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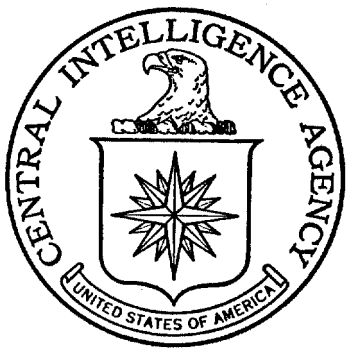
PROVISIONAL INTELLIGENCE REPORT

THE INDUSTRIAL LABOR FORCE OF COMMUNIST CHINA 1950-55



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THE INDUSTRIAL LABOR FORCE OF COMMUNIST CHINA 1950-55

CIA/RR PR-133

(ORR Project 45.547)

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S-E-C-R-E-T

THE INDUSTRIAL LABOR FORCE OF COMMUNIST CHINA*
1950-55

Summary

The most serious labor problems facing the Chinese Communists are unemployment and a shortage of skilled labor. Of the two, it is believed that the surplus of unskilled workers, which is responsible for unemployment and underemployment, will be the more difficult problem to solve. The shortage of technical skills, although a decided hindrance, does not cripple industrial development and will probably be eased by the increasing number of technical specialists and the accrual of industrial experience. The problem of surplus workers, however, is more difficult to solve because its very essence is overpopulation -- too many people for too few jobs.

In 1953 the labor force of Communist China probably included 303 million of the total population of 582.6 million people. This total labor force was composed predominantly of agricultural workers, with only about 20 percent, or 62 million people, classified as nonfarm workers. Employment in industry probably accounted for no more than 10 percent of the nonfarm workers, or approximately 6 million people. Although industrial workers accounted for only 2 percent of the total labor force, and despite the rapid expansion of industrial facilities, there is increasing evidence that industry has hired a larger labor force than it can efficiently use at this stage of development.

Industrial employment has grown rapidly under the high priority accorded it by economic plans. Labor allocation agencies, which have the task of controlling the distribution of labor for construction and industry, found a sufficient source of labor among the urban unemployed to meet all commitments for economic construction. Such projects, however, have not alleviated the problem of urban unemployment. It is doubtful whether these new jobs equaled the number of jobs abolished by the Chinese Communist attack on private commercial and manufacturing enterprises in 1952.

* The estimates and conclusions contained in this report represent the best judgment of ORR as of 1 January 1956.

Throughout the period of Chinese Communist control, the influx of surplus farm labor into the cities has continued despite Communist attempts to halt this migration. To complicate the matter further, official Communist policy called for the emancipation of women, including equal rights to employment, with the result that women have increased the size of the urban labor market by entering occupations previously closed to them.

Underemployment in industrial plants is illustrated in the current drive to increase productivity and reduce costs by removing surplus workers. In this campaign the Chinese Communists have cited considerable evidence of surplus workers, especially in the administrative and service sections of industry. Under present plans, these workers are to be withdrawn; and since no alternative employment has yet been suggested, it seems likely that they will join the urban unemployed. Communist authorities are displaying an increasingly pessimistic attitude toward unemployment, apparently recognizing that Marxian theory is a poor substitute for a job.

Involuntary labor serves to channel some of the surplus labor into productive work. Forced labor has drained off some of the urban unemployed but not enough to ease the problem. A far greater number of involuntary workers have been drafted for corvée labor.* Water conservation, land reclamation, road construction, and irrigation and sanitation projects have absorbed enormous numbers of surplus labor at a minimal cost to the state and also have made real contributions to the economic growth of the country. This labor force has been drawn principally from the rural population, however, and thus has done little to ease the problem of urban unemployment.

Controls over labor have been strengthened steadily since the Chinese Communists came to power. Beginning with a generalized control over the labor market, the government has since extended controls down to the individual worker through a set of disciplinary regulations. Any accidents, mistakes, or shortcomings in the process of production are now punishable under a system of strict accountability. The constant pressure to raise productivity also adds to the burdens of industrial workers. The frantic pace being set by many plants is revealed in the increase in working hours, round-the-clock working shifts, shock work, and speedups. In addition to reflecting

* Unpaid or partly paid labor exacted by public authorities, especially for highways and other public works.

faulty management, this trend emphasizes the shortage of both machines and skilled operators.

The Chinese Communists claim to have compensated workers for the increased workload by increases in wages and welfare services, especially in those benefits included under the labor insurance law. While there is no doubt that industrial labor has fared better than other sectors of the labor force, there is reason to doubt that the actual benefits have begun to approach the promises featured in Communist propaganda.

Initial Chinese Communist efforts at reconstruction and industrialization were severely handicapped by acute shortages of skilled workers and technical specialists. In order to remedy this situation in the shortest possible time, the Communists pursued three courses of action. First, they relied heavily on foreign technical specialists, both Soviet and Japanese. Second, they instituted firm controls over the distribution and allocation of the few available technicians and skilled workers. Finally, they organized accelerated training programs both in the schools and in the factories. In general, these measures have had considerable success in alleviating the shortage. The Chinese have recognized, however, that the long-term solution must be sought by expanding and improving the educational system, and a maximum effort is being made in this direction.

The quality of academic work has suffered considerably in the rush to expand educational facilities and to achieve short-term quantitative goals in enrollments and graduations. Great stress has been put on "practical work," with the result that many educational institutions have been converted into trade schools. The demand for skilled workers has been so urgent that secondary technical schools have been attached to factories and mines so that the students can integrate their studies with actual working conditions. In addition, industrial plants have been encouraged to develop their own training programs in an effort to speed up the training process. On-the-job training and spare-time training have thus made a large contribution toward reducing the shortage of skilled and semiskilled workers.

