious crime and is deprived of political rights must be expelled from the co-operative.

A member who gravely violates co-operative regulations or commits many serious mistakes and refuses to make amends after being repeatedly admonished and penalized, may be expelled from the co-operative by decision of a general meeting of members following discussion of his case. A member so expelled has the right

of appeal to the county people's council if he disagrees with the decision.

The decision to expel a member shall not apply to members of his family who belong to the co-operative.

Property belonging to a member so expelled which is used by the co-operative shall be dealt with in the same way as the property of those who withdraw voluntarily from the co-operative.

### Chapter Three

## LAND

**Article 17** Since the basic condition for organizing an agricultural producers' co-operative is the pooling of land which was separately managed and placing it under rationalized, planned management, land belonging to members must be turned over to the co-operative for use under centralized management.

Odd plots of land belonging to members, which are relatively large but unsuited to individual management, such as lotus or fish ponds, reed beds, etc., may also be placed under the centralized management of the co-operative, if the owners agree.

The co-operative should allow members to retain small plots of land of their own in view of their need to grow vegetables and other garden produce. The size of the plot retained by each member-household should be determined by the number of persons in each household and the total amount of land in that particular area, but no person shall retain land exceeding five per cent of

the average individual land-holding in the village in question.

**Article 18** The co-operative in the elementary stage pays each member an appropriate sum as dividend out of its annual income, commensurate with the amount and quality of land the member pools in the co-operative.

The income of the co-operative is created by the work of its members; it is not derived from their ownership of land. The amount paid in dividends on land must therefore be less than the amount paid for agricultural work, for in this way all members will be encouraged to take an active part in the work of the co-operative. In the early stages of the co-operative's growth, however, the dividends on land should not be set too low; a reasonable dividend will help to attract peasants who own more or better land into the co-operative and enable members who own land but are short of labour power to get a reasonable income.

In areas where arable land is exceptionally plentiful while the population is exceptionally small, the co-operative, even though it is newly organized, may, in accordance with local practice, fix a lower rate of dividends on land, or pay no dividend on land at all. Conversely, in areas where arable land is exceptionally scarce while the population is exceptionally large, the co-operative, when newly organized, may, with permission of the people's council of the provincial level, temporarily make the amount paid in dividends on land equal the amount paid for agricultural work.

**Article 19** Where members receive dividends on land, they should pay the agricultural tax. If the tax is paid

by the co-operative, the dividends on land paid to members should be reduced accordingly.

**Article 20** As a general rule a dividend on land is fixed by discussion by members of the co-operative and does not increase as the co-operative expands production, so that the benefits resulting from such expansion can be used as much as possible for payment for work and to accumulate common property..

When a co-operative is newly organized, however, particularly in areas where yields tend to fluctuate, it may — if it finds it difficult to decide by discussion on a fixed dividend on land — temporarily adopt the method of paying dividends on a percentage basis, or some other appropriate transitional method. Paying dividends on a percentage basis means that, after deducting the year's production expenses and setting aside reserve and welfare funds out of the gross income derived from the year's harvest, a certain percentage of the net income is allotted for dividends on land while the rest goes for payment for work.

After the dividends on land or the percentage has been decided on by discussion, it should not be reduced until such time as production has markedly increased, so that members owning more or better land do not feel that they are being hard done by, while those who have land but are short of labour power do not have their income reduced.

Dividends on odd plots of land such as lotus or fish ponds, reed beds, etc., shall be fixed separately by discussion, in accordance with local practice.

**Article 21** The dividends on land which members pool in the co-operative are calculated on the basis of the

yield of that land in a normal year. In assessing yield, two points should be considered: on the one hand, the quality of the land, in which case due consideration should be given to members who are poor and whose land was not in the past able to produce as much as it should but its yield can certainly be increased after being pooled in the co-operative; and on the other hand, the actual yield, in which case suitable compensation should be paid to those members who improved their land before joining the co-operative.

**Article 22** Land which co-operative members have rented, or looked after for other people, should, as a rule, be rented or looked after by the co-operative. But some members who are poor and who have rented land at low rates or looked after land for their relatives or friends may, with the consent of the general meeting of members, receive a suitable dividend on such land.

Waste land belonging to co-operative members may, if the owners agree, be reclaimed by the co-operative, and for the next two or three years after reclamation no dividend shall be paid on such land.

Waste land reclaimed by agricultural producers' mutual-aid teams shall be turned over to the use of the co-operative when the team members collectively join the co-operative. Suitable compensation may be paid by the co-operative to individual team members who do not join the co-operative.

**Article 23** A member who, at the time of joining the co-operative, has growing crops on his land, should turn them over to the centralized management of the co-operative. Any one of the following methods may be adopted in dealing with the harvest on such land:

(1) The whole harvest goes to the owner, who repays the co-operative for the work done and expenses incurred under centralized management. If the land yields only that one crop for the year, the owner should not receive any dividend on this land; if more than one crop, the dividend should be small.

(2) The harvest is distributed according to a common plan by the co-operative which compensates the owner for work done and expenses incurred in cultivating the young crop prior to his joining the co-operative, and pays him a suitable dividend on the land.

(3) The harvest is handled as an individual case—reaping, threshing and distribution being treated as independent operations—on the basis of a ratio of distribution of the crop between dividend on land and payment for work which has been agreed upon for that particular case by discussion.

**Article 24** Irrigation works such as ponds, wells, ditches, dams, etc. on land owned by members shall be turned over together with the land for use by the co-operative; the latter assumes responsibility for maintaining them in good order.

If these irrigation works have already been in existence long enough to raise the yield of his land before the owner joined the co-operative and thus enabled him to get a high dividend on his land after joining, the co-operative does not, as a rule, have to give the owner any special compensation. If, however, after being turned over to the co-operative, these works can be used to irrigate additional land, then the co-operative should pay the owner appropriate compensation in consideration of the benefits thus accruing and according to local practice. If these works

are newly built and the owner has not yet derived proper benefit from them and if the co-operative has agreed to buy these works at his request, then the co-operative should pay appropriate compensation to the owner for the work done and expenses incurred and turn such works into its own property. Payment shall be made by instalments spread over several years; the question of the interest rate on this instalment purchase shall be settled by negotiation between the co-operative and the owner.

#### Chapter Four

### CHIEF MEANS OF PRODUCTION OTHER THAN LAND

**Article 25** Apart from land, other important means of production owned by members should, if needed by the co-operative, be put into collective use or under centralized management and suitable compensation should be paid to the owners. By agreement with the owners, they will be gradually transferred to the common ownership of the co-operative, group by group and batch by batch. The extent to which they are brought into collective use or under centralized management and the way in which this is done, the method of payment to owners, and the question of when and how they are turned into common property, should be decided separately in accordance with the nature of the means of production concerned.

Means of production referred to in this chapter fall into the following three categories:

(1) Draught animals (such as horses, oxen, mules and donkeys); large farm tools (such as ploughs, new types of ploughs, horse-drawn farm tools, water-wheels, wind-mills and pumps); farm transport (such as carts and junks), etc.: these are indispensable to agricultural production and they should be the first to be put to collective use in the co-operative.

(2) Groves and orchards and flocks and herds (animals grazing on pasture land or reared domestically in large numbers): these are closely connected with agriculture, and should, as a general rule, be brought step by step under the centralized management of the co-operative.

(3) Large tools and equipment for subsidiary occupations: since these are not so closely related to agriculture, only part of them need be brought under the centralized management of the co-operative.

**Article 26** The co-operative may deal with draught animals owned by members in three ways:

(1) Members retain the ownership of their draught animals and feed the animals themselves, in which case the co-operative hires the beasts at the fees normally paid in the locality. This method of private ownership and rearing of animals and their collective use is in general suited to a newly established co-operative.

Owners may use their draught animals hired to the co-operative when they are not needed by the latter; they may also hire them out or lend them to others. But such owners cannot sell their animals without the consent of the co-operative.

If a draught animal hired to the co-operative dies or is disabled as a result of lack of care by the co-operative, the owner shall receive suitable compensation.

(2) Members retain the ownership of their draught animals, but the co-operative rears and uses them under a centralized management and makes a suitable payment to the owners.

The co-operative and owners may share the benefits accruing from the young of draught animals which are privately owned but collectively reared, or the young may go wholly to either the one or the other. Agreement on this question shall be reached according to local practice.

If a draught animal belonging to a member dies or is disabled as a result of lack of care by the co-operative, the owner shall receive suitable compensation.

(3) The co-operative buys animals belonging to members at normal local prices and turns them into its common property. This method must be adopted by all co-operatives which have been established for a considerable time. It may also be adopted by those which, though only recently formed, have sufficient resources to buy and rear animals.

Taking account both of the ability of members to pay and of the interests of owners, the co-operative should, in buying draught animals, pay owners by instalments spread over an appropriate period. Three years, as a general rule, is a reasonable period; anyhow it shall not exceed five. The question of paying interest on this instalment purchase shall be settled through consultations between the co-operative and the owner.

If members of an agricultural producers' mutual-aid team collectively join the co-operative, the draught animals owned in common by such a team shall be transferred to the co-operative to become its common property. Suitable compensation may be paid to those individual team members who do not join the co-operative.

**Article 27** The co-operative may, depending on the needs of production, hire large farm tools and farm transport owned by members. The fees to be paid shall be fixed by discussion which takes into consideration the value of such property when hired and how long it can still be used.

If farm tools or farm transport hired from members are damaged, the co-operative is responsible for their repair. If the damage is beyond repair, the co-operative shall compensate the owner for his loss.

Small farm tools (sickles, hoes, etc.) shall be provided and repaired by members themselves.

**Article 28** Large farm tools and farm transport owned by members which are regularly needed for use by the co-operative may be bought in the same way as draught animals, and become the common property of the co-operative.

When members of an agricultural producers' mutual-aid team collectively join the co-operative, the farm tools and farm transport owned by the team shall be dealt with in the same way as draught animals owned by such mutual-aid teams.

