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PRINCIPLES OF MANAGEMENT IN A SOCIALIST ECONOMY

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A socialist enterprise uses relatively complex technical equipment, and its production processes are based on a high level of science and technology. In each enterprise there is a careful distribution of labor, and the cooperative relationships among all the various departments involved in the production process are very close. The enterprise also has extensive connections with other sectors of the economy. In light of these characteristics, the functions of a socialist enterprise are severalfold: (a) to handle correctly the relationships between men and materials used in production and among diverse materials; (b) to handle correctly the relationships among people and the relationships between the particular enterprise and other enterprises or sectors of the economy; and (c) to handle the relationship between the economic base and the superstructure, in order for production to proceed smoothly. Proper handling of these relationships are the prerequisite of rapid socialist construction. One of the major issues confronting us in the correct handling of these relationships is how to design organizational work.

Organizational work in socialist enterprises can be divided into two segments: organization of industrial enterprises, and management of the production process. The former studies

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the relationships among people and between the economic base and the superstructure; the latter examines the relationships between men and materials and among diverse materials. The discussion here will focus on the former, i.e., the organization of industrial enterprises.

Principles of Organization of Industrial Enterprises

The principle of organization of industrial enterprises in a socialist society is "democratic centralism." This is the basic principle of organization for the Chinese Communist Party (CCP). "Democratic centralism" refers to centralization built upon a democratic base, or democracy under centralized direction. In other words, "democratic centralism" is a system of combined democracy and centralization. There are several reasons why socialist industrial enterprises should be organized according to this principle. Each of these reasons is discussed below.

First, a socialist enterprise is an undertaking of the working people; hence, the enthusiasm, creativity, and initiative of the broad working masses must be given full play. This requires complete development of democracy; without democracy it would be impossible to give full play to the enthusiasm of the workers. In order to develop democracy, the following principles must be strictly enforced: "Say what you know, and do what you say"; "Blame not the speaker, but be cautioned by his words"; and "Correct mistakes if you have made them, and guard against them if you have not." Coercion and force must not be used. Therefore, we must resolutely oppose the erroneous practice of not permitting the people to speak, for fear that the masses will hold different opinions, but instead demand that the masses be critical of our work and policies.

Second, a socialist enterprise is a production unit that employs a large number of workers. This necessitates a high degree of centralization at the enterprise level and a high degree of organization and discipline among the workers before production can proceed in a smooth and cooperative manner.

Without a high degree of discipline and control, there will be anarchy. If that were to happen, production would completely collapse. In his "Report on the Regulations Concerning Party Reform," Vice-Chairman Ye Jianying pointed out: "Without centralized guidance, democracy would stray from its proper direction and take the wrong path. Seen in that light, the destruction of centralization is the destruction of democracy."

In socialist enterprises one of the concrete manifestations of implementing "democratic centralism" is the exercise of unified leadership at all levels of management. Within industrial enterprises, management authority must be centralized at the top factory administration level in order to ensure the unity of leadership at that level. At the same time, however, the workshops and work groups must be entrusted with necessary management authority so that the organizations at each level can fully exercise their functions. The workshops and work groups will, of course, operate under the unified leadership of the top factory administration level. A second manifestation in implementing "democratic centralism" is to combine collective leadership with individual responsibilities. This means that although all major issues must be decided upon by the collective leadership, the responsibilities for handling specific problems and functions are delegated to the respective individuals. In this way the collective wisdom and experience of the entire enterprise will be utilized, thus preventing the development of one-man leadership. At the same time, the role of each individual is brought into full play, thereby avoiding the phenomenon of "no one's accepting responsibility." The system of "democratic centralism" represents a culmination of some thirty years of experience in industrial management, during which time we have seen that the dual principles of democracy and centralization could be combined. The vehicle for implementing the principle of "democratic centralism" is a system of division of responsibility between the Party Committee and the Working Committee in which the factory director (as the head of the Working Committee) is under the leadership of the Party Committee and the Congress of Workers and Staff.

Responsibilities of the Factory Director under the Leadership of the Party Committee

The system of division of responsibility between the Party Committee and the Working Committee in which the factory director is under the leadership and supervision of the Party Committee is a fundamental principle in the organization and management of China's industrial enterprises. This principle was first announced at the Party's Eighth National Congress, held in 1956, at which the Party summarized the positive and negative experiences in running China's industrial enterprises. Under this system all work at the enterprise level must be implemented under the guidance of the Party Committee. The factory director is the head of the Working Committee, which is responsible for production administration. He has the responsibility for directing and managing production throughout the factory, under the unified leadership of the Party Committee. This is in accordance with the principle of division of labor with individual responsibility. It allows the Party Committee to exercise unified leadership throughout the enterprise (including the work of production administration) and, at the same time, permits the factory director to impose centralized and unified direction in the management and administration of production activities.