I. Estimated Size of the Labor Force.

According to the official Chinese Communist census of the population, there were 582.6 million people on the China mainland in mid-year 1953. The predominantly agrarian character of this population is emphasized by the classification of 505.3 million people -- 86.7 percent of the total -- as rural inhabitants. Although not defined by the Chinese Communists, the term rural probably refers here to inhabitants of towns and villages of less than 10,000 people. The rest of the population of the Chinese mainland -- 77.3 million people, or 13.3 percent of the total -- live in cities. 1/*

No statistics on the total labor force** in Communist China have yet been made available. On the basis of comparative data from other Far Eastern countries, 2/ however, it is estimated that the total labor force of Communist China in 1953 numbered approximately 303 million people, or 52 percent of the total population. This percentage may be compared with 47 percent in the USSR, 3/ 48.3 percent in Thailand, 43.7 percent in Japan, and 39.5 percent in the US. The higher rate shown for China includes a considerable number of underemployed and many unemployed people. As is the case with most underemployed populations, low income tends to pull family members into the labor force who might otherwise have remained nonworking dependents. This is true, for example, of peasant housewives, 60 to 80 percent of whom are believed to participate in agricultural production. 4/ It is also true of children who cannot be accommodated in the overcrowded school facilities of Communist China.

Table 1*** shows the estimated population and labor force of Communist China in 1953.

* For serially numbered source references, see Appendix B.

** The use of the term labor force in this report follows the practice of the US Bureau of the Census. It includes all those people above a certain age who have jobs or are looking for jobs. It includes unpaid family labor and those temporarily laid off. This definition is sufficiently broad to include in China, what might otherwise be marginal groups, such as the underemployed and the unpaid family workers.

*** Table 1 follows on p. 5.

Table 1

Estimated Population and Labor Force
of Communist China
1953

Millions

	Population a/	Labor Force
Urban	77.3	40
Rural	505.3	263
Total	582.6	303

a. Official figures of the Chinese census as of 30 June 1953.

The US Bureau of the Census estimates that of the total China mainland population, 71.7 percent, or 417.9 million people, were in the working ages of 10 to 69 years old. Of this group, it is believed that 72.5 percent, or 303 million people, were in the labor force in 1953. Among the estimated nonworking population of 279.6 million people, children below the age of 10 years accounted for 155 million, and the remaining 124.6 million people included housewives, students, and unemployables such as the physically handicapped. It is believed that the Chinese labor force includes most of the available labor, so that no large reserve of nonworking employables exists to be called upon in an emergency. Any significant increase in production probably will come from the more efficient use of the existing labor force, especially the underemployed, rather than from an enlargement of the total working force.

The Chinese urban labor force in 1953 is believed to have contained at least 34 million workers engaged in nonfarm employment. It is also estimated that in the rural labor force approximately 28 million individuals were engaged principally in nonfarm occupations. The resulting total of 62 million people in nonfarm employment represents slightly more than 20 percent of the total labor force. Unfortunately, these estimates cannot be documented with reliable statistics. Before 1955, Chinese Communist announcements

contained almost no useful information on the size of the labor force, a subject which apparently was as much a mystery to the Chinese as it was to outsiders.

With the publication of the First Five Year Plan (1953-57), however, the Chinese Communists released information on the size of certain sections of the nonfarm labor force at the beginning of 1953. Although no definitions were given for the various categories of workers, it is probable that the 21 million workers listed were all wage and salary earners. This group accounts for only one-third of the estimated nonfarm labor force of 62 million people, and the remaining two-thirds, or 41 million workers, are evidently self-employed, unemployed, or only partially employed. Most of the self-employed among the nonfarm workers are handicraft workers, private traders (usually peddlers), or, to a lesser extent, fishermen or forestry workers.

Table 2* shows the number of wage and salary earners in Communist China by socialized and private sectors as of 31 December 1952.

The First Five Year Plan of Communist China calls for an increase in the number of wage and salary earners from 21 million at the end of 1952 to 25 million by the end of 1957. This net increase amounts to only 20 percent over the 5-year period, or approximately 4 percent a year. The socialized sector of the labor force -- workers in state, cooperative, and joint private-state enterprises -- is expected to increase from 10.1 million in 1952 to 15.5 million in 1957. The socialization of private enterprises accounts for part of this increase, an expected 1.1 million workers over the 5-year period. By the end of the first 2 years of the First Five Year Plan, approximately 56 percent of the total planned increase had already been attained, and the absorption of the 1.1 million workers from private enterprises by the socialized sector was already accomplished. 5/ Workers in industry totaled 5.4 million at the beginning of 1953. Of these, workers in private industry accounted for 2.5 million of the total, leaving 2.9 million workers in socialized or partly socialized industries. Employment in the socialized sector of industry is expected to increase to 5.1 million workers by 1957.

* Table 2 follows on p. 7.

Table 2

Wage and Salary Earners in Communist China
by Socialized and Private Sectors a/
31 December 1952

Thousand Workers

Segment of the Economy	Socialized Sector (State, Cooperative, and Joint State-Private Enterprises)	Private Sector	Total
Industry	2,864	2,542	5,406
Building industry	1,021		1,021
Transportation, postal, and telecommunications	716		716
Commerce	1,134	2,320	3,454
Finance	305		305
Agriculture, water conservation, afforestation	239		239
Municipal public utilities	41		41
Government organs and mass organizations	1,523		1,523
Cultural, educational, and health services	2,282		2,282
Handicraft wage earners and native transport		6,035	6,035
Total	10,125	10,897	21,022

a. 6/

Table 3* shows details of the expected increase in the socialized sector of the labor force under the First Five Year Plan of Communist China, 1953-57.

The Chinese Communists may find that the main difficulty with these goals is that they are too easily attainable. The rapid growth in the number of industrial workers during the first 2 years of the Plan 7/**

* Table 3 follows on p. 8.
** Continued on p. 10.