**Article 29** Groves and orchards owned privately by members should be dealt with separately in accordance with the following rules:

(1) Members shall retain their ownership of small holdings of trees and these shall be left under their own management.

(2) Orchards, tea gardens, groves of mulberry trees, tung oil trees, or of bamboo trees, etc., whose cultivation requires a considerable amount of regular work, should be brought under the centralized management of the co-

operative, which shall make reasonable payment to owners. The amount of payment shall be fixed by discussion which takes into consideration the amount of income derived from them and whether management of the property will be easy or difficult. Consideration shall also be given to the work done and expenses previously incurred by owners, as well as the work to be done and expenses which the co-operative will incur in the future.

(3) Timber-producing groves such as pine and cedar which do not require a great deal of work but yield relatively large profits may also, with the owners' consent, be brought under the centralized management of the co-operative. All income earned by the co-operative from the management of these groves shall be turned over to the owners after the deduction of all sums spent by the co-operative for protection of the groves, felling and transportation, and that part of the profits to which the co-operative is entitled.

(4) Groves of newly planted saplings should be brought under the centralized management of the co-operative. Payment due to the owners need not be made until such time as the income from them has been realized. Groves of saplings may also be bought by the co-operative and become its common property with the owners' consent at a price commensurate with the work already done and expenses incurred. Thereafter, the question of dividend on the land on which these groves grow shall be dealt with in accordance with local practice.

**Article 30** In a co-operative in which livestock breeding does not play a major part, members as a rule will keep and manage their own cattle. If there are a large number of cattle, and suitable conditions exist for the co-operative

to develop livestock breeding, the cattle may also be brought under centralized management, provided both the co-operative and the owners agree. The price paid to the owners shall be decided by discussion in accordance with local practice.

The co-operative may purchase animals belonging to members at the latter's request, upon agreed conditions, and turn them into the common property of the co-operative.

**Article 31** Large tools and equipment for subsidiary occupations owned by members should be dealt with according to the nature of the subsidiary occupations concerned. In the case of those subsidiary occupations which are better carried on at home, the tools and equipment should belong to members themselves. In the case of those which are suitable for collective management by the co-operative, tools and equipment may be treated in the same manner as the large farm tools owned privately by members.

#### Chapter Five

### SHARE FUND

**Article 32** To provide funds to cover expenditure on production—purchase of seed, fertilizer, fodder, etc.—and to pay for such means of production as draught animals and farm tools bought from members, the co-operative will need to collect two share funds from its members. The fund used to cover expenditure on production is called the “production-expenditure share fund,” while that used for buying such means of production as draught

animals and farm tools from members is called the "common-property share fund."

The share fund is usually made up of contributions from members based on the amount of land pooled. If the dividend on land is relatively low, then part of a member's contribution may be based on the amount of labour which he can contribute to the co-operative; if the dividend on land is very low, or there is no dividend, then contributions should be based entirely on labour. If the share fund is used for livestock breeding, forestry or subsidiary occupations, other methods may be used to decide what contribution each member should make.

Members who are poor and who really cannot afford to pay their full contribution to the share fund may apply to the bank either by themselves or through the co-operative for loans from the Poor Peasants' Co-operation Fund.

Each member's contribution to the share fund shall be registered under his own name. It shall not carry any interest and can be recovered by the member only when he withdraws from the co-operative.

**Article 33** A member's contribution to the production-expenditure share fund shall approximately equal the sum required annually for seed, fertilizer, fodder, etc. by the average peasant in the locality when working on land of the same kind and area.

Contributions to the production-expenditure share fund shall be calculated in cash, but members may make payments in kind.

Contributions to the production-expenditure share fund should, as a general rule, be paid up by members when they join the co-operative; the sum earmarked for fod-

der, however, shall not be paid until the co-operative has draught animals of its own or is rearing them collectively.

**Article 34** Contributions by members to the common-property share fund shall in principle equal the amount needed by the co-operative to buy means of production such as draught animals and farm tools from members. If this sum is very large and many members cannot afford to pay their shares, then no decision shall be taken to make contributions from each member add up to this whole amount; the co-operative shall settle for a figure equal to a part or a large part of it. In that case, the balance should be made up by the co-operative from the reserve fund.

A member selling means of production such as draught animals or farm tools to the co-operative may use the money thus credited to him to pay his contribution to the common-property share fund; if it is found in settling up accounts that the money from the sale exceeds the amount of his contribution, the surplus shall be paid to the member by the co-operative; if the money from the sale is not enough to pay his contribution, the deficiency shall be made good by him.

The length of time taken by members to pay their contribution to the common-property share fund shall be the same as that taken by the co-operative to complete payments to owners after purchasing their means of production such as draught animals and farm tools, as provided in Chapter Four of the present Regulations. As a general rule, three years is a reasonable period; anyhow it shall not exceed five. Until contributions by members to the common-property share fund are paid, the co-operative shall draw on its reserve fund to pay interest on

the amount still due to member-owners from whom it bought means of production.

**Article 35** When members of an agricultural producers' mutual-aid team collectively join the co-operative and turn over their common property to it, their contributions to the share fund should be appropriately reduced.

**Article 36** When the co-operative is short of funds, members should make investments in it according to their means. The money so invested should be repaid by the co-operative within a period of one to three years.

The rate of interest paid by the co-operative on cash investments by members should, as a general rule, equal that paid on deposits by a credit co-operative. The rate of interest paid by the co-operative on investments in kind by members may be decided by discussion according to local practice. It may be lower than that on investments in cash; in certain cases no interest need be paid at all.

**Article 37** The co-operative shall have the prior right to buy, at reasonable prices, manure and other fertilizer accumulated by member-households. Payment for such manure and fertilizer may be made after the harvest, without paying interest.

## Chapter Six

### PRODUCTION

**Article 38** In accordance with its economic resources and local natural conditions, the co-operative should make vigorous efforts to raise the level of agricultural production along the following lines:

(1) It should make rational use of all arable land (by planting crops suited to the soil, by suitable crop rotation or inter-cropping, by increasing wherever possible the area on which several crops a year are grown, by enlarging the area under high-yield crops, etc.).

(2) It should build small irrigation works (dig ponds, sink wells, build dams, open irrigation ditches, build dykes, embankments and small reservoirs, etc.), enlarge the area under wet cultivation, increase the irrigated area and improve irrigation methods.

(3) It should use improved farm tools and master the technique of using them.

(4) It should protect and breed draught animals (work out rules for feeding and using draught animals; see that they are fed properly and not overworked; get animal diseases under control; take active measures to breed more draught animals and improve their breed, etc.) and develop livestock breeding.

(5) It should improve strains of various crops (by selecting improved seed, conserving the best seed it harvests for its own use or for exchange with other co-operatives, breeding improved seed, etc.).

(6) It should accumulate manure and other fertilizers and apply them in a rational way (by making the best use of all kinds of natural and artificial fertilizers, encouraging members to accumulate fertilizers, improve their methods of applying them, etc.).

(7) It should improve farming methods (by ploughing deep and cultivating its soil intensively, by using advanced methods of treating seed and growing seedlings, by sowing in good time, planting rationally in close rows and improving field operations, etc.), get plant diseases and

insect pests under control, and take measures to combat natural calamities.

(8) It should level or terrace arable land, improve the soil, protect and grow forests, build up and protect grassy slopes, and take comprehensive measures to conserve water and soil resources related to agriculture, forestry, livestock breeding and water conservancy work.

(9) It should reclaim waste land if the work of conserving water and soil is not adversely affected thereby, and wherever possible organize settlers to reclaim waste land.

(10) It should afforest bare hills, and make use of bodies of water to increase aquatic products.

Every co-operative should do its best to discover what key measures will increase its output, and do all it can to carry them out thoroughly.

**Article 39** While ensuring that agricultural production is not affected and that no commercial speculation is involved, the co-operative should, wherever necessary and possible, actively engage in subsidiary occupations, and gradually develop a diversified economy which combines agriculture with handicrafts, transport, livestock breeding, fishery, forestry and other productive activities, so as to bring its latent capacity into full play and thereby speed up the growth of agriculture and the whole rural economy.

Provided that agricultural production is not affected, the co-operative should encourage and help its members to engage in those subsidiary cottage occupations which are suited to individual management.

**Article 40** The co-operative should mobilize all members, both men and women, to take an energetic part in the co-operative's agricultural work and subsidiary oc-

cupations. It should do its best to help women members overcome whatever obstacles or difficulties they meet with in work; it should give consideration to their special abilities and qualities when allotting them work.

**Article 41** The co-operative should vigorously encourage and organize its members to acquire scientific knowledge and production skills, and encourage members by rewarding them for innovations in production. It should work in co-operation with institutes of agricultural science and agro-technical stations to raise the technical level of its members, train its own technical personnel, and, in accordance with actual conditions, vigorously popularize the best farming methods.

**Article 42** In order to carry on production according to plan, to fulfil step by step the various tasks laid down in this chapter regarding development of production, and ensure that its production meets the needs of the state, the co-operative should draw up a production plan for the coming year at the end of autumn or in the winter of each year.

The annual production plan should gradually be expanded to include the following: a sowing plan, output targets, a plan for employing all available manpower and draught animals, a plan for supply of means of production, a capital construction plan and a plan for subsidiary occupations.

To ensure fulfilment of the annual production plan, the co-operative should draw up plans for the progress of work in the various farming seasons and various stages of field work, set definite production tasks and how long they should take to do.

In order that its annual production plan should be based on long-range prospects and ensure that its activities keep in step with general developments in the countryside, the co-operative should draw up a long-term plan covering a period of three or more years and make a comprehensive list of the various productive and constructive tasks it will undertake during this period.

#### Chapter Seven

### ORGANIZATION OF WORK AND LABOUR DISCIPLINE

**Article 43** In order to start organized, collective work, the co-operative must have a division of labour and a definite organization of work which suit the needs of production and the varied conditions of its members. It must gradually introduce a system of responsibility for production.