1. Party Leadership in Socialist Enterprises

In order to ensure the successful establishment and smooth operations of a socialist enterprise, Party leadership is essential. The Party Committee is the Chinese Communist Party's basic organization at the enterprise level and is the center of leadership for all work in the enterprise. The primary tasks of the Party are severalfold: (a) to explain and implement the Party's line and policies; (b) to ensure the fulfillment of state plans and all quotas handed down by the higher authorities; (c) to strengthen ideological and political work, establish sound production and labor sequences, and ensure stability, unity, and

liveliness on the political front; (d) to strengthen construction work in the Party, the Party leadership, and among the ranks of the workers; (e) to check the performance of the cadres; (f) to investigate and oversee the implementation of state plans and directives handed down by the higher authorities; (g) to launch mass movements, such as socialist labor emulation drives, in which the less advanced workers and units are exhorted to emulate the achievements of the more advanced ones; and (h) to provide leadership to the work of the trade unions, the Youth League, and the Congress of Workers and Staff.

While providing a unified leadership at the enterprise level, the Party Committee must not operate as a dictatorship in which the Party Secretary's words are deemed to be sacred and not to be challenged. In its leadership role the Party Committee must adhere to the principles of "centralized authority in major decisions and delegated authority in minor decisions; the Party Committee decisions must be carried out by all others as specified and in accordance with principles; and the Party Committee has the responsibility for checking on performance." Although the Party Committee provides centralized and unified leadership in the enterprise, it must also give full play to the factory administration, trade union, and Youth League organizations at every level. All major issues must be discussed and decided by the Party Committee on a collective basis. Although the major issues confronting the enterprise have varied with the times, in general they can be summarized as follows:

- (1) decisions concerning how to implement resolutions regarding the Party's lines, policies, and important directives issued by higher authorities;
- (2) the development of long-range plans of the enterprise pertaining to the advancement of science and technology, annual production techniques and finance, and major technological reforms, and how to implement these plans;
- (3) decisions concerning new construction and expansion of existing facilities, and determination of utilization programs;
- (4) reorganization of major bodies in the enterprise, and

establishment, revision, and repeal of important rules and regulations;

(5) design of programs pertaining to the distribution and utilization of welfare funds;

(6) development of solutions to major problems in the areas of production, technology, finance, supply, distribution, and transportation;

(7) appointment, dismissal, transfer, and meting out of rewards and punishments to administrative cadres that occupy positions above the levels of the workshop and office staff and of technical cadres above the rank of engineers;

(8) dismissal of workers;

(9) addressing significant problems concerning the work of trade unions, the Youth League, and other organizations, and other problems in the area of labor, wages, rewards, and welfare benefits;

(10) handling any other significant problems deemed worthy of discussion by the Party Committee.

The key to correct leadership by the Party Committee hinges upon the behavior and attitude of the leading cadres. Leading cadres must (a) resolutely uphold the Party's political and ideological lines; (b) be selfless, obey laws and discipline, uphold the Party spirit, and eliminate factionalism; and (c) maintain a fervent revolutionary zeal and sense of political responsibility and strive for professional and technical competence in their jobs. Leading cadres must study Marxism-Leninism-Mao Zedong Thought, economics, management, and science and technology so that they can become experts in their respective fields. Cadres must unite with the masses, frequently investigate and do research on work in progress, and uphold the principle of "seeking truth from facts, and proceeding from actual conditions in all cases." They must develop democracy, uphold collective leadership, and give full play to the functions of the workers, youth, and women's organizations. Cadres must also be concerned with the workers' livelihood. They must integrate economic and technical production work and painstakingly perform ideological and political work.

2. The Duties of the Factory Director

Under the system of division of responsibility between the Party Committee and the Working Committee, the factory director is responsible for directing and managing production work in the enterprise to ensure that the enterprise correctly implements all decisions made by the Party Committee. In the production process urgent situations often arise. If these had to be submitted to the Party Committee for deliberation before any action could be taken, production would be halted, and the enterprise would suffer considerable losses. Therefore, when urgent situations arise, the factory director is empowered to take whatever action is necessary and then report to the Party Committee.