Table 3

Expected Increase in the Socialized Sector of the Labor Force of Communist China under the First Five Year Plan a/*
1953-57

Segment of the Economy	Number of Workers 1952 (End of Year)	Number of Workers 1957 (End of Year)	Expected b/ Percentage Increase 1952-57
Industry			
State	2,513,000	3,836,000	52.6
Cooperative	130,000	222,000	70.8
Joint private-state	220,000	1,077,000	389.8
Total	2,864,000	5,135,000	79.3
Building industry	1,021,000	1,765,000	72.9
Transportation, postal, and telecommunications			
State	707,000	1,068,000	50.9
Joint private-state	9,000	25,000	177.8
Total	716,000	1,093,000	52.5
Commerce			
State	492,000	1,075,000	118.3
Cooperative	641,000	1,012,000	57.8
Total	1,134,000	2,087,000	84.1

* Footnotes for Table 3 follow on p. 9.

Table 3

Expected Increase in the Socialized Sector of the Labor Force of Communist China under the First Five Year Plan a/
1953-57
(Continued)

Segment of the Economy	Number of Workers 1952 (End of Year)	Number of Workers 1957 (End of Year)	Expected b/ Percentage Increase 1952-57
Finance			
State	298,000	369,000	24.0
Joint private-state	8,000	8,000	0.0
Total	305,000	377,000	23.4
Agriculture, water conservation, afforestation	239,000	610,000	155.5
Municipal public utilities	41,000	96,000	134.7
Government organs and mass organizations	1,523,000	1,578,000	3.6
Cultural, educational, and health services	2,282,000	2,744,000	20.3
Total labor force	10,124,000	15,484,000	52.9

a. 8/
b. As given in the text. Minor discrepancies may be the result of rounding.

has increased the cost of wages without increasing productivity. As a result, a campaign has been launched to reduce costs and increase the productivity of labor by eliminating surplus workers and controlling the practice of excessive hiring. As will be discussed later, the Chinese face no problem in meeting quantitative goals for industrial employment. The achievement of qualitative standards of skill, however, is of continuing concern to the Chinese planners.

II. Industrial Employment.

A. Recruitment of the Industrial Labor Force.

The present industrial labor force was recruited almost entirely from urban labor. When the Chinese Communists came to power, they found an immediately available reservoir of unemployed labor in the cities. They faced serious problems in the distribution and allocation of labor, however, because of the small number of experienced workers and skilled technicians. One of the first Communist steps in initiating industrial recovery in the northeast area, therefore, was an attempt to recover factory and mine workers who had been dispersed during the intermittent fighting between 1945 and 1949. 9/

In addition to returning these experienced workers to their former jobs, the Chinese Communists began a recruiting campaign to supply the northeast area with sufficient workers to carry out reconstruction and step up new industrial construction. By the end of 1953, there were labor allocation agencies in 93 cities. In 1953 these agencies placed a total of 450,000 workers in jobs in the northeast area -- 61 percent of them in basic construction units. 10/ In Shanghai alone, from 1950 to 1953, more than 263,000 unemployed, including more than 50,000 skilled workers, 11/ were placed in jobs by the labor bureau of the municipal government. 12/

B. Influx of Peasants into the Cities.

The concern of Chinese Communist authorities over the unemployment problem was limited to the urban areas. The vast numbers of rural unemployed and underemployed were never included in Communist estimates of the jobless. Although the rural unemployed were allowed to register for construction work before 1952, no serious recruiting effort was made on their behalf, and by 1952, active steps were being taken to discourage the migration of surplus farm labor to the cities. 13/

According to the Communists, the unemployment problem was complicated by the fact that "the rural surplus labor force is moving blindly in an unorganized manner toward cities." 14/ In the spring of 1953, following reports of increasing numbers of peasants migrating into the cities, the Government Administrative Council issued a directive aimed at preventing further movement of surplus rural labor into the urban areas. 15/ This order obviously was unsuccessful, because the following spring brought a repetition of the movement, with the result that the Ministry of the Interior and the Ministry of Labor were forced to issue a joint directive on 12 March 1954 calling on the local governments to "halt the continuous migration of peasants to the urban centers." 16/ This directive ordered the local governments to inform the peasants, through intensive propaganda, that industrial construction was only in the initial stages and did not require additional workers. At the same time, factories and mines were ordered to notify their local labor bureaus of their labor requirements and were warned that "any arbitrary recruitment of workers will not be tolerated and that those who persist will be strictly dealt with." 17/

The persistent recurrence of this influx of peasants reflects chronic underemployment in the rural areas as well as the hope of better living conditions in the cities, made even more attractive by the great emphasis in Communist propaganda on industrial achievements. This migration of population would not be a serious threat if opportunities for urban employment were expanding sufficiently to absorb some of the surplus rural labor. This obviously is not the case, however, nor has it been true since the Chinese Communists came to power.

C. Opportunities for Urban Employment.

It is doubtful whether opportunities for urban employment have kept pace with the growth of the urban labor force in Communist China. Although industrial employment has undergone a rapid increase since 1949, this has not been true of other employment sectors of the urban economy. Opportunities for employment in commercial and service occupations were severely curtailed by the anticorruption campaign, which reached its peak in 1952 and resulted in the closing of many shops and small factories when the owners or operators were forced out of business. 18/ Because the rural migrants were traditionally absorbed by tertiary industries rather than manufacturing industries, this sharp decline in service and commercial opportunities left most of the destitute peasants with no prospect but continued unemployment.

The manufacturing and construction industries found a supply of labor which was more than sufficient among the urban unemployed who, according to government edicts, had first priority on jobs.

Because Chinese Communist government controls have been only partly successful in stemming the influx of the rural population into the cities, there has been a rapid increase in the urban population, with the industrial cities expanding at unprecedented rates. Industrial cities such as An-shan, Fu-shun, T'ang-shan, and T'ai-yuan have reportedly tripled in size between 1950 and 1953, and the total urban population has increased 40 percent from 1950 to 1953, according to official claims. 19/ Although part of this increase may be attributed to improvement in estimates of the population, there is little doubt that the influx of peasants has increased the urban population and seriously complicated the problem of unemployment.