In introducing such a system of responsibility in agricultural production, the co-operative should organize its members into production brigades, which, serving as the basic unit of its labour organization, should each arrange its own day-to-day and seasonal schedules of work in accordance with the general production plan of the co-operative.

When necessary, a production brigade may be subdivided into temporary production groups. A small co-operative may not need to form production brigades, it can simply divide its members into production groups.

The co-operative must appoint certain people, either full time or part time, as book-keeper(s), technician(s),

stockman (men), supply clerk(s), etc. Co-operatives with a fairly large number of animals may organize special production brigades or groups to attend to them.

Co-operatives which engage in subsidiary occupations on a fairly large scale may, if necessary, organize special production brigades or groups to take charge of them.

The leader of a production brigade or group is responsible for the productive work of the brigade or group as a whole.

**Article 44** In order to enable each brigade to operate independently the co-operative, in organizing its members into field production brigades, should, as a general rule, see to it that these brigades are more or less equal as regards labour power, the skill of the members and the ability of their leaders, and the distance between the members' homes and place of work should also be more or less the same. Tasks should be given out to production brigades in such a way that each brigade is regularly occupied.

**Article 45** Production brigades should be organized on a year-round, permanent basis. For a start, however, they may be organized on a temporary basis as for a stage of field work or for a season, so that they can get experience for a gradual change to year-round, permanent brigades.

As soon as the field production brigades have become year-round, permanent organizations, steps should gradually be taken to allot each of them a definite area for cultivation, as well as draught animals and farm tools for their permanent use, so that each brigade can assume full responsibility for doing a good job on the land allotted to it, taking good care of its draught animals and

farm tools, drawing up its own production plans and carrying them out.

Even when the field production brigades have become permanent organizations, the co-operative may, if necessary, readjust or temporarily transfer members, draught animals or farm tools from one brigade to another.

**Article 46** The production brigade or group leader should see to it that every member of his unit is given a proper job, that full advantage is taken of the benefits of organized, collective labour to raise efficiency; that everyone (especially the aged, weak, invalid or disabled) is given a chance to make use of his ability to earn a certain amount of income by labour.

Whenever possible, the production brigade or group leader should give everyone a particular job or a particular area for which he is given the responsibility, and so fully implement the system of responsibility for production.

**Article 47** At the end of every day's work, the production brigade or group leader should examine the work of each member of the unit, and, according to the norms set, register the number of workdays each member is entitled to. In a co-operative where norms have not yet been fixed, the brigade or group leader must, at regular intervals, call meetings of the brigade or group, at which the payment due to each member will be decided by a democratic assessment of the amount and quality of the work done.

The chairman, vice-chairman (men) and other responsible members of the co-operative must regularly, and according to plan, check the work of the production brigades or groups.

**Article 48** Members of the co-operative must do a definite number of workdays in the co-operative every year unless there are special circumstances which prevent this and they are formally exempted by a general meeting of members.

**Article 49** Members of the co-operative must observe labour discipline. Regulations for labour discipline must include the following points:

(1) Members shall not absent themselves from work without good reason;

(2) They shall carry out instructions when at work;

(3) They shall bring their work up to the required standard; and

(4) They shall take good care of common property.

A co-operative member who violates labour discipline shall be criticized for his fault and helped to improve himself. In case of a serious offence, the offender shall be penalized by reducing the number of workdays credited to him, requiring him to make good the damage done, removing him from his post if he holds any, or even expelling him from the co-operative, as the case demands.

## Chapter Eight

### PAYMENT FOR WORK

**Article 50** In regard to payment for work done by members, the co-operative should take gradual steps to introduce the piece-work system in accordance with the principle: "to each according to his work, that is, more work, more pay"; the principle of "equal pay for equal

work" should be applied to men and women alike without exception.

To put the piece-work system into practice, suitable norms for various jobs must be decided on and rates of payment fixed.

Setting a norm for a certain job means determining how much and what quality of work can be done on that particular job by an average member in one day, working on a specified area of land, with certain draught animals, farm tools and under certain weather conditions. The co-operative must gradually decide the correct norms for all kinds of jobs that have to be done. These norms must not be too low, otherwise most members will be able to overfulfil them without much effort; nor should they be too high, otherwise most members will not be able to reach them. If a norm already set is found to be either too low or too high, or if there is a change in working conditions, such a norm should be revised accordingly.

Payment for fulfilling the norm for each job is reckoned in units of workdays. One workday is equal to ten work-points. The number of workdays a member is entitled to for fulfilling the norm for each job is decided on the basis of the skill and intensity of labour involved, and the importance of the job to the production of the co-operative as a whole. Fulfilment of an average norm is counted as one workday.

The co-operative must make a correct assessment of the number of workdays a member is entitled to for fulfilling the norm for each job. There must be a suitable difference in the number of workdays awarded for fulfilling different kinds of norms. Such differences, however, should neither be too small nor too great. On the one hand, uniformity must be avoided in order to be fair

to members doing difficult jobs; on the other hand, rates of payment for certain jobs must not be set so high that everyone wants to do them, nor should rates for other jobs be set so low that nobody wants to do them.

**Article 51** The method of "fixed rates with flexible assessment" may be used as a temporary expedient before the various norms and rates of payment are finally settled. This means that each member is assigned a definite number of work-points based on his skill and capacity for work. This number is subject to revision after a discussion of the work the member actually does for the day. If a good job has been done it may be increased; if otherwise, decreased. In this way the actual number of work-points earned for the day is settled. This method, however, wastes time, and payment for the work actually done by each member cannot be accurately calculated by it. The co-operative must therefore fix the norms and rates of payment for various jobs as soon as it can, so as to avoid confusion regarding payment for work done and consequent losses in production.

**Article 52** The amount of money and produce allotted for each workday depends on the annual income of the co-operative as a whole. As a general rule, what remains of the total income of the co-operative in a particular year, both in kind and in cash, after deducting production expenses, the reserve fund, welfare fund and dividends on land, will be divided by the total number of workdays done by the co-operative during the year. The result is the value of each workday. Thus, the greater the annual income of the co-operative the more each workday is worth. When the annual income of the co-operative drops, the value of each workday drops too.

Therefore, if a co-operative member wants a bigger income he must make an effort to earn more workdays; at the same time, each member must also do his best to increase the total income of the co-operative so that the value of each workday increases accordingly. In this way, the personal interests of each member are correctly combined with the collective interests of the co-operative.

**Article 53** Those who engage in managerial work for the co-operative and who are therefore unable to take a regular part in actual productive work will receive a suitable number of additional workdays as compensation according to the amount of managerial work done and the contribution made by them; the amount of compensation will be decided by discussion once a year at a general meeting of members.

The amount of compensation received by the chairman of the co-operative, added to the value of the workdays he earns by taking part in productive work, should, as a general rule, be higher than the value of the average number of workdays earned by the average member of the co-operative. The earnings of the book-keeper, or of the chairman and other staff of a fairly large co-operative, who are not able to take part at all in production, will also be decided by discussion at a general meeting of members; such earnings should, as a general rule, correspond to, or be higher than, the value of the average number of workdays earned by the average member.

**Article 54** Dependants of revolutionary martyrs or servicemen who enjoy the privilege of having others (co-operative or non-co-operative members) work for them on the farm, may have the workdays so earned credited

to their own account. Those who receive such privileges in the form of money grants may, if they are willing and with the consent of the co-operative, turn over the grants to the latter which will enter corresponding numbers of workdays to their credit.

**Article 55** In order to link the piece-work system with the system of responsibility in organizing labour, the co-operative should introduce a system of fixed responsibility for a specified job. That is to say, the co-operative will calculate on the basis of work norms exactly how many workdays should be allotted for a certain job, and instruct a production brigade to complete that job in a specified period. (If the co-operative has not yet got a work-norm system, the number of workdays may be decided by discussion according to the local practice in paying for a specified job.) The brigade will then be credited with that number of workdays, whether it completes the job in less time because its labour efficiency is high, or whether it needs more time because its labour efficiency is low.

If the production brigade's work does not reach the required standard of quality, the co-operative may instruct it to do the job over again, or suitably reduce the number of workdays it would otherwise get. If the brigade completes the job behind schedule the number of workdays may also be suitably reduced. If the brigade has overcome great difficulties in doing a job or done exceptionally good work, the co-operative should correspondingly credit it with additional workdays.

The workdays accumulated by a brigade working under the system of fixed responsibility should be distributed among its members according to the amount of

work actually done by each with regard to his norm. If the co-operative has no work-norm system in operation, the number of workdays each brigade member is entitled to may, for the time being, be assessed by discussion.

**Article 56** The co-operative should make every possible effort to pass on from the system of fixed responsibility based on the seasons of the year or on particular stages of field work (generally referred to as "the short-term system of responsibility"), to the year-round system of fixed responsibility (generally referred to as "the long-term system of responsibility").

Where the year-round system of fixed responsibility is introduced, the production brigades should each have a crop output norm which they must reach; while the co-operative management committee should have a plan of supply of means of production which it is obliged to carry out. A system of awards to brigades which overfulfil their output norms should also be introduced. Production brigades which overfulfil their output norms should be suitably credited with additional workdays as a reward. Those which have fulfilled less than 90 per cent of their norms as a result of poor management may, depending on the circumstances, be penalized by being credited with less workdays.

If during the period of fixed responsibility overwhelming natural catastrophes occur, the output norms should be revised in accordance with the amount of damage suffered as a result of the calamity.

**Article 57** Prizes should be awarded to individuals or units distinguishing themselves in emulation drives in the co-operative or doing exceptionally good work in improving productive skill and management. If the co-

operative, as a result of good leadership, overfulfils its production plan, those regularly responsible for its management should also be given suitable prizes.

### Chapter Nine

## FINANCE AND DISTRIBUTION OF INCOME

**Article 58** The management committee of the co-operative should draw up the year's budget, that is, a plan for revenue and expenditure, at the same time as it maps out its annual production plan, and submit it to a general meeting of members for examination and approval.