The factory director is vested with the centralized authority to direct activities in industrial production, technology, and finances. Without a system of strong centralization and unification under the guidance of the factory administration, production could not proceed smoothly. As Lenin noted: "Without a unified will to unite all the workers into an economic mechanism that functions as precisely as a timepiece, work cannot proceed smoothly, no matter what the sector — railroads, transportation, heavy machinery, or enterprises."

The factory director performs the following functions, under the supervision and leadership of the Party Committee:

1. He is responsible for overall production administrative work at the enterprise level, and is charged with the specific organizing duties necessary to implement Party Committee decisions and resolve major issues relating to production, technology, finance, and the workers' livelihood.
2. He convenes factory meetings to study and solve major problems relating to production administration.
3. He reports on production administrative work to the Congress of Workers and Staff.
4. He regularly investigates the production situation. Whenever he discovers a major problem of an urgent nature, he has the authority to deal with it as he sees fit.

5. He takes steps to improve the workers' livelihood and welfare benefits.

6. He strives to handle properly relationships within the enterprise and works to improve cooperative relationships with other enterprises and sectors in the areas of production and technology.

In order to perform his duties well, the factory director must fully understand and enforce the following principles:

1. Facilitate ideological and political indoctrination among the workers. He has the responsibility of training cadres to be both politically sound and technically competent.

2. Have a basic knowledge of the principles of management. He must be thoroughly familiar with statistics, quota management, record-keeping, estimating, etc. If these functions are not performed well, the term enterprise management is essentially meaningless. Many leading cadres do not have the technical expertise to carry out these functions properly and consequently are not able to handle the fundamental responsibilities of their jobs.

3. Engage in planning, in order to lead and direct production and administrative activities throughout the enterprise. All industrial activities (such as production, technology, finance, and operations) must be subject to annual, quarterly, or monthly plans. Every department, workshop, work group, and work team has to produce the quantities specified in the quotas on schedule, and in accordance with prescribed standards of quality. In the process of planning, the strengths and limitations of the various departments, work groups, and units will be discussed. The plans must seek to capitalize on the strengths and minimize the limitations of the various groups.

4. Always be on top of the situation. In order to accomplish this goal, the factory director must regularly engage in production and have wide contacts with the masses. In addition, he must regularly examine and analyze the following charts and statistical tables: workers' attendance records, quantity and quality of output by each workshop, condition of equipment and tools used by the various workshops, production safety,

equipment utilization, status of supplies such as raw materials, secondary materials, and energy resources (electricity, water, steam, and fuel), and commodity sales. Besides being aware of the monthly and quarterly statistics on all of these, the factory director has to analyze the enterprise's economic activities. In short, only if the factory director keeps himself abreast of things at all times and analyzes them, discovers the causes of problems, and mobilizes and organizes the masses to conscientiously solve these problems can production proceed smoothly.

Organizational Structure in Chinese Industrial Enterprises

In order to effect a system of centralized and unified leadership for the entire enterprise we must create a hierarchical system in the Working Committee (referred to as the factory administration), with the factory director at the head. The factory administration, under the leadership of the factory director, is responsible for directing and managing all the production activities in the enterprise. It is responsible for the day-to-day administrative activities throughout the enterprise and provides unified leadership to all organizational levels in the enterprise. Below the level of the factory director are the levels of the workshops and the work groups. Although the primary management authority is centralized at the factory director's level, specific work responsibilities and authority are delegated to the levels of the workshops and work groups.

1. The Level of the Factory Director

The factory director's level is the highest administrative organization in the enterprise. Since it plays the leading role in management, the most important management powers should be centralized there. Anything that affects the overall performance of the enterprise and issues involving the relationships among workshops or the enterprise's technical and economic relationships with other external entities should fall under the

centralized administration of the factory director.

The factory director is the leading production administrator in the enterprise and is responsible for the management and control of all production administrative work in the enterprise. In production administrative management, full play must be given to collective wisdom, important day-to-day problems being examined collectively, and the factory director being in charge. The factory director must, at fixed times, convene meetings with the deputy factory directors, chief engineer, chief accountant, and other relevant personnel to discuss and study major problems encountered in production administrative work.

The relationship between the factory director and the deputy factory directors is one of leadership. There may be one or more deputy factory directors. The deputy factory directors act as the factory director's right-hand men and assist him in performing his duties. In general, the factory director is directly involved in planning, production management, technical inspections, finances, and office administration. One deputy factory director handles matters pertaining to cadres, wages, workers' education, and security; another deputy factory director is responsible for supply, distribution, transportation, and construction.