1. Women in the Labor Market.

To complicate the problem further, the Chinese Communist government has gone to great lengths to encourage women to enter the labor force. Although women have not previously entered the industrial labor force in large numbers, except in the textile industry, they have traditionally contributed heavily to farm labor -- as many as 60 percent to 80 percent of the rural women participating in agricultural production, according to Communist estimates. 20/ With the current emphasis on equality between the sexes, women are entering industrial employment in an increasingly wide range of jobs in heavy industry as well as light industry. 21/ The increasing number of women in the urban labor market and the rapid growth of urban population have resulted in the expansion of the urban labor supply at a faster rate than opportunities for employment. In addition to the obvious problems of unemployment, this situation has brought about an urban counterpart to the rural underemployment which is so characteristic of China.

2. Urban Underemployment.

The sheer abundance of labor in Communist China has encouraged its inefficient use and has resulted in the overstaffing of industrial operations on the administrative and service levels, as well as in the overrecruitment of unskilled labor. Technicians and skilled workers are obvious exceptions, because the supply is

still far short of industrial demands. For the remainder of the urban labor force, however, the excess of workers has generally resulted in the proliferation of administrative sections and the maintenance of large pools of unskilled labor.

The coal industry of Communist China may be cited as an example of this development. According to official statements, in 1953 the "administrative staff in State coal mines constituted on an average about 32 percent of the production personnel -- over 50 percent in some individual units -- and the number of idle workers in productive workshops generally exceeded 10 percent." 22/ In an attempt to rectify these conditions, the Ministry of the Fuel Industry has listed the inefficient utilization of labor as one of the main problems of the coal industry and has issued resolutions calling for the reduction of administrative personnel, the elimination of idle workers, and a general improvement in the organization of labor. As an example of successful reorganization of labor, the Communists have cited the T'ang-shan Mine, where one mining team was reduced in personnel by 18 percent and yet fulfilled its quota and increased efficiency by 50 percent. Later, when an additional 10 percent of the original personnel was withdrawn, the daily output increased by 57.9 percent. 23/ Although these results seem extreme, they serve to illustrate a relatively new trend in industrial labor planning. For example, the Fu-shun Mining Administration has developed a plan for production in 1955 which calls for a 10-percent increase in output over 1954 and at the same time a reduction in the labor force of several thousand men. 24/

Reductions in the labor force are not limited to the coal industry. In the electric power industry, for example, the Shih-ching-shan plant planned to operate in 1955 with personnel reduced by 21 percent. 25/ The Pen-ch'i Construction Engineering Company plans to economize on construction costs by reducing the number of administrative personnel, which had expanded to a ratio of 1 administrator to every 3 workers. 26/ Criticism has also been aimed at the Pen-ch'i Iron and Steel Company, where nonproduction workers increased from 23 percent of the total in 1950 to 36 percent in 1953. This increase in nonproduction workers resulted from the expansion of welfare and service functions -- such as the public health office, the housing section, and the building and grounds maintenance section -- and of the number of dormitory managers, doormen, statisticians, cashiers, and kindergarten workers. 27/

This attack against overstaffing even includes top-level central government organizations, where it is claimed that surplus personnel have impaired efficiency. The Ministries of Agriculture, Internal Affairs, and Light Industry, the Second Ministry of Machine Building, and the Government Organs Affairs Bureau of the State Council have recently made preliminary proposals for reorganization calling for reduction of existing personnel by more than 50 percent. 28/

These practices of overstaffing and spreading work are by no means new to China. They are the natural outgrowth of cheap and abundant manpower and, as such, have a long history in China. The purpose of Communist attempts to eliminate or reduce this form of underemployment is to reduce the cost of production by increasing the productivity of labor. There seems little doubt that the present levels of production in many sectors could be maintained even with significant cutbacks in the labor force, and this, of course, could be cited as an increase in the productivity of labor. 29/ It would also represent a saving in the cost of production by reducing payments for wages. Unless additional jobs can be created, however, the net effect of any extensive campaign to reduce surplus workers will be to increase the ranks of the unemployed. In the long run, moreover, the state may find it less expensive to maintain underemployed workers than unemployed workers.

3. Urban Unemployment.

Chou En-lai has admitted that the problem of unemployment in Communist China will continue for a comparatively long time because the population is enormous and productivity is still low. 30/ This statement is more realistic than those made by official planners in the past, when it was expected that economic progress would be rapid enough to eliminate unemployment and guarantee full employment. The earlier plans ordered state and private enterprises "to retain supernumerary workers who have been uncovered through the enforcement of production reforms and the raising of work efficiency." 31/ These surplus workers were to be kept at full pay and trained as reserves for future expansion. The urban unemployed were to be registered in the municipal labor offices and allocated to the new economic construction sites after the workers had received necessary training. 32/

The earlier plans are in rather sharp contrast with present policy, which is more in line with Chou's statement that unemployment is a long-term problem with no solution in sight. At a conference on unemployment held in Peking, the Ministry of Labor recently announced that the old relief program had been detrimental to production and had wasted relief funds. A new program was proposed which stressed the necessity of individual initiative among the unemployed workers in locating jobs. It was also stated that placement and retraining of the unemployed would be geared to the actual needs of production and not regarded as relief measures. 33/ Relief measures have also changed considerably, according to an announcement of the National Conference on Urban Relief Work held in Peking in December 1954. Instead of receiving direct relief, the "indigent people" of urban areas are being organized into seasonal production teams for undisclosed types of work. At the time of the announcement, approximately 250,000 people were organized into such teams in 52 cities. 34/

This change in policy apparently resulted from a recognition of the immensity of the task. The manpower resources of urban Communist China are already so much larger than the possibilities for employment that ameliorative measures, such as relief or government-financed training, are increasingly regarded as too severe a drain on the national economy. Equally discouraging to the authorities must be the knowledge that any improvement in urban standards of living acts as further incentive for the migration of surplus rural labor to the cities. Any significant decline in urban unemployment would surely be counteracted by an increased influx of destitute peasants from the rural areas. However large the number of urban unemployed, it is dwarfed by the size of the surplus rural population. Any changes in policy on urban or industrial employment, if they are to have any hope of success, must therefore also consider the enormous rural population.