The co-operative's budget should include: sources of funds (in kind and in cash) and the year's plan of expenditure; an estimate of the value of the co-operative's production for the year, that is, its income in kind and cash from agriculture and subsidiary occupations; and an estimate of distribution of income.

**Article 59** The main sources of funds for the co-operative are the share fund, made up of contributions from members, income from production, and investments by members. If there is real need, the co-operative may get loans from the bank or the credit co-operative.

**Article 60** The co-operative must exercise the strictest economy and avoid waste in spending its funds. Under the annual budget the total expenditure on production (including expenditure on seed, fodder and manure and fertilizer collected within the co-operative, on purchases of fertilizer and insecticide from outside the co-operative,

on repairing farm tools or veterinary services, and payments for the use of draught animals and farm tools hired from members, as well as management expenses) should be decided in the light of actual conditions in different co-operatives in different localities; it should be neither too small nor too large. A ceiling should be placed on every item of expenditure for production; and the management expenses should not exceed one per cent of the total annual value of production.

The co-operative should educate its staff and see to it that they are economical in spending the funds of the co-operative; it should educate all its members and see to it that they take good care of common property and guard it against damage or waste.

**Article 61** In order to avoid waste or loss of funds, the co-operative should draw up rules for administering its finances.

General budget expenditure must be approved by the chairman of the management committee. Large items of budget expenditure must be approved by the management committee, and supplementary budget expenditure must be examined and approved by a general meeting of members. The book-keeper has the right to reject any expenditure which violates established regulations and procedure.

Every item of income or expenditure in the co-operative must be accounted for by receipts or vouchers which must be demanded by the book-keeper before entering them in the book. A division of function between book-keeper and cashier must be gradually introduced: the book-keeper shall only keep accounts but not handle any money, while the cashier shall only handle the money

but not keep accounts. The cashier has no right to pay out on his own any money belonging to the co-operative.

Special persons must be designated to look after all property owned by the co-operative; measures for making inventories, storing and periodical stock-taking must be worked out.

If a co-operative member is found guilty of corruption, theft or destruction of property belonging to the co-operative, or doing serious damage to common property because of neglect of duty, he must make good the damage and be suitably penalized. Serious cases should be passed on to the judicial organs.

**Article 62** The co-operative's accounts must be made public at regular intervals. The account of workdays credited to each member must be made public monthly and after a season's work is done. Statements of expenditure must be made public monthly and yearly. An inventory of common property must be made public when annual accounts are settled.

The supervisory committee of the co-operative must periodically examine the co-operative's accounts.

**Article 63** The co-operative's income, both in kind and in cash, derived from the year's work can be distributed in either of the following two ways:

(1) Where the households of members are themselves responsible for paying the agricultural tax and selling farm products to the state under the planned purchase system and to the state purchasing agencies, the co-operative should distribute its income in the following order:

a. It should set aside a sum equal to the expenditure on production during the current year and reserve it to cover production in the coming year.

b. It should set aside certain sums as reserve and welfare funds.

c. It should pay dividends on members' land, pay the members for groves and orchards, flocks and herds they have brought under the centralized management of the co-operative, and rent for land rented.

d. It should make payments to members according to the total number of workdays they have been credited with for agricultural production, subsidiary occupations and managerial work.

(2) Where the co-operative assumes responsibility for paying the agricultural tax, selling farm products to the state under the planned purchase system and to the state purchasing agencies, the co-operative should see to it that the above-mentioned obligations to the state are fulfilled in the first place and then distribute the remaining income, both in kind and in cash, and the money obtained from selling farm products, in the order given above.

Co-operatives now operating according to the first method should make active preparations to adopt the second method as soon as possible.

**Article 64** The reserve fund shall be used exclusively for investments in capital construction by the co-operative: for buying draught animals, farm tools and tools for subsidiary occupations, levelling and terracing of land, water and soil conservation, small irrigation projects, land reclamation and afforestation, and to supplement the production fund; it must not be used for other purposes.

In its early stages the sum put aside each year as the co-operative's reserve fund should, as a rule, not exceed five per cent of its net annual income (the gross value of production less all expenditure on production). As production develops, it may be raised gradually to ten per cent. Co-operatives growing industrial crops may have a slightly larger reserve fund.

The welfare fund shall be used exclusively to improve public welfare and cultural services for members; it must not be used for other purposes. In the early stages the sum put aside each year as the co-operative's welfare fund may, as a general rule, amount to one per cent of its net annual income. As production develops, it may be raised gradually to two or three per cent.

**Article 65** In a year of good harvests, the co-operative's reserve and welfare funds may be suitably enlarged. In a year when the harvest is a failure due to natural calamities, the reserve and welfare funds and dividends on land may be suitably reduced. The co-operative may also ask its creditors outside the co-operative or co-operative members who have investments in the co-operative for permission to postpone repayment of loans and investments. Furthermore, if the co-operative is not able to set aside a large enough production fund for the coming year, the deficiency may be made up when the new harvest is brought in.

**Article 66** After setting aside a certain portion needed for the co-operative as a whole, farm products harvested in the spring and summer should be distributed as an advance among members in accordance with the number of workdays each is entitled to and with their

actual needs; the final settlement may be made when the year's harvest has been brought in.

After setting aside a certain portion needed for the use of the co-operative as a whole, the money income may also be used to provide advances to members, especially those who get into difficulties, according to their actual needs. The final settlement may be made when the year's harvest has been brought in. Advances so made to a member should not, as a rule, exceed the estimated value of workdays already credited to him.

**Article 67** In distributing farm products and cash in appropriate proportions to members and deciding what kinds of farm products should be allotted to them, the fullest consideration shall be given to the actual needs of members.

When the farm products distributed are items coming under the state's planned purchase and supply system, consideration should be given to those members who have a surplus and those who have a deficiency, and suitable adjustments should be made.

**Article 68** The reserve fund, welfare fund and other common property accumulated by the co-operative must not be distributed. A co-operative member who is withdrawing is only permitted, as provided for in Article 15 of the present Regulations, to take with him those means of production which still belong to him, his part of the share fund and his investment; he is not allowed to take any of the common property accumulated by the co-operative. When two or more co-operatives merge, none of them is allowed to distribute any common property accumulated previous to the merger.

A co-operative which has already accumulated common property should not make extra demands on a new member, apart from the contribution to the share fund which he is required to make.

#### Chapter Ten

### POLITICAL WORK, CULTURAL AND WELFARE SERVICES

**Article 69** The co-operative should carry on political work under the guidance of the Communist Party and the People's Government and with the help of the Youth League and the Women's Federation.

The political work of the co-operative shall include the following items:

(1) It should provide lectures for members on current events both domestic and foreign; propagandize what the Communist Party advocates and the policies of the People's Government, with special emphasis on the socialist transformation of agriculture and various policies for the different kinds of work in the countryside; exhort members to love their country, observe the laws of the state, strengthen the alliance between workers and peasants, and build socialism.

(2) It should teach members to love the co-operative and take good care of common property; encourage members to work industriously and exercise thrift in running the co-operative, and to have the same regard for the co-operative as they have for their own homes.

(3) It should educate members to be conscientious in observing labour discipline and to oppose any action which violates labour discipline.

(4) It should organize labour emulation, promote the study and reform of production techniques; encourage members to be more active and creative in their work and make energetic efforts to increase production and income.

(5) It should promote democracy in the co-operative, encourage members to take an active part in the managerial work of the co-operative and work hard to bring about steady improvement in the work of the co-operative.

(6) It should educate members in the spirit of collectivism and strengthen unity among all members of the co-operative, between production brigades, between co-operatives as well as between the co-operative and peasants working individually outside the co-operative; it should promote the spirit of mutual help among members of the co-operative in their daily life. In areas inhabited by people of different nationalities, the co-operatives should pay special attention to educating members in a spirit of unity, mutual help, and mutual respect for each other's customs and habits.

(7) It should heighten the revolutionary vigilance of members, and strengthen the security work of the co-operative.

**Article 70** The co-operative should take energetic steps to mobilize, organize and help its members to wipe out illiteracy, master scientific knowledge and raise their general educational level.

The co-operative should systematically develop cultural and recreational activities and sports, and enrich its members' cultural life.

**Article 71** The co-operative must see to it that safety precautions are observed when members are at work.

When giving out work, it shall pay attention to the physical condition of members concerned.

The co-operative shall provide for medical treatment and other aid to members injured while doing work for the co-operative, and grant pensions to dependants of members who lose their lives while engaged in the co-operative's work.

**Article 72** As production develops, the co-operative should make steady headway with the following kinds of welfare work:

(1) It should foster public sanitation and sanitation in the homes of members.

(2) It should organize nurseries during the busy seasons to help women members over their difficulties.

(3) It should give suitable help to women members before and after childbirth.

(4) It should, within reasonable limits, help members who get into serious difficulties as a result of some misfortune.

## Chapter Eleven

### MANAGEMENT

**Article 73** The highest management body of the co-operative is the general meeting of members.

The general meeting elects a management committee to run the affairs of the co-operative, a supervisory committee to keep a check on co-operative affairs, and a chairman to direct the daily work of the co-operative.

The chairman of the co-operative is also chairman of the management committee. He represents the co-operative in its dealings with other parties.

**Article 74** The functions and powers of the general meeting of members are as follows:

- (1) to adopt and amend the co-operative's regulations;
- (2) to elect or remove from office the chairman of the co-operative, members of its management committee, and the chairman and members of the supervisory committee;
- (3) to decide on compensation to be paid for land and other principal means of production pooled in the co-operative by members, on contributions to the share funds, and on the distribution of the co-operative's annual income;
- (4) to examine and approve the production plan and budget drawn up by the management committee; the norms set for various kinds of work and the number of workdays allotted to them; and important contracts signed by the co-operative with other parties;
- (5) to examine and approve the reports of the management and supervisory committees on their work;
- (6) to approve the admission of new members;
- (7) to decide on important awards to members or on severe penalties to be imposed on members; to decide on the expulsion of members; and
- (8) to decide on other important affairs of the co-operative.