The chief engineer, who is under the leadership of the factory director, assumes full responsibility for all technical work. He drafts plans (both long- and short-range) for technological development, engages in new product development, oversees new technology and new equipment, designs and tests new materials, and solves major technical problems encountered in the process of production. He organizes and formulates technological processes and technical rules of operation to facilitate production. He sponsors technical training for all personnel and encourages technical innovation among the workers. All important scientific research items and technical documents must be submitted to the chief engineer for examination and signature. All matters pertaining to the utilization, promotion, rewards and penalties, and transfer of engineers

and technicians must be approved by the chief engineer. The chief engineer directly supervises the technical work in all the workshops and work groups.

The chief accountant assumes full responsibility for the enterprise's financial accounting system. He manages and controls all accounting activities in the enterprise and is responsible for assessing the performance of the factory administration and for analyzing economic activities at regular intervals. The chief accountant organizes and draws up cost plans for the enterprise's finances and proposes methods and ways to accomplish them. In addition, he oversees and inspects all financial and economic undertakings, and signs all financial and accounting reports submitted to external entities to ensure that they accurately reflect the situation in the enterprise. The chief accountant is consulted on all matters pertaining to utilization, advancement, promotion, rewards and punishments, and transfer of finance and accounting personnel.

2. The Level of the Workshop

The workshop is the basic production unit in the enterprise and is the economic accounting unit at that level. The workshops are organized around the various production functions performed in the enterprise. Each workshop performs one part of the production process. These production functions include factory buildings and sites, mechanical equipment, tools, transportation facilities, production personnel, technicians, and management personnel. Work groups are set up within each workshop. In some large workshops there are many work groups. In order to facilitate management, these work groups are combined into sections according to production specialization. Each section operates under the leadership of a workshop and is responsible for overseeing the work of several work groups. The workshop operates under the unified leadership of the factory administration. The primary functions of the workshop are to carry out the directives of the factory administration, to comply with all rules and regulations, to participate in the production process,

and to ensure that all production quotas are fulfilled.

Most workshops have a supervisor and a deputy supervisor, who are assisted by a number of technical personnel. These technical personnel are involved in the preparation and planning of production and management activities.

The workshop provides direct leadership and guidance to the work groups in the performance of their production administrative activities. Each work group is under the leadership of a group leader. The group leader is assisted by technicians in fulfilling his functions. The workshop has the following authority and responsibilities in terms of administration and management of production activities:

(1) scheduling work assignments for the various work groups within the workshop to ensure that the quotas and plans set by the factory administration are met;

(2) organizing preparatory work for production in the workshop, such activities including the maintenance and replacement of machinery, preparation of raw and secondary materials, preparation of technological equipment and technical manuals, organization of labor, and training of workers;

(3) thoroughly implementing a system of factorywide technical management, formulating whatever management systems are necessary for the workshop, rigorously implementing technological discipline, and ensuring the production of high-quality commodities;

(4) organizing labor within the workshop, implementing worker discipline, completing management work, ensuring production safety, and continually increasing productivity;

(5) organizing the workshop's system of economic accounting, and economizing on the use of energy and other raw materials so as to lower the costs of production;

(6) perfecting the workshop's system of record-keeping, mobilizing the workers to keep meticulous records of their performance on statistical charts, and building a solid basis for implementing a system of economic accounting so as to facilitate the correct formulation of plans.

The supervisor of the workshop has overall responsibility

for managing the workshop's production and technical administrative duties. Under the leadership of the factory director, the supervisor has overall responsibility for organizing and directing production, technical, and economic activities at the workshop level. The supervisor reports to the factory director on the performance of the workshop. The deputy supervisor assists the supervisor in carrying out his duties as leader of the workshop.

3. The Level of the Work Group

The level of the work groups is below that of the workshop. The work group is the grass-roots organization involved in production activities, internal management, and economic accounting. The duties handed down to the workshop level by the factory director are directly carried out by the work groups. Consequently, production activities in the enterprise are actually carried out at the level of the work groups.

Work groups are organized according to the following two criteria: (1) production targets – for instance, a work group may be established for the production of a particular component; (2) the type of technology used – for instance, there are production groups engaged in lathe work, drilling work, milling work, or groups comprised of stokers, furnacemen, etc.

The work group is an economic accounting unit in an industrial enterprise. In the production process, labor, raw and secondary materials, energy, and mechanical tools are used. Without a system of economic accounting at the work group level, the system of economic accounting at the workshop and enterprise levels would not have a foundation; the system of economic accounting at the work group level enables the factory and the workshop to have a better understanding of the situation regarding the actual fulfillment of production, technical, and economic targets so that corrective action can be promptly taken to resolve problems and ensure that all targets will be met.