Recognition of the dangers of an influx of surplus farm labor into the cities has resulted in strong government measures against this movement as well as efforts to return the destitute peasants who have successfully evaded these restrictions. According to newspaper reports, Shanghai authorities plan to evacuate 1 million unemployed, 80 percent of whom are peasant migrants. At least 400,000 of the surplus population of Shanghai were removed from the city during a 4-month period in 1955, 35/ but this movement is apparently being curtailed because of difficulties in obtaining work and food in rural areas for the evacuees. 36/

Other measures to cope with unemployment have included the development of large-scale uses for unskilled labor such as water conservation projects, land reclamation, road construction, irrigation projects, and sanitation efforts. By their very nature, however, these projects are better adapted to the use of the underemployed peasants rather than the unemployed urban population. Corvée labor has been extensively used for these projects, and such a system tends to work better in peasant villages, where there is a tradition for such contributory labor. Moreover, problems of transportation are such that it is generally more convenient to recruit large labor gangs from the immediate area of the project. It is not only cheaper, therefore, but also more efficient to recruit workers from the rural labor force.

D. Forced Labor.

As a means of channeling surplus labor into productive work, forced labor is assuming increased significance in Communist China. The Communists have announced that "over 83 percent of the prisoners in penal institutions of the country are engaged in agricultural or industrial production as work teams erecting new buildings, clearing timberland, or building water conservation projects, railways, or highways." 37/ Although the Communists have never given any information on the number of people undergoing "reform through labor," they have admitted that "labor reform has saved the state immense amounts of money and has created economic wealth for the nation ... both in providing goods for basic construction and for public consumption." 38/

To define forced labor in terms of convict labor, however, restricts the meaning to limits too narrow for the total number of involuntary workers in Communist China. In addition to the forced laborers in prison camps, the Communist authorities control a large number of involuntary workers, composed of the corvée laborers previously mentioned and similarly drafted personnel from the ranks of famine victims, refugees, and the unemployed. Some idea of the size of this fluctuating labor pool may be gained by citing the example of dike repair work during the winter of 1954-55 in the middle reaches of the Yangtze. The plan called for 5 million to 6 million civilian workers over a period of 3 months. It was specified that the laborers were to be paid for the work in lieu of relief, indicating that the working force was to be selected from among the victims of the floods in 1954. 39/ Subsequent reports indicated that over a 2-month period,

more than 3 million workers had moved more than 120 million cubic meters of earth in repairing dikes along the lower and middle reaches of the Yangtze River. 40/ This operation, although larger than most, is representative of current uses of drafted surplus workers. On such a project it would be extremely difficult to make any clear distinction between forced laborers, involuntary laborers, and free laborers. Because all labor is coming under increasingly stringent control, the categorical differences between free and involuntary labor are rapidly reduced to a matter of degree.

E. Labor Discipline.

Controls over Chinese labor, especially the industrial workers, have become increasingly severe in the past 5 years. In addition to the controls over the labor market previously mentioned, the government has further restricted the freedom of the Chinese worker by instituting a set of detailed labor regulations for the enforcement of labor discipline. The central government promulgated those rules in July 1954, apparently in the form drawn up by the All-China Federation of Trade Unions, 41/ with the hope that improved labor discipline would result in higher productivity and improved quality of products. Although developed mainly for state-operated enterprises, the rules were clearly intended as a model for labor regulations to be drawn up by joint state-private, cooperative, and private enterprises. Thus the rules can be taken as the standard for labor regulations throughout Communist China.

One of the most significant provisions of those rules requires each applicant for a job to furnish certification of his past record, including his release from his last employment. No worker may resign or transfer from his job without the approval of the manager at his place of work, any such attempt being considered a breach of labor discipline. A system of responsibility is to be set up so that a strict accountability can be made for defective products or errors in production. Workers are enjoined to "fulfill and overfulfill the production target ... be punctual in attendance, apply the entire working period to production, do nothing unrelated to production, engage in no idle talk, take no idle walk, do not interfere with the work of others." 42/ The risk involved in ignoring these rules is clearly spelled out in the section devoted to penalties. Punishment ranges from warnings, fines, and demotion to dismissal and trial before the courts for "economic sabotage." Workers who turn out defective products or who damage tools

or equipment in the course of their work are to be held responsible for "part or whole payment of compensation for the material loss." The amount of compensation is to be decided by the management and deducted from the worker's wages until it is paid in full. 43/

The application of penalties for lapses of labor discipline has apparently been far-reaching, judging by the announced need to expand the People's Courts attached to factories, mines, and economic construction sites. 44/ Created for the purpose of adjudicating cases of "economic sabotage," these courts had disposed of 90,000 cases in 1 year. In spite of such measures, the Chinese Communist newspapers continued to demand stricter labor discipline and punishment for acts inimical to economic construction. 45/ The extent to which punitive sanctions have been used was revealed in an editorial in the Peking Worker's Daily. 46/ Under the title of "Oppose the Trend of Punitivism," the Worker's Daily argues that punishment, although necessary, has been used to excess. Failures to complete production plans, low productivity, and inadequate business management have all been blamed on the workers, with labor discipline being used as a convenient technique for shifting all blame to the workers.