When the general meeting is exercising its powers and carrying out its duties as prescribed in items (1), (2), (3) and (4) as well as those connected with the expulsion of members, an attendance of at least two-thirds of the members of the co-operative is required and no resolution

is valid unless approved by a simple majority of those attending. In carrying out its other duties and exercising its other powers, an attendance of more than half of the members is required and no resolution is valid unless approved by a simple majority of those attending.

**Article 75** A general meeting of members shall be called by the management committee and convened at least once each season.

**Article 76** If difficulties actually occur in convening a general meeting because there is a very large number of members or because their homes are widely scattered, a meeting of delegates chosen by members may, with the consent of the people's council at county level, act on behalf of the general meeting, exercising its powers and carrying out its duties.

The management committee should propose how many delegates should be chosen for such a meeting of members' delegates and how they should be chosen, and this proposal should be submitted to the people's council at county level for approval. In order that the views of all the members may be reflected the number of delegates attending the meeting should not be too small, as a general rule, no less than a hundred.

When carrying out the duties and exercising the powers of the general meeting of members as prescribed in items (1), (2), (3) and (4) of Article 74 of the present Regulations, as well as those connected with the expulsion of members, no resolution is valid unless approved by a two-thirds majority of all the delegates. With regard to other duties and powers, no resolution is valid unless approved by a simple majority of all the delegates.

**Article 77** The management committee of the co-operative shall run the affairs of the co-operative in accordance with the regulations of the co-operative and the decisions of the general meeting of members.

As a general rule, the management committee should have five to fifteen members. Members of the management committee may carry out their duties by dividing their work into agricultural production, technical matters, subsidiary production, finance, political work, cultural and welfare services, etc.

The management committee may, if necessary, elect one or more vice-chairmen to help the chairman in his work.

**Article 78** The management committee of the co-operative may make appointments to the various posts in the co-operative as necessary.

In appointing leaders of production brigades or groups directly under its control, the management committee must have the agreement of their respective members. Leaders of production groups subordinate to the production brigades shall be appointed by the leaders of the production brigades.

**Article 79** The supervisory committee of the co-operative should see to it that the chairman of the co-operative and members of its management committee abide by the regulations of the co-operative and the decisions of the general meeting of members; that the accounts of the co-operative are correct; and that there is no corruption, theft, sabotage, waste or damage to the co-operative's property. It should make regular reports on its work to the general meeting of members and may

make suggestions to the management committee at any time.

As a general rule, the supervisory committee should have three to nine members. If necessary, it may elect one or two vice-chairmen to assist the chairman in his work.

The chairman of the co-operative, members of its management committee, its book-keeper(s), cashier(s), and supply clerk(s) shall not hold posts concurrently on the supervisory committee.

**Article 80** The chairman of the co-operative, members of its management committee, and the chairman and members of its supervisory committee shall be elected afresh every year. The same person or persons may stand for re-election and when re-elected may continue to hold their offices.

When the co-operative is expanding rapidly, attention should be given to drawing active new members into the work of management whenever a new election is held.

A certain number of the leading officers and other staff of the co-operative should be women members.

If the co-operative is composed of people of different nationalities, the posts of leading officers and other staff of the co-operative should be distributed in suitable proportions among its members of different nationalities.

## Chapter Twelve

### SUPPLEMENTARY RULES

**Article 81** The establishment of an agricultural producers' co-operative should be registered with the relevant

people's council of the county, municipality, or suburban district. On registering, the regulations of the co-operative, the list of names of its members, and the names of members of its management bodies should be handed to the department with which it registers.

**Article 82** The present Regulations apply principally to agricultural producers' co-operatives in the elementary stage.

Co-operatives which have already passed on to the advanced stage should draw up regulations which take into consideration the collective ownership of land and other principal means of production and the present Regulations, and submit them for approval to the department with which they register.

**APPENDIX II**

**MODEL REGULATIONS  
FOR AN ADVANCED AGRICULTURAL  
PRODUCERS' CO-OPERATIVE**

**Adopted on June 30, 1956,  
by the First National People's Congress  
of the People's Republic of China  
at Its Third Session**

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## Chapter One

### GENERAL PRINCIPLES

**Article 1** An agricultural producers' co-operative (the term as used in the present Regulations means the agricultural producers' co-operative of advanced type) is a socialist, collective economic organization formed on a voluntary and mutually beneficial basis by working peasants with the guidance and help of the Communist Party and the People's Government.

**Article 2** The agricultural producers' co-operative shall, in accordance with socialist principles, convert the chief means of production owned privately by its members into the collective property of the co-operative. It shall organize its members for collective work, and apply the principle of "from each according to his ability, to each according to his work," giving equal pay for equal work, irrespective of sex or age.

**Article 3** The co-operative shall, in the light of local conditions, steadily improve farming skills and, with the assistance of the state, bring about the gradual mechanization and electrification of agriculture, so as to promote the constant development of the rural economy. At the same time, with the expansion of productive activities, the co-operative shall steadily increase the income of members, improve their material well-being and enrich their cultural life.

**Article 4** The co-operative shall properly integrate the collective interests of the co-operative with the personal interests of individual members. While members must observe and safeguard the collective interests of the co-operative, the co-operative must concern itself with and give consideration to the personal interests of its members.

**Article 5** The co-operative shall properly integrate its own interests with those of the state. With the economic plan of the state as its guide, the co-operative should be self-reliant in managing production. It must conscientiously fulfil its duties in delivering agricultural tax and selling agricultural produce to the state.

**Article 6** The co-operative shall be managed in a democratic way. Leading officers of the co-operative shall be elected by members, and important matters shall be discussed and decided upon by members. Leading officers of the co-operative must uphold the principle of collective leadership, keep in close touch with the rank and file, discuss things with them, and draw in all members to run the co-operative well.

## Chapter Two

### MEMBERSHIP

**Article 7** All working men and women, who have reached the age of 16, and who are peasants or other working people able to take part in the work of the co-operative, may be admitted as members. Applications for membership must be voluntary and approved by a general

meeting of members or a meeting of members' delegates.

The co-operative shall make active effort to take in as members the dependants of revolutionary martyrs, of soldiers and of government workers, and disabled as well as demobilized servicemen (including the military personnel who came over from the Kuomintang armed forces and those who accepted the peaceful liberation of the regions under their control but who have since been demobilized and returned to their native villages). The aged, the weak, the orphaned, the widowed and the disabled should also be admitted as members. New settlers should also be drawn into the co-operative.

**Article 8** Former landlords and rich peasants who have given up exploitation may, depending on their conduct and work, be admitted individually as members or candidate members of the co-operative after their cases have been examined and approved by the township people's council.

Counter-revolutionaries in the countryside who have only committed minor crimes and have since repented, those who have committed relatively serious crimes but have since atoned for their crimes by rendering outstanding services during the suppression of counter-revolution, and those who behave well after serving their sentences and being released may, according to the degree of their repentance and service, be admitted as members or candidate members of the co-operative, after their cases have been examined and approved by the township people's council.

Former landlords, rich peasants and counter-revolutionaries who do not qualify for membership may, under the warrant of the township people's council, be admitted

to take part in the work of the co-operative and thus be enabled to reform and become useful members of society. These people should receive payment according to the work they do in the same way as members of the co-operative, and the means of production they own should also be dealt with in the same way as members of the co-operative. If they behave well, they may be admitted as members or candidate members of the co-operative after their cases have been examined and approved by the township people's council.

Candidate members may be changed into full members of the co-operative if they behave well and after their cases have been examined and approved by the township people's council.

Landlords' or rich peasants' dependants who have not themselves taken part in exploitation and counter-revolutionaries' dependants who have not themselves taken part in counter-revolutionary activities, may be admitted as members of the co-operative.

**Article 9** Every member of the co-operative equally enjoys the right:

(1) to take part in the work of the co-operative and receive the payment which is his due;

(2) to make suggestions and offer criticisms on co-operative affairs, take part in discussions, vote on co-operative affairs, and supervise the management of such affairs;

(3) to elect the leading officers of the co-operative and stand for election;

(4) to engage in subsidiary cottage occupations on condition that this does not interfere with the work of the co-operative; and

(5) to enjoy the benefits of cultural and welfare services run by the co-operative.

Former landlords, rich peasants and counter-revolutionaries do not have the right to stand for election and are not allowed to hold any important post in the co-operative for a certain period of time after becoming members. If they are candidate members, they do not have the right to vote or to elect either.

**Article 10** Every member of the co-operative equally undertakes the obligation:

(1) to observe the regulations of the co-operative and to carry out decisions of the general meeting of members or of the meeting of members' delegates, and of the management committee of the co-operative;

(2) to take an active part in the work of the co-operative and to observe labour discipline;

(3) to care for the property of the state and of the co-operative; and

(4) to strengthen the unity of the co-operative and resolutely oppose all activities aimed at undermining it.

**Article 11** Members of the co-operative are free to withdraw from membership.

Members who wish to withdraw may do so, as a general rule, only after the harvest for the year is brought in. When a member withdraws he may take with him the land he pooled in the co-operative or land equal in size and quality to his own, and he may withdraw his contribution to the share fund and his investment in the co-operative.

**Article 12** A member who gravely violates co-operative regulations and refuses to make amends after being

repeatedly admonished and penalized, may be disqualified as a member by decision of the general meeting of members or of the meeting of members' delegates, following discussion of his case. A member so disqualified may appeal to the township or county people's council if he disagrees with the decision.

A member so disqualified may still take part in the work of the co-operative, and should receive payment according to the work he does in the same way as members of the co-operative. If he wishes to leave the co-operative and work on his own, he may take with him the land he pooled in the co-operative or land equal in size and quality to his own, and he may withdraw his contribution to the share fund and his investment in the co-operative.

A member who has been disqualified but who has since made amends may be reinstated by decision of the general meeting of members or of the meeting of members' delegates, following discussion of his case.

### Chapter Three

## LAND AND OTHER IMPORTANT MEANS OF PRODUCTION

**Article 13** Peasants joining the co-operative must turn over their privately-owned land and other important means of production, such as draught animals, large farm tools, etc., to the collective ownership of the co-operative.