The primary duties and responsibilities of the work group

are severalfold: (a) to organize the production activities of all workers and equipment in that group; (b) to ensure that plans and quotas handed down by the workshop with respect to quantity and quality are met; (c) to make every effort to economize on the consumption of raw materials and energy resources; (d) to increase productivity continually; and (e) to lower the costs of commodities. To accomplish these goals the head of the work group must guide and organize the workers and cadres in the following tasks:

(1) in accordance with the plans issued by the workshop, make specific production arrangements in terms of personnel, equipment, and time; regulate the labor organizations; and mobilize the masses to complete all work preparatory to production. During the production process, the work group head must uncover problems and promptly correct them to ensure the successful attainment of production plans;

(2) strictly implement all rules and regulations, ensure high-quality products, and guarantee production safety;

(3) maintain accurate records and statistics so as to provide a reliable basis for all the enterprise's operations;

(4) develop a system of economic accounting in the work group and conscientiously strive for greater productivity;

(5) give full play to the enthusiasm and creativity of the workers in the work group and promptly correct any problems that may arise in the process of production;

(6) conscientiously study vocational and technical work and guide the workers in the area of production technology.

The head of the work group engages in production, but he must devote adequate time to administrative duties. The supervisor of the workshop must be fully briefed on the work group's performance at all times.

The work group must institute a set of reasonable management systems. These include systems of personal responsibility, work shifts, pre- and postshift meetings, and economic accounting among the work groups. If these systems are implemented efficiently, then the transition of production functions from one work shift to the other will be carried out smoothly, and accidents will be minimized.

The Staff* Organization

The staff organization is an administrative and advisory body of the administrative leadership at each level of the enterprise. The staff organizations at the levels of the factory administration, workshop, and work group all assume specialized management responsibilities in the areas of production, technology, economics, and workers' livelihood.

The staff organization at the level of the factory administration serves in an advisory capacity to the factory director and deputy factory directors and plays an indispensable role in production, technology, and administrative activities in the enterprise. Its primary responsibilities are to implement thoroughly the directives issued by the factory director and the deputy factory directors; assist the factory director and the deputy factory directors in performing production, technical, and administrative activities; and provide statistics and factual information to assist in the formulation of work plans.

The actual number of workshops and work groups in an enterprise is determined by the characteristics of that particular enterprise. These characteristics include the following: the scale of production; the degree of specialization; the size, precision, and degree of complexity of the commodity produced; the technological processes used; and the professional level of the workers. In general, in the larger enterprises, both administrative and technical offices are established. In the smaller factories, however, only sections and groups are established. In enterprises in which the level of automation is relatively high and the technology is relatively simple, the number of administrative staff members assigned to each workshop and work group can be minimized. Where the level of automation is relatively low, the technology is relatively com-

*In China, "staff" refers to personnel engaged in administrative work, not production processes. However, they are not necessarily management personnel as used in the Western context, because staff personnel extends to the lower levels of the organization as well.

plex, or a large variety of goods is being produced, the number of administrative personnel assigned to the workshop and work group should be increased commensurately. For that reason, industrial management departments should study the characteristics of their own production and management and determine individually the ratio of administrative staff to production workers to prevent overstaffing and thus decrease management expenditures.

The proportion of administrative personnel is also determined to a large extent, by the level of professional proficiency and technical competence required and the enterprise's work systems. Therefore, if efficiency is to be achieved in an enterprise, the leadership must constantly organize the administrative personnel to engage in professional study so as to learn as much as possible about advanced techniques in all specializations and thus raise their level of technical competence. The methods and systems of work must be constantly improved through professional education, and unnecessary procedures and reports must be reduced whenever possible in order to cut back on the number of administrative personnel.

Depending on their characteristics, the scale of production, and the complexity of their work, most medium- and large-sized industrial enterprises establish the following offices: administrative office, planning office, finance office, quality-control office, production management office, safety office, technical office, design office, tools office, energy supply office, raw materials supply office, distribution office, wage office, personnel office, security office, and general affairs office.

Smaller enterprises generally set up technical sections or groups. In these enterprises the work of several sections may be combined — for example, the supply and distribution sections. The personnel and security sections may similarly be combined to form one technical section.