F. Working Conditions.

The constant pressure to increase productivity in order to meet higher goals has put an increasingly heavy burden on the individual Chinese worker. Productivity drives and emulation campaigns are now common to practically all economic enterprises in Communist China. During these campaigns, workers are expected to fulfill or surpass production quotas by technical innovations, speedups, overtime, and holiday work. The results generally show some increases in production, but they also show even greater increases in accident rates, rejection rates, and mechanical breakdowns. Lai Jo-yu, chairman of the All-China Federation of Trade Unions, has described the consequences of drives to increase production as follows:

> There has been no limit to the prolongation of working hours; individual workers have worked continuously for 72 hours through additional shifts and working hours. In order to fulfill their tasks, individual factories have required their workers to work on Sundays for a period of ten months. On the surface, this unlimited increase of labor intensity has resulted in accomplishment of production of

> plans but actually it has brought about damage to the State in varying degrees. As a result of exhaustion, sickness and casualties have been serious. There are quite a few cases in which, owing to exhaustion, workers have fainted, vomited blood, or even died. In individual factories, increased shifts and working hours reached 260,000 hours, but the number of hours lost due to sick leave amounted to 220,000, the two almost cancelling out each other. Moreover, owing to shock-work, the quality of products has failed to reach the planned targets. The huge expenditure for increased shifts and working hours has increased the cost of production. 47/

1. Hours.

According to industrial experts in a Dutch mission to Peking, the Chinese Communists are using manpower and machinery at a pace that surpasses anything previously seen by the observers. All the factories visited were working three 8-hour shifts per day. 48/ Although there is insufficient evidence for generalization, the number of reports on factories working around the clock is growing, especially in mechanized plants. 49/ In those plants working only 1 shift a day, there is evidence that the working day exceeds the 8 hours which the state claims as the standard. 50/ Even where production work is limited to 8 hours, workers are required to put in an additional hour or more attending classes devoted to political indoctrination. The workweek is normally 6 days, although this may be lengthened to 7 days during production drives.

The seeming contradiction between these reports of intensive utilization of labor and the previously reported conditions of unemployment and a surplus of labor can be explained mainly by differences in the type of labor involved. The greatest demands are made upon the skilled and the semiskilled workers in the manufacturing and extractive industries, especially those industries assigned a crucial role in the economic construction plans of the Chinese Communists. The pressure in these industries is centered on the skilled workers and technicians. The unskilled workers and administrative personnel are rarely in such great demand, because they are available in sufficient numbers. With machines and skilled operators in short supply, there is a strong tendency

to push the utilization of machines to the maximum. In the textile industry, for instance, the Communists claim that about 95 percent of the spindles in China are being operated on a 3-shift system. 51/

2. Labor Insurance Law.

Communist claims of rapid improvement in the living standards of the working class are based largely on reported increases in wages, welfare services, and labor insurance benefits. 52/ There seems little doubt that the welfare provisions in the Labor Insurance Law have greatly benefited the industrial worker. As amended in 1953, the law covers all manufacturing and extractive industries, construction, and transportation and communications enterprises having a labor force of over 100 workers. The workers do not contribute to the labor insurance fund. Management makes a contribution equivalent to 3 percent of the total payroll, and none of this is supposed to be deducted from the workers' wages. 53/ Welfare provisions include retirement pensions, medical treatment, injury compensation, sick leave, maternity leave, and funeral expenses. At the end of 1954 the Chinese Communists claimed to have extended labor insurance coverage to over 5.4 million persons. 54/ This group of workers, representing less than 2 percent of the estimated total labor force, is the industrial elite who have been directly engaged in large-scale economic construction and, as such, have monopolized the benefits accruing to labor. A very high percentage of this group probably belongs to the All-China Federation of Trade Unions, whose total membership reached 12.5 million in 1954. 55/ Membership in a trade union not only enhances the status of a worker but carries preferential treatment in most employment and welfare benefits. Another claim for improved living standards is based on the construction of 12 million square meters of housing for workers in 1953. 56/ The government has reported the construction, in addition to homes, of many new hospitals, clinics, and sanatoriums for the exclusive use of workers. 57/

3. Wages.

Communist claims of steady improvement in wages are far less convincing, but here again, relative to the total labor force, the industrial worker has made a better showing. At the present time a worker's pay is determined by three basic factors: (a) the type of industry, with the highest rates of pay for mining and heavy industries and with consumer industries at the bottom of the pay scale;

(b) the productive capacity of individual plants, with the larger and more efficient plants having a higher wage level; (c) the skill of the individual worker, usually classified by an eight-grade system. 58/ Incentives for higher output include piecework pay rates, bonuses for high output, and awards for technical innovations.

In order to make wage incentives consistent in large areas where prices vary, the Chinese Communists introduced a system for computing wages in terms of units of purchasing power. Thus a worker's wages are computed as a given number of units, the value of the unit being based on the price of a market basket of commodities. 59/ The value of this unit is announced periodically in the newspapers, and in 1954 it ranged from 2,000 to 2,500 JMP,* depending on the time and the locality. There are indications, however, that the wage unit was rigged so as not reflect the actual increases in commodity prices, with the result that increases in wages are lagging behind increases in prices for consumer goods. 60/ If this is true, the real wages of urban workers may have declined in the past 2 years. In any event, the First Five Year Plan calls for the gradual abandonment of the wage-unit system and a shift to the direct calculation of wages on a monetary basis.

The Communist claims of large increases in "real wages" cannot be accepted, because the definition of that concept is so vague as to defy calculation. According to their definition, "real wages" included nominal or monetary wages and funds for cultural or social benefits. The funds for cultural benefits included (a) allowances, pensions, subsidies, and other compensations in the form of money from the state or trade union organizations; (b) the services of education, training, and clinics provided by the state free of charge; (c) the benefits enjoyed by workers through reductions in the prices of foods. All this, plus the monetary wage, constitutes the "real wages." 61/ Since the state has failed to announce the cost of services extended to the workers, the concept is virtually useless.