Household goods of members, and small holdings of trees, poultry, domestic animals, small farm tools and tools needed for subsidiary cottage occupations will not be made the common property of the co-operative.

Irrigation works such as ponds, wells, etc. on land owned by members shall be turned over, together with the land, to the collective ownership of the co-operative. If these works are newly built and the owner has not yet derived any benefit from them, the co-operative should pay appropriate compensation to the owner for the work done and expenses incurred. If loans have been contracted in building these works and have not yet been fully repaid, the co-operative should assume responsibility for repaying them.

When lotus and fish ponds, reed beds, etc. owned by members are turned over to the collective ownership of the co-operative, the co-operative should pay the owners reasonable compensation for the products in them.

**Article 14** When land belonging to members is brought under the co-operative's collective ownership and dividends on land shares are abolished, members who are not able to do the more demanding work should be assigned jobs which suit them, and given due consideration if they have difficulty in making a living; those who are entirely unable to work and depend on income from their land to meet their living expenses should be given means of livelihood out of the co-operative's welfare fund, or may, if necessary, for a short time be given a suitable sum as a dividend on their land share.

Preferential treatment should be given to dependants of soldiers and revolutionary martyrs, and to disabled servicemen, according to the special regulations for their treatment laid down by the state.

**Article 15** People, who live and work in the city and have their families with them, or those whose families live in the country but who themselves live and work

away from home and have no one else in the family to work the land, may turn over the land they own in the country to the co-operative for its use. If they have difficulty in making a living and have always depended on income from their land to meet part of their living expenses, the co-operative should give consideration to this and pay them a certain amount of compensation. If they return to the country and take up farming, the co-operative should take them in as members, or, if they are not willing to join the co-operative, give them back their land or land equal in size and quality to their own.

**Article 16** The co-operative should set aside part of its land to be distributed to members for growing vegetables. The size of the plot for each household shall be determined by the number of persons in the household who are co-operative members, but, as a general rule, the amount of land so used by each person should not exceed five per cent of the average individual land-holding in the village in question.

The graveyards and building sites owned by members need not be turned over to the co-operative. The co-operative shall make over-all arrangements to meet members' needs for sites of new buildings or graveyards, and may, if necessary, appeal to the township people's council for help in making such arrangements.

**Article 17** When draught animals, large farm tools, and tools for subsidiary cottage occupations which the members no longer use but which are needed by the co-operative are turned over to the collective ownership of the co-operative, the co-operative shall pay the owners compensation. The amount shall be determined by discussion on the basis of normal local prices to be paid by

instalments. As a general rule, payments shall be spread over three years, and in no case more than five years. The question of paying interest on these instalment purchases shall be settled through consultation between the co-operative and the owners.

Small farm tools needed for production, such as sickles, hoes, etc., shall be provided and repaired by members themselves.

**Article 18** Groves and orchards owned by members should be dealt with according to the following rules:

(1) Small holdings of trees shall be retained by members.

(2) Saplings and seedlings shall be turned over to the collective ownership of the co-operative. The co-operative shall pay the owners a certain amount for the work done and expenses incurred.

(3) Large groves which have economic value, such as orchards, tea, mulberry and bamboo groves, tung oil trees, lacquer trees, etc., shall be turned over to the collective ownership of the co-operative and paid for. The amount of payment shall be determined by taking into consideration the income these trees will yield and whether their management will be easy or difficult, as well as the work already put into it, expenses incurred and benefits already received by the owners. Payment shall be made by instalments out of the income from the property in question. When a co-operative is first set up, it need not immediately turn such trees into common property, but must bring them under its centralized management and pay the owners a certain proportion of the income derived from the management of these groves as compensation.

(4) Large timber-producing forests should be turned over to the collective ownership of the co-operative. The prices to be paid by the co-operative will depend on the standards of timber at the time the purchase is made, and a price scale should be fixed accordingly. Payment will be made by instalments out of the income derived from the management of the forests. When a co-operative is first set up, it may not immediately turn such forests into common property, but must bring them under its centralized management and pay the owners a certain proportion of the income derived from the management of the forests as compensation.

**Article 19** Large numbers of animals owned by members should, as a general rule, be bought over by the co-operative at normal local prices and brought under the collective ownership of the co-operative. Payment will be made by instalments spread over several years. The question of how long should be taken to complete the payments and what interest should be paid on these instalment purchases shall be settled through consultation between the co-operative and the owners.

When a co-operative is first set up, it may not immediately turn such animals into common property, but must bring them under its centralized management. The amount of compensation to be paid to the owners shall be fixed by consultation and according to local practice.

#### Chapter Four

#### FUNDS

**Article 20** To raise funds to cover production expenses and to pay for means of production bought from its mem-

bers, the co-operative may collect a share fund from members according to the needs of production and the resources of members.

**Article 21** Contributions to the share fund shall be based on the amount of labour the members can contribute to the co-operative.

If, at the elementary stage of the co-operative, members had already contributed to the share fund according to the amount of land they pooled or according to a fixed ratio between land and labour power, they shall not be asked to make a contribution again.

Members may pay their contributions to the share fund in the form of means of production which the co-operative needs. If such payment in kind is not enough to cover the full amount of a member's contribution, the deficiency shall be made up by the member in instalments. If the payment exceeds the amount of his contribution, the surplus shall be paid to him by the co-operative in instalments according to the provisions of Articles 17, 18 and 19 of the present Regulations. Members who are poor and cannot pay the full amount of their contribution to the share fund even after they have received loans from the Poor Peasants' Co-operation Fund, may defer payment or pay less than the required amount provided the general meeting of members or the meeting of members' delegates agrees. No interest shall be paid on the instalments or on the balance of the contribution to the share fund in arrears.

Proceeds from means of production which a former landlord or rich peasant pools in the co-operative shall first go to pay towards his contribution to the share fund. If there is a surplus, it should be used to pay his con-

tribution to the reserve and welfare funds. If there is still money left, it should be counted as an additional contribution to the share fund.

Each member's contribution to the share fund shall be registered under his own name. It shall not carry any interest and can be recovered by the member only when he withdraws from the co-operative.

**Article 22** Every year the co-operative should set aside a certain amount of its annual income as reserve and welfare funds. The reserve fund shall be used for expanding production, for storing seed and fodder, and for increasing the fixed assets of the co-operative. It must not be diverted to other uses. The welfare fund is to be used for improving the co-operative's cultural and welfare services. It must not be used for other purposes.

A member who withdraws from the co-operative cannot make any claim on the reserve fund or welfare fund. New members (except those former landlords and rich peasants who own more than the usual means of production) shall not be required to contribute to such funds on joining the co-operative.

**Article 23** When the co-operative is short of fund, members can make investments in it on a voluntary basis according to their means. However, the co-operative must not force its members to make such investments.

The co-operative shall repay investments made by members within a period of time agreed upon by the co-operative and the members concerned. The rate of interest on cash investments should, as a general rule, correspond to that paid on deposits by a credit co-operative. Investments in kind may carry no interest or a suitable rate of interest according to local practice.

**Article 24** As a rule, when several co-operatives merge there is no need to make any change in their members' contribution to the share fund. If a co-operative has collected less than the full share from its members because some of the means of production being used in the co-operative have not yet been turned into common property, it should, prior to the merger, turn them into common property and ask its members to make up their full contribution to the share fund.

When several co-operatives merge, their common property must not be divided up among the members.

Investments made by members and loans raised from outside the co-operative to increase its fixed assets shall be transferred, together with its other fixed assets, to the new amalgamated co-operative, which is responsible for repaying such loans and investments.

#### Chapter Five

### MANAGEMENT OF PRODUCTION

**Article 25** In organizing and developing production, the policy of the co-operative must be to work in a thrifty and diligent way. It must make energetic efforts to extend the scope of production, develop a diversified economy by combining agriculture with other related pursuits, practise strict economy and reduce costs of production.

**Article 26** The co-operative should, in accordance with its economic resources and local natural conditions, make vigorous efforts to raise the level of agricultural production along the following lines:

- (1) build irrigation works; conserve water and soil;
- (2) use improved farm tools and gradually bring about the mechanization of agriculture;
- (3) increase the supply of manure and other fertilizers by all possible means and apply them in a better way;
- (4) use improved strains of crops;
- (5) suitably and systematically enlarge the area under high-yield crops;
- (6) improve the soil; level and terrace arable land;
- (7) make rational use of all arable land and increase the area on which several crops a year are grown;
- (8) improve farming methods: practise deep ploughing and intensive cultivation;
- (9) eliminate and prevent insect pests, plant diseases and other natural calamities;
- (10) protect and breed more and better livestock; and
- (11) reclaim waste land and enlarge the area under cultivation according to plan if the work of water and soil conservation is not adversely affected.

Every co-operative should make energetic efforts to learn more efficient farming methods and do its utmost to discover what key measures will increase its output, and do all it can to carry them out thoroughly.

**Article 27** The co-operative shall, in accordance with the state plan and local conditions, make vigorous efforts to increase the output of the principal crops such as grain and cotton, and at the same time promote the cultivation of such cash crops as mulberry, tea, bast-fibre, oil-bearing crops, sugar-cane, beetroot, tobacco, fruits, medicinal herbs, spices, etc.

**Article 28** Wherever necessary and possible, the co-operative shall actively develop forestry, animal hus-

bandry, aquatic products, handicrafts, transport, sericulture, apiculture, poultry farming and other subsidiary occupations.

Provided that its normal production is not affected, the co-operative should encourage and suitably help its members engage in subsidiary cottage occupations.

**Article 29** The co-operative should draw up a comprehensive production plan in order to organize production on systematic lines.

The co-operative should draw up a long-term plan covering a period of three or more years and giving all-round consideration to the various productive and constructive tasks it will undertake during this period.