The size of the administrative organizations in the workshop should be established according to work needs. In comparatively large workshops, management groups can be set up; in smaller workshops, management personnel can be provided. Whether a separate administrative level should be established depends on the actual complexity of the job. In general, the

following tasks should be the responsibility of administrative personnel: record-keeping and statistics; workshop planning; production management; supply of raw materials and tools; wages; technological and technical work; economic accounting; and quality inspection. Administrative personnel at the level of the workshop operate under the direct supervision of the supervisor of the workshop; but in professional terms, they are directly under the leadership of the management office at the factory administration level. Administrative personnel at the workshop level provide advice to the supervisor and deputy supervisors of the workshop. At the same time, the administrative personnel at the workshop level should assume responsibility for leading administrative personnel at the work group level in the performance of their professional activities.

The System of Industrial Democratic Management

1. The Congress of Workers and Staff

The Congress of Workers and Staff, which is made up of representatives from the workers and management personnel in the enterprise, is a powerful supervisory body in the area of enterprise management. It is an important system of administrative supervision and enterprise management in which democracy is promoted through the participation of workers and [administrative] staff members in decision-making processes. Effective implementation of this system can accomplish the goal of "democratic centralism" and stimulate the enthusiasm of the workers. It can also help overcome bureaucratism, assist in the correct handling of conflicts that may exist among the people, promote unity in production, and thus facilitate the attainment of both political and economic goals.

The Congress of Workers and Staff operates under the leadership of the Party Committee. Through the former, the policies, orders, and directives of the Party and the state are transmitted to the masses. The system also promotes democracy, integrates the needs of the leadership with the desires

of the masses, and correctly handles the relationships among national benefits, long-range benefits, personal benefits to the workers, and short-range benefits. It can properly coordinate the relationships among the enterprise's administration, the trade union, and the workers. Each enterprise should conscientiously and thoroughly implement the system of the Congress of Workers and Staff by establishing and convening such congresses.

The Congress of Workers and Staff is the organization through which the workers participate in enterprise management and supervise administrative leadership. It is not a conference at which administrative duties and assignments are meted out. The congress is not the highest authority in the enterprise, but it is not powerless: rather, it is a supervisory body with prescribed powers. The congress is not the highest authority in an enterprise, because state enterprises are owned by all the people. It must carry on its production according to state plans and must obey the directives issued by the higher authorities. But the Congress of Workers and Staff is not merely an advisory body. It is vested with the following powers:

1. It reviews reports prepared by the Party Committee Secretary and the factory director pertaining to political work and production administration. After deliberation, the congress passes relevant resolutions regarding these reports.

2. It supervises leading cadres at all levels in the enterprise, initiates criticism, and proposes ways for dealing with cadres who display bureaucratic tendencies, seek special privileges, suppress democracy, or violate financial or economic disciplines. It also has the power to recommend to higher authorities that disciplinary action be taken against those leading cadres who have flagrantly violated the rules.

3. It evaluates the enterprise's programs for production and plans for tapping potential strengths, innovations, and reforms.

4. It discusses, adopts, and makes decisions on plans for the utilization of welfare funds, the bonus system, and other incentive programs for workers.

5. It discusses and deliberates on other major issues pertaining to the workers' livelihood.

Delegates to the Congress of Workers and Staff are elected, according to fixed ratios, directly from the ranks of the workers. The delegates are thus responsible to their constituency — the workers. The term of office is two years, but re-elections are permitted. If the delegates perform poorly, they can be recalled or dismissed at any time.

The Congress of Workers and Staff operates under the leadership of the Party Committee. The meetings of the congress, which are usually held every quarter, are convened by the trade union. During the meetings a presidium is elected to run the meeting. There are no standing committees, so that between meetings, the trade union assumes the responsibility for routine duties, for maintaining contact with the delegates, and for seeing that all resolutions are carried out.

In order to give full play to the functions of the Congress of Workers and Staff, several concrete tasks must be completed, the most important of which is the election of delegates. The delegates must be progressive, in tune with the masses, and broadly representative. Regardless of the method of election, the selection of delegates must be accomplished through repeated discussion by the masses — this is democracy in action. The elected delegates must come from the workers and must be people whom the workers can trust and embrace. At least seventy percent of the delegates should be workers. Before each meeting is convened, a lot of preparatory work has to be done so that the meeting can be short, well organized, and devoted primarily to the resolution of issues. Holding successful meetings is the key link in the implementation of the system of the Congress of Workers and Staff. Since the report of the factory director is the most important substantive issue before the congress, it must be carefully deliberated and studied by the Party Committee before it is delivered. Any form of discussion or speech-making can be utilized to respond to the factory director's report, so long as it thoroughly promotes democracy, serves to unite the congress, and leads to a lively meeting at which issues are resolved. The enterprise leadership must listen to the delegates' opinions and criticisms with

an open mind and accept the masses' supervision. All relevant departments should respond to questions raised by the delegates; and the meeting must make resolutions regarding the central issues discussed, in order to facilitate their implementation.