As regards monetary wages, it has been announced that the average monthly wage of workers (presumably industrial workers) was from 500,000 to 600,000 JMP in 1953. 62/ Available information

* Jen-min piao (yuan). Through 1954, US $1.00 = 24,500 JMP. Beginning in 1955, US $1.00 = 2.45 JMP.

on scattered plants and industries tends to support this range. For example, the nonferrous metals industry reported paying average monthly wages of 496,000 JMP in 1953, compared with the planned average wage of 570,000 JMP. 63/ Monthly wages for workers at a T'ang-shan textile mill were announced as 548,000 JMP for 1953, a reported increase from an average of 465,000 JMP in 1950. 64/ More recent information indicates that the average monthly wages of the 5.3 million workers covered by labor insurance amounted to 62.89 yuan (new JMP) in 1954. 65/

III. Development of Technical Skills in the Industrial Labor Force.

A. Shortage of Technicians and Skilled Workers.

When the Chinese Communist regime launched the program of industrialization, it was immediately apparent that one of the most serious obstacles would be the shortage of skilled workers and technicians. Plans for large-scale economic construction demanded technical skills that were in acutely short supply. Since no basic statistics are available, it is impossible to determine the levels of skill available to economic planners in China. It is clear, however, that the Chinese labor force had and still has a very low proportion of skilled workers and technicians. This deficiency can be traced to the limited industrial experience and training available to the Chinese, which precluded the development of any large group of skilled industrial technicians.

The limited industrialization of China before the Communists assumed control was accomplished primarily through foreign technicians and managers, and little industrial experience accrued to the Chinese. In Manchuria, for example, the Chinese gained very little technical experience from Japanese efforts to industrialize the area between 1932 and 1945. Almost without exception the Japanese occupied the technical and administrative positions, and the Chinese worked as unskilled or semiskilled factory laborers. Furthermore, education in China, traditionally oriented toward training scholars and administrators, emphasized literary and philosophical subjects and devoted little time to technical or scientific subjects. Advanced training in engineering or the physical sciences, which had to be obtained outside of China, was received by relatively few students.

B. Attempts to Meet the Shortage.

It was against this background of limited technical experience that the Chinese Communists announced their plans for rapid industrialization. In their haste to advance economic construction, the authorities adopted three methods of coping with the shortage of technical personnel and assigned to each method a high priority. First, they relied heavily on foreign technicians, using the interned Japanese and accepting aid from their Soviet allies. Second, they sought to make maximum use of the few available technicians and specialists by distributing them according to the priorities of the industrialization program. Finally, they organized training programs, both in the schools and on the job, to turn out technicians as rapidly as possible.

1. Use of Foreign Technicians.

Japanese technicians and specialists played a significant role in helping reorganize production in Manchuria after the Communists came to power. Because the Japanese had had a monopoly on managerial and technical functions during their control of Manchuria, those experts trapped in China after World War II were well equipped to give specialized aid. The Communists recognized the value of the Japanese specialists and managed to make maximum use of their technical capacities. 66/

Soviet advisers in Communist China have been reported in practically all phases of economic construction and in a wide range of social and cultural activities. 67/ Information indicates that the Soviet advisers coordinate closely with the Chinese ministries in working out specific plans for construction projects. Soviet specialists and technicians may be assigned to various phases of the work, such as superintending projects, advising the Chinese managers, and training the Chinese workers in the required techniques. 68/ Soviet experts in China also include academic personnel assigned to Chinese colleges. People's University in Peking reportedly had 89 Soviet specialists on its faculty in 1953, 69/ and Russians have been reported teaching a wide variety of subjects in universities throughout China.

The prompt arrival of the Soviet technical experts and the availability of the interned Japanese specialists helped the Chinese Communists to alleviate a shortage of technical skills which could have restricted severely their initial efforts at economic reconstruction.

Not wishing to remain permanently dependent on foreign technical aid, however, the Chinese Communists also concentrated on the task of expanding their own technical force as rapidly as possible.

2. Redistribution and Allocation of Skilled Workers.

One of the primary reservoirs of skilled labor in Communist China, the city of Shanghai, sent out more than 63,000 skilled workers, technicians, engineers, and management personnel to construction sites throughout China in the 5 years from 1950 through 1954. The factories of Shanghai were also the training ground for additional skilled workers who, once trained, were sent to basic construction sites, usually in the northeast or northwest. 70/ Similarly, An-shan sent out large groups of technical workers to aid in construction and production in heavy industry plants in other areas. During the latter part of 1953, over 1,000 workers were sent to Peking, Pen-ch'i, Fu-shun, Mukden (Shen-yang), Ch'ang-ch'un, T'ai-yuan, and other cities. The personnel transferred included chief engineers, engineers, technicians, and technical workers. 71/ Although such moves contributed to more efficient use of the available skilled labor, the more important task of increasing the number of technicians and specialists was left to the training and education program.

3. Training Programs.

The first official Chinese Communist estimate of personnel requirements for economic construction was announced in late 1951. 72/ Over the period of the First Five Year Plan, the Chinese Communists estimated that their economic construction would require an additional 150,000 senior technical and administrative personnel and 500,000 intermediate and junior technical personnel. In addition to this total of 650,000 personnel for economic construction, the Chinese Communists listed a need for 1.6 million teachers -- 10,000 with college training, 100,000 with at least secondary school training, and the remaining 1.5 million with at least primary school training. They also stated a need for 200,000 additional health workers at the advanced and intermediate levels and an unspecified number of personnel for financial, administrative, and judicial work.

These preliminary and rather vague goals were extensively revised in the official version of the First Five Year Plan announced in 1955. The new goals call for a total of 283,000 graduates from colleges over

the period of the First Five Year Plan. In addition, the secondary vocational schools are expected to graduate 888,000 students, half of whom will become teachers and half junior technicians or administrators in industry.

Table 4 shows the First Five Year Plan for education in Communist China, 1953-57.

Table 4

First Five Year Plan for Education in Communist China a/
1953-57

School	Expected Number of Graduates 1953-57	Planned Enrollment for 1957
Colleges and universities	283,000	434,000
Secondary		
Vocational	888,300	671,800
Senior	602,000	724,000
Junior	4,093,000	3,983,000
Primary		
Higher	20,150,000	12,170,000
Lower	43,260,000	47,630,000

a. 73/

a. University Training.