Before the beginning of the farming year the co-operative should draw up its annual production plan under the following main heads:

(1) a sowing plan, output targets, and the necessary technical measures needed for ensuring fulfilment of these plans;

(2) plans for forestry, animal husbandry, aquatic products and other subsidiary occupations;

(3) a capital construction plan; and

(4) a plan for employing all available manpower and draught animals.

To ensure fulfilment of the annual production plan, the co-operative should draw up schemes for the progress of work in the various farming seasons and stages of field work, set definite production tasks and definite dates for their completion.

## ORGANIZATION AND PAYMENT FOR WORK

**Article 30** The co-operative should organize members into field production brigades and subsidiary occupation brigades or groups in accordance with the scope of its production, division of labour and of occupations arising from the needs of production, and the conditions of its members. It should appoint people to take charge of book-keeping, technical management, livestock, common property and other special jobs in order to implement the system of individual responsibility for production.

**Article 31** The production brigade is the basic unit of labour organization in the co-operative and its members should be organized on a permanent basis. The field production brigade shall assume responsibility for cultivating a definite area allotted to it and be given draught animals and farm tools for its regular use. The subsidiary occupation brigade or group shall be responsible for definite subsidiary occupations and be allotted, for its regular use, the tools employed in such occupations.

In organizing members into production brigades and assigning tasks to each brigade, the co-operative shall take into consideration the size of the land allotted to the brigade for cultivation, the location of this land, the crops suited to it, and the distance between it and members' homes. The co-operative shall also see to it that the labour power, the skill of the members and the ability of the leaders of the brigade measure up to the jobs given to it. Similar consideration should be given while organizing members into subsidiary occupation brigades or groups, or assigning them work.

The management committee may, if necessary, transfer members, together with their draught animals, farm tools and other tools, from one brigade to another, or organize a temporary production brigade, to help fulfil a specific task.

**Article 32** The co-operative must fix suitable norms for various jobs and rates of payment so as to put the piece-work system into practice.

The norm for each job should be based on the amount and quality of work which an average member working diligently under normal conditions can do in one day on that particular job. It should not be set too high or too low.

Payment for fulfilling the norm for a job is reckoned in units of workdays. The number of workdays a member is entitled to for fulfilling the norm for each job is decided on the basis of the skill and intensity of labour involved and the importance of the job to the production of the co-operative as a whole. There should be suitable differences in the number of workdays awarded for fulfilling different kinds of norms. Such differences should be neither too small nor too great.

When working conditions change, the management committee may revise the norms of the different jobs accordingly.

**Article 33** The co-operative may put into practice a system of responsibility for output norms and of awards for overfulfilment of output norms. The field production brigades and subsidiary occupation brigades or groups must ensure that the output norms set are fulfilled and see to it that the products of some subsidiary occupations reach a certain standard of quality. Those who have

overfulfilled their output norms should be suitably rewarded with additional workdays. Those who fail to do their work well, and are so unable to fulfil output norms or fail to reach the required standard of quality should, depending on circumstances, be penalized by being credited with less workdays. Output norms should be suitably revised if an irresistible calamity occurs.

If the co-operative, as a result of good leadership, overfulfils its production plan, the officers concerned should be credited with additional workdays as a reward.

Members who make innovations or inventions which improve production skill, or who distinguish themselves in protecting common property or economizing on expenditure, should be credited with additional workdays as a reward.

**Article 34** The co-operative shall draw up a plan of work. At the same time as it works out annual and seasonal production plans and plans for particular stages of field work for the various production brigades, it shall calculate exactly how many workdays are needed to fulfil its production plans. It may introduce the system of responsibility for particular jobs by assigning such jobs with fixed numbers of workdays to the production brigades.

The co-operative shall determine, according to the needs of production and the estimate of the members themselves, the number of workdays a member is required to put in in a year, a season, or during a particular stage of field work. In assigning workdays to members, the co-operative shall take into consideration their different physical conditions and make due allowance for women members and their actual need for doing household work.

When a member has finished the number of workdays he is required to do, the time left, if any, is at his own disposal.

**Article 35** Those who engage in managerial work for the co-operative and are therefore unable to take a direct part in productive work should be credited with a certain number of workdays as compensation, the exact number to be decided upon by discussion at the general meeting of members or the meeting of members' delegates according to the amount and nature of the managerial work done. Members who do part-time managerial work for the co-operative or who are taken on only temporarily to do such jobs should receive a suitable number of workdays as compensation according to the amount of work done and the time they are taken away from their normal work.

The number of workdays credited to the chairman of the co-operative for the year should, as a general rule, be more than the number of workdays earned by the average member.

The co-operative shall not have too many persons involved in its managerial work. The number of workdays earned by all those engaged in managerial work for the co-operative, added to the number of workdays credited to members who temporarily take part in managerial work, shall, at most, not exceed two per cent of the total number of workdays earned by the co-operative as a whole.

**Article 36** The co-operative shall organize emulation campaigns as a way of encouraging members to raise their efficiency and skill, overcome difficulties in their work and so fulfil or overfulfil their production plans.

The co-operative should award prizes to individuals and units distinguishing themselves in such campaigns.

**Article 37** The co-operative shall introduce a system of examination and checking to see if work is done well. The management committee and the production brigade leaders should make timely and thorough examinations to see if brigades or individuals have fully done the job assigned to them, reached the required standard of quality and completed it in the time set. If brigades or individuals fail to fulfil these requirements, the co-operative may either instruct them to do the job all over again, or, according to circumstances, reduce the number of workdays credited to them.

**Article 38** Members of the co-operative must work in a disciplined way by

(1) not absenting themselves from work without good cause;

(2) carrying out instructions when at work;

(3) bringing their work up to the required standard; and

(4) taking good care of common property.

A co-operative member who violates labour discipline shall be criticized for his fault and helped to improve himself. For a serious offence the offender may be penalized by reducing the number of workdays credited to him, requiring him to make good the damage done, removing him from his post if he holds any, or even disqualifying him from membership, as the case demands.

## Chapter Seven

## FINANCE AND DISTRIBUTION OF INCOME

**Article 39** The management committee of the co-operative should, at the same time as it maps out its annual production plan, draw up the year's budget covering income and expenditure, submit it to the general meeting of members or the meeting of members' delegates for adoption and then put it into effect.

The co-operative's budget should include: sources of funds (in kind and cash) and the year's plan of expenditure, a rough estimate of the value of the co-operative's production for the year and an estimate of distribution of income.

**Article 40** The co-operative must exercise the strictest economy and avoid waste in spending its funds. Its policy must be to run the co-operative diligently and thriftily. In the annual budget a ceiling should be placed on all expenses for production, including those for seed, fertilizer, fodder, insecticide, repairing of farm tools, veterinary services, fees to tractor stations, stations providing animal-drawn farm tools for ploughing service and to pumping stations for irrigating the co-operative's land, and expenses for the revolving fund for subsidiary occupations, and costs of management. Management expenses, excluding rewards and compensation paid to those engaged in managerial work for the co-operative, shall not exceed 0.5 per cent of the total annual value of the co-operative's production.

**Article 41** The co-operative must draw up rules and procedures for administering its finances.

All expenditure by the co-operative shall be examined and approved according to established procedure. General budget expenditure shall be approved by the chairman of the management committee. Large items of budget expenditure shall be approved by the management committee, and supplementary budget expenditure shall be approved after discussion by the general meeting of members or the meeting of members' delegates. Both the book-keeper and the cashier have the right to reject any item of expenditure contrary to established regulations and procedure.

Every item of income and expenditure in the co-operative must be accounted for by receipts or vouchers which must be demanded by the book-keeper before entering them in the books.

The work and responsibility of keeping accounts and handling money in the co-operative shall be in separate hands.

The co-operative's accounts must be settled daily and monthly. Statements of income and expenditure must be made public quarterly and annually when the harvest for the year is brought in. The account of workdays credited to each member must be made public monthly.

Special persons must be designated to look after the common property of the co-operative. An inventory of common property must be made public when annual accounts are settled.

**Article 42** The common property of the co-operative must be protected, and no member is allowed to encroach upon it. Any co-operative member guilty of corruption, theft or destruction of property belonging to the co-operative, or causing serious damage to common property

through neglect of duty, should, depending on the merits of each case, be duly penalized and compelled to return the original property or make good the damage. Serious cases should be handed over to the judicial organs.

**Article 43** After paying the agricultural tax required by the state, and guided by the principle that members shall be enabled to get a higher personal income every year, and that the co-operative's accumulation of common property shall be increased, the co-operative should distribute its income in kind and cash in the following manner:

(1) It shall set aside a sum equal to the expenditure on production during the current year and reserve it to cover production expenses in the coming year, and repay investments and loans contracted for the current year's production.

(2) After deducting such expenditure, the co-operative shall set aside a certain proportion of the remainder of its income as reserve and welfare funds. In general, the reserve fund, which includes repayments of loans and investments needed for capital construction, shall not exceed 8 per cent of this sum while the welfare fund shall not exceed 2 per cent; co-operatives growing cash crops may increase the reserve fund to as high as 12 per cent.

(3) What is left of the total income in kind and cash shall then be distributed according to the total number of workdays credited to members, including workdays for agricultural production, subsidiary occupations, managerial work of the co-operative, and bonus workdays awarded to production brigades or individual members.

If the co-operative has not increased its income to any appreciable extent, it may put a smaller sum to reserve

in order to increase the personal income of members. In case of crop failure, it may put only a small sum to reserve, or none at all. If there is a bountiful harvest, the reserve fund may be suitably enlarged, provided the personal income of members is increased. Measures concerning distribution of income should be discussed and approved by the co-operative's general meeting of members or meeting of members' delegates.

**Article 44** After setting aside a certain portion needed for the use of the co-operative, farm products harvested in the spring and summer should be distributed as an advance to members on the basis of the number of workdays each has earned. The final settlement may be made when the year's harvest is in.

After setting aside a certain portion needed for its use, the co-operative should distribute by instalments to members its cash income including advance payments made by the state for the purchase of farm products. Such distribution shall be based on the number of workdays each has earned and on his actual needs. The final settlement may be made when the year's harvest is in.