2. Worker Participation in the Management of Work Groups

Worker participation in the management of work groups involves the direct participation of workers in the day-to-day work of managing production, technical, and economic activities, under the leadership of the head of the work group. It is an important factor in worker participation in enterprise management, a significant development in the implementation of the principle of "democratic centralism," and a manifestation of "following the mass line" in managerial work. Worker participation in the management of the work groups can stimulate the enthusiasm of the masses for socialism; greatly increase their sense of being masters of society; improve the relationships among leading cadres, managers, and workers; raise the workers' cultural and technical levels and their managerial skills; and constantly improve all managerial work in the enterprise.

Worker participation in the day-to-day management of the work groups is a professional form of management. Administrative responsibilities include the supervision of production, technical and economic plans, record-keeping, quality inspections, daily equipment maintenance, tool and materials control, attendance records, safety and sanitation, and economic accounting at the work group level. In order to allow workers to participate in day-to-day administration, the enterprise must divide the administrative duties within the work groups to fit the characteristics and specialties of individual members. For instance, within the work group there may be workers who are responsible for the following administrative functions: quality control, tools and materials maintenance, attendance records, production safety, and economic accounting.

The number of workers who participate in administrative functions must be determined by the specific needs of the group. Each worker who assumes administrative duties has clearly defined responsibilities. They all function under the unified leadership of the head of the work group but, at the same time, must accept the guidance and advice of the various management personnel at the level of the workshop. They must promptly make reports that reflect their group's work situation, which will prove beneficial in continually raising the level of technical competence of all personnel.

In order to promote collective wisdom and give full play to the enthusiasm of the workers, a system of meetings for the work group must be established and perfected. These meetings should be convened at both fixed times and irregular intervals to deal with the following issues: discussion and assignment of production duties; enforcement of labor and technological discipline; accidents involving men and machines; examination and analysis of serious waste in the use of raw materials; analysis and integration of all sorts of economic and technical quotas; and summation of investigations and experiences of all types of work. Through such meetings the performance of the work groups will be improved.

In order to improve the quality of worker participation in management, ideological and political indoctrination must be increased to constantly raise the workers' political consciousness and make the workers aware of the importance of worker participation in management. Within the work group itself, criticism and self-criticism sessions should be convened regularly to strengthen the unity of the workers within the group. But the greatest guarantee of improvement in the quality of worker participation in management is to strengthen the leadership of the Party Committee at the level of the work group.

The Enforcement of Rules and Regulations

To facilitate the implementation of plans and to ensure the efficient operation of production processes, all levels of man-

agement and workers must abide by a strict set of rules and regulations. These rules and regulations are the culmination of the country's experience in running industrial enterprises, the established practices and customs of all activities undertaken in the enterprise, and the code of conduct for all workers. During the years of the Cultural Revolution (1966–1976), rules and regulations were suspended at most enterprises. In those days, Lin Biao and the "Gang of Four" popularized slogans such as "Smash the system of rules and regulations and truly liberate all workers!"; "Establish enterprises without rules and regulations!"; "Emulate models that have no system of rules and regulations, but are successful in production!"

Since production technology is complex and the enterprise is made up of a large number of workers, it would be impossible for production to proceed smoothly without a set of rules and regulations that conform to the objective laws of production and management. Therefore, present-day socialist enterprises must implement and perfect a system of reasonable, scientific rules and regulations before the people can work effectively according to natural laws or subjective economic laws in their production, technical, and economic activities.

Having emphasized the need for rules and regulations, we must then ask what sort of rules and regulations an enterprise should establish and perfect. In general, the most important production management systems include: (a) personal responsibility; (b) attendance; (c) technical operating rules; (d) quality inspection; (e) equipment management and maintenance; (f) production safety; and (g) economic accounting. These systems should be constantly revised and gradually perfected as objective conditions change. Once a system of rules and regulations has been adopted, it must be strictly enforced.

A set of responsibilities is at the core of the system of rules and regulations. Without a system of strict responsibilities, production can only end in chaos. Stalin once wrote: "Under current conditions, when production has reached such heights and so many large-scale industries have come into existence, the phenomenon of no one's accepting responsibility presents

a grave danger to industry. This danger poses a threat to all of our achievements in production and organizations in every enterprise." It is obvious that present-day enterprises cannot operate for a moment without a system of strict responsibilities. A system of responsibilities must be established and perfected as a major step in the process of strengthening enterprise management. Every job and every work station require someone to assume responsibility. Similarly, every cadre, worker, and technician must have clearly defined responsibilities. Once the responsibilities of each individual are clearly defined, there will be little or no confusion as to who is responsible for what.

What are the components of a system of responsibilities? Since the specific conditions vary with each enterprise, there will be variations in the types of systems of responsibilities established. In general, they will include the following: (1) administrative responsibilities of the leadership at the levels of the workshop and work group, with the factory director in charge; (2) the responsibilities of the chief engineer and the chief accountant; (3) the responsibilities of the administrative organizations and their personnel; (4) personal responsibilities of production workers; and (5) personal responsibilities of service personnel.

Beyond these, personnel in the administrative organs of the Party Committee, trade unions, and the Youth League should also have clearly defined duties and responsibilities. We must eliminate the phenomenon of "things to do, but no one to do them, and people with nothing to do."

The Daqing oil fields (an oil field in northeastern China and a model enterprise) have proposed the following eight systems of responsibilities:

1. The system of personal responsibility. Each individual's responsibility is clearly defined. Each person is responsible for his job, and each job has its standards. Someone will regularly check on the individual's performance on the job.

2. The system of work shifts. This means that each shift gives a complete report on the state of affairs to the following

shift, which is important to ensure continuity in production.

3. The system of regular inspections. This involves inspection of the most important production positions, performed at a fixed time and place, in order to get a good understanding of the situation, make a record of materials on hand, discover problems, remove potential dangers, and guarantee production safety.

4. Equipment maintenance systems. Equipment must be properly maintained on a regular basis to guarantee the proper usage of all equipment and machinery and thus ensure the smooth completion of production activities.

5. Quality-control system. This refers to a system of clearly defined quality standards for every job and commodity.

6. Work station training system. This establishes the work station as the most important training site. At each work station the worker learns what to do, what to study, what is lacking, and what can be supplemented. Through this system of training at the work station the technical skills of the workers are constantly improved.

7. Production safety system. This is an indispensable system that sets clear standards of production safety to protect the workers' lives and health.

8. A system of economic accounting at the work group level. This is an important system in which the workers are called upon to manage financial matters efficiently and to practise thrift and frugality in all aspects of production work.

The eight systems listed above constitute the personal responsibility system of the Daqing oil fields. They sum up the multitudes of specific events in day-to-day production and the enthusiasm and energetic work on the part of the workers toward socialism.

We must point out that a proper guiding ideology is essential for the establishment and perfection of a set of rules and regulations in an enterprise. The system must accurately reflect continuous improvement of socialist industrial relationships; benefit the workers; strengthen the Party's leadership and consolidate the dictatorship of the proletariat; unite the

ranks of the workers; and arouse the workers' socialist enthusiasm for spurring the development of productive forces within the enterprise.

Once a system of rules and regulations has been established, it cannot remain fixed and unchanging. As production develops, as technology and technical knowledge advance, as the technical levels, skills, and ideological awareness of the workers rise, what was reasonable at one time may later become less relevant. Consequently, the rules and regulations must be constantly updated and revised so that they conform to changing objective conditions. The revision of rules and regulations must be approached with caution, however; for the stability and solemnity of the rules and regulations must be upheld. They cannot be casually negated, but must be revised in accordance with specified examination procedures. The rules and regulations must be written in plain, understandable language, and must not be overly philosophical, so that the workers can easily understand them and put them into practice.

The establishment and perfection of a system of rules and regulations do not signify the end of management work. The conscientious attitude of the workers must be relied upon to implement these rules and regulations thoroughly. To that end, intense and meticulous ideological and political indoctrination must be conducted among the workers to encourage them to implement the rules and regulations conscientiously and thoroughly. This will kindle their enthusiasm for socialism.

A system of controls and evaluation will facilitate the implementation of the rules and regulations. Evaluation of how various individuals and work groups adhere to rules and regulations must be conducted at both fixed and irregular intervals. The performance of various individuals and work groups will be compared. Those individuals and work groups that have excelled in their performance should be duly rewarded. Awards include both material and nonmaterial incentives, and should be granted on both individual and collective bases. Through the use of rewards, workers will be encouraged to abide by the rules and regulations, and thus to improve their performance.