#### Chapter Eight

### POLITICAL WORK

**Article 45** The co-operative shall carry on political work under the guidance of the Communist Party and the People's Government and with the help of the Youth League and the Women's Federation.

The purpose of political work is to ensure the completion of production plans, to see that the co-operative is

run diligently and thriftily; to prevent waste and extravagance; to ensure that the principle of "to each according to his work" (giving equal pay for equal work, irrespective of sex or age) is adhered to; to ensure a correct integration of the collective interests of the co-operative and the interests of the state with the personal interests of individual members, and to consolidate the co-operative both ideologically and organizationally.

**Article 46** The co-operative shall arrange talks for members during their spare time so that they can learn about current events both at home and abroad, what the Communist Party stands for, and the policies, laws and decrees of the People's Government. It shall, in the course of the activities of the co-operative, educate members in the spirit of patriotism and collectivism, deepen their concern for the worker-peasant alliance, constantly raise their understanding of socialism, and overcome survivals of capitalist ideas.

**Article 47** The co-operative shall encourage members to be more active and creative in their work by organizing emulation campaigns, sending groups to visit other co-operatives and exchange experiences with them, promoting improvements in production techniques, giving awards for rationalization proposals, commending outstanding workers, and so on.

**Article 48** The co-operative shall promote internal democracy, set its face against coercion and bureaucracy, encourage criticism and self-criticism, cement the unity between officers of the co-operative and the rank and file, between the members themselves and between one production brigade and another.

The co-operative shall strengthen its unity with other agricultural producers' co-operatives, handicraft co-operatives, supply and marketing co-operatives and credit co-operatives and pay attention to strengthening its ties with peasants working individually outside the co-operative.

**Article 49** In areas inhabited by more than one nationality, the co-operatives shall pay special attention to fostering unity and mutual aid between different nationalities and respect for each other's customs and habits. In co-operatives which are composed of two or more nationalities, attention should be paid to educating members in a spirit of giving consideration to the minority by the majority and of rendering help to the backward by the more advanced, so that unity is achieved and the co-operative is run well.

In areas where returned overseas Chinese or the dependants of Chinese resident abroad are settled, the co-operatives shall pay special attention to rallying them to help run the co-operative well.

**Article 50** The co-operative shall constantly heighten the revolutionary vigilance of members and strengthen its security work.

#### Chapter Nine

### CULTURAL AND WELFARE SERVICES

**Article 51** The co-operative must see to it that safety precautions are observed when members are at work, and that expectant mothers, the aged, and minors are not given work which involves arduous and excessive manual

labour. It must also see to it that women members have adequate rest before and after childbirth.

The co-operative shall provide medical treatment for members injured or taken ill while at work and give them an appropriate number of workdays as compensation. It shall grant pensions to the dependants of those who lose their lives while at work.

**Article 52** The co-operative should steadily develop various cultural and welfare services according to the needs of members as production grows and the income of the co-operative as a whole and the personal incomes of members increase. Such cultural and welfare services shall include the following:

(1) Arrangements for members to raise their general educational level and acquire scientific knowledge in their spare time, and elimination of illiteracy by stages within a few years;

(2) The use of spare time and slack seasons to promote cultural and recreational activities and sports;

(3) The fostering of public sanitation and the promotion of sanitation in members' households;

(4) The encouragement of division of labour in members' households and mutual aid between neighbours and the organizing of child-care groups to help solve the difficulties of women members and to ensure the safety of children;

(5) Provision of suitable material assistance to women members before and after childbirth; and

(6) Help to members in improving their housing conditions whenever possible.

**Article 53** The co-operative shall give due consideration to and make proper arrangements as regards the

work and livelihood of the aged, the weak, the orphaned, the widowed and the disabled, those who lack labour power or are entirely unable to work, and are without means of support. It shall assure them a regular supply of food, clothing and fuel and see to it that the young have an education and the aged a proper burial after death. In a word, it shall ensure that members have a means of livelihood in their lifetime and a proper burial after death.

The co-operative shall, within reasonable limits, help members who find themselves in serious difficulties as a result of some misfortune.

**Article 54** The co-operative should organize members to gradually store up a supply of grain within a number of years, enough for one or two years' consumption, against any emergency.

#### Chapter Ten

### MANAGEMENT

**Article 55** The highest administrative body of the co-operative is the general meeting of members or the meeting of members' delegates.

The general meeting of members or the meeting of members' delegates elects a management committee to run the co-operative, a chairman to direct the daily work of the co-operative and to represent the co-operative in its dealings with other parties, and one or several vice-chairmen to assist the chairman in his work.

The chairman and vice-chairman (men) of the co-operative also act as chairman and vice-chairman (men) of the management committee.

The general meeting of members or the meeting of members' delegates elects a supervisory committee to supervise the operation of the co-operative.

**Article 56** The functions and powers of the general meeting of members are as follows:

(1) to adopt and amend the regulations of the co-operative;

(2) to elect or remove from office the chairman and vice-chairman (men) of the co-operative and members of the management committee, and the chairman and members of the supervisory committee;

(3) to approve the prices to be paid for draught animals, farm tools, groves and orchards brought under the collective ownership of the co-operative, and the plan for collecting the share fund;

(4) to examine and approve the production plan and budget drawn up by the management committee;

(5) to approve the proposals for payment and compensation to those engaged in managerial work;

(6) to examine and approve the plan drawn up by the management committee for distributing the annual income, and the measures for advance distribution and payment of the income;

(7) to examine and approve the reports of the management and supervisory committees on their work;

(8) to approve the admission of new members;

(9) to decide on important awards to members or on severe penalties on members; to decide on exclusions or reinstatements; and

(10) to decide on any other important matters.

**Article 57** The general meeting or the delegate meeting shall be convened by the management committee, at least twice a year.

A simple majority of the co-operative members constitutes a quorum for the general meeting. In exercising its functions and powers as prescribed in items (1), (2), (3), (4), (5), (6) and (9) of Article 56 of the present Regulations, no resolution shall be valid unless approved by a two-thirds majority of those attending. In exercising other functions and powers, no resolution shall be valid unless approved by a simple majority of those attending.

**Article 58** If difficulties actually occur in convening a general meeting because the co-operative's membership is very large or because members' homes are widely scattered, a meeting of members' delegates may be convened to act on behalf of the general meeting, exercising its powers and carrying out its duties.

Members chosen to attend the delegate meeting shall, as a general rule, be elected by the production units. Except for big co-operatives with a membership of over a thousand, the number of delegates attending such a meeting shall not be less than one-tenth of the members of the co-operative. Members doing different kinds of specialized work, women members and young members should be adequately represented at the delegate meeting. In areas where more than one nationality lives or where returned overseas Chinese or the dependants of Chinese resident abroad are settled, arrangements should also be made for such members to be adequately represented at the delegate meeting.

No resolution of the delegates' meeting shall be valid unless approved by a two-thirds majority of delegates.

Prior to a delegates' meeting, meetings of members must be convened either by production brigades or by area to collect as many opinions and proposals as possible. These opinions and proposals should be brought to the meeting for discussion by the delegates. After conclusion of the delegate meeting, similar meetings of members must be convened for delegates to report back on its resolutions to members.

**Article 59** The management committee of the co-operative shall run the co-operative in accordance with the regulations of the co-operative and the resolutions of the general meeting or the delegates' meeting.

The management committee is composed of the chairman, vice-chairman (men) and other members. As a general rule, the management committee may have nine to nineteen members, depending on the size of the co-operative. Members of the management committee may divide their work according to the needs of the co-operative.

Decisions of the management committee shall be valid only when they have been adopted by a majority of its members. The management committee must conduct its work in a democratic way; there must be no abuse of function or power.

The management committee may make appointments to the various posts in the co-operative as needed. In appointing leaders of production brigades, or of production groups directly under its control, the management committee must secure in advance the consent of the

member of the production brigade or the production group in question.

**Article 60** The supervisory committee of the co-operative shall see to it that the chairman and vice-chairman (men) of the co-operative and members of the management committee abide by the regulations of the co-operative and the resolutions of the general meeting or the delegates' meeting; that the accounts of the co-operative are correct; and that there is no corruption, theft, or damage to the co-operative's property. It shall report on its work to the general meeting or the delegates' meeting at regular intervals, and may make suggestions to the management committee at any time.

As a general rule, the supervisory committee shall have five to eleven members. If necessary, it may elect one or two vice-chairmen to assist the chairman in his work.

The chairman and vice-chairman (men) of the co-operative and members of the management committee, book-keeper(s), cashier(s), and supply clerk(s) shall not simultaneously hold posts on the supervisory committee.

**Article 61** The chairman and vice-chairman (men) of the co-operative and members of the management committee, and the chairman and members of the supervisory committee shall be elected afresh every year. The same person or persons may stand for re-election and, when re-elected, may continue to hold their offices.

There should be a certain number of women members among the leading officers and other staff of the co-operative, and at least one woman member shall hold a post as chairman or vice-chairman of the co-operative.

If the co-operative is composed of members of different nationalities, the posts of leading officers and other staff

shall be distributed in suitable proportions among its members of the different nationalities. If there is a considerable number of returned overseas Chinese or the dependants of Chinese resident abroad in the co-operative, they too shall hold a suitable proportion of posts among the leading officers and other staff of the co-operative.

#### Chapter Eleven

### SUPPLEMENTARY RULES

**Article 62** Provisions of the model regulations for an agricultural producers' co-operative of the elementary type may be applied to an advanced co-operative if they do not run counter to those of the present Regulations and if they are needed for the advanced co-operative.

**Article 63** Each province or municipality may, according to local conditions and needs, make supplementary provisions on matters which are not provided for or not specifically provided for in the present Regulations.

**Article 64** National autonomous areas may, in the light of the characteristics and actual needs of local nationalities, make supplementary provisions on matters which are not provided for or not specifically provided for in the present Regulations, or draw up their own model regulations for co-operatives suited to local conditions in accordance with the basic principles of the present Regulations.

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