The pressure to train specialists for economic, cultural, and health work has resulted in a rapid expansion of the enrollment in institutions of higher education. According to Communist claims, about 117,000 students were enrolled in colleges and universities in the academic year 1949-50. By the academic year 1954-55 the enrollment

was more than double that of 1949-50, having increased to 258,000 students.

Table 5 shows enrollment in institutions of higher education in Communist China, by academic year, 1949-55.

Table 5

Enrollment in Institutions of Higher Education in Communist China, by Academic Year a/ 1949-55

Type of Student	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
Graduate	629	1,261	2,168	3,520	4,249	4,700
Engineering	30,320	38,462	48,517	66,583	80,089	94,970
Education	12,039	13,312	18,225	32,108	39,958	N.A.
Medicine	15,234	17,414	21,356	24,206	29,025	N.A.
Other	58,911	68,282	65,304	67,961	63,444	N.A.
Total	117,133	138,731	155,570	194,378	216,765	258,000

a. 74/

Chinese Communist universities and colleges graduated 40,300 students in 1954, compared with 34,900 graduates in the spring of 1953 and 28,200 in 1952. The enrollment of new students has shown a similar steady increase, rising from 66,000 new enrollments in 1952 to 72,000 in 1953 and to 94,000 in 1954. 75/ The percentage of engineering students to the total enrollment has increased from approximately 25 percent in the academic year 1949-50 to 37 percent in the academic year 1954-55. In terms of absolute numbers, the enrollment of engineering schools in 1954-55 totaled 95,000 students and was thus 3 times the total number of engineering students graduated from Chinese universities over the 20-year period 1928-48. 76/

Although there has been an unusually rapid expansion in the enrollment of Chinese Communist universities and colleges, the 1954 graduating class of 40,300, including 15,000 engineers, was considered by the Ministry of Personnel to be "far from enough to satisfy the growing needs of the country." 77/ It is expected, however, that the graduations will increase in proportion to the increase in new enrollments, and in view of the expansion of polytechnical colleges, China probably will graduate at least 95,000 engineers during the First Five Year Plan.

The concentrated effort to turn out large numbers of college graduates has served to lower academic standards. The Communists themselves have acknowledged that there is "a serious tendency to strive blindly for quantity while disregarding quality." 78/ A serious shortage of specialized teaching personnel has grown in proportion to the increase in enrollments. It has been reported that 18 percent of the 1953 graduating class returned to teach university courses, 79/ thereby reducing the potential number available for economic construction. The unrelenting emphasis placed on proper ideological orientation, resulting in numerous meetings for political discussions, self-criticism, and the like, has cut severely into the time available for academic subjects. The dual objective of the Communists -- to turn out large numbers of college-trained specialists and at the same time to insure their political reliability by constant indoctrination -- has placed a heavy burden on the time and energy of students, resulting in lower standards of work. As a countermeasure to improve the quality of work, the suggestion has been made that engineering colleges and universities should gradually shift from a 4-year to a 5-year course of study. 80/

As a result of the high priority given to college training, the drive for increased enrollments made demands on the secondary schools which they were unable to meet. The plan for college admissions in 1954, for example, called for at least 90,000 new enrollments, despite the fact that senior secondary schools would graduate only 70,000 students that year. 81/ The admission plan was eventually overfulfilled, however, by the expedient of drafting 126,000 people to sit for the college entrance examinations, including not only the entire graduating class of the senior secondary schools but also graduates of worker-peasant and vocational schools and some 40,000 people from such groups as political cadres, discharged veterans, "intellectual youth," and primary school teachers. 82/ It is extremely doubtful whether the latter individuals met the normal prerequisites for college admission, and a further decline in quality of college students can therefore be expected.

b. Primary and Secondary Education.

In terms of total enrollments, the senior secondary schools of Communist China have grown at a slower rate than have the colleges and the primary schools. One of the most obvious reasons for this situation has been the shift in emphasis from general education to specialization, particularly in technical subjects. A more fundamental reason is the fact that, despite the unprecedented expansion of school facilities, educational opportunities are still severely limited.

The most striking evidence of failure in education is found in the Chinese Communist admission that more than 80 percent of the Chinese population is illiterate. 83/ Although the Communists claim to have expanded primary schools to an enrollment of 51.5 million students in 1954, they admit that this number includes only 62 percent of all eligible school-age children, leaving some 30 million children completely outside of the educational system. 84/

Enrollments drop sharply as one moves up the educational ladder. In the academic year 1953-54 the enrollment of 51.5 million students in primary schools contrast with the enrollment of 3.6 million in secondary schools and with the enrollment of about 216,000 in colleges. The large enrollment in primary schools should not be construed as an indication of future enrollments in the secondary schools or colleges. Chinese Communist authorities have made it clear that graduates of primary schools "must be instructed in the dignity of labor and prepared to work in industrial and rural centers." 85/ The great majority of students in the primary schools do not advance beyond the 4 years of instruction in the lower primary schools. There is a sharp decline at this level, with a much smaller enrollment for the succeeding 2 years of higher primary schools. The same is true for the secondary schools, which are divided into 3 years of junior secondary school and 3 years of senior secondary school. Over the 4-year period 1951-54, the junior secondary schools graduated approximately 1.1 million students and the senior secondary schools, more than 216,000 students. 86/ This high rate of attrition is in accord with the announced aim of elementary education to "train a reserve labor force with some political consciousness and cultural knowledge for industrial and agricultural production. The number of students who will enter junior middle /secondary/ school will constitute only a segment of the elementary school graduates." 87/

Table 6* shows details of enrollments in secondary and primary schools in Communist China, 1946, 1949, and 1953.

* Table 6 follows on p. 29.

Table 6

Enrollment in Secondary and Primary Schools
in Communist China a/
Selected Years, 1945-54

School	1945-47	1949-50	1953-54
Secondary			
Vocational			
Technical	137,040	77,095	299,994
Other (teacher training, health work, and the like)	245,609	151,750	397,102
Senior	317,853	207,156	359,532
Junior	1,178,031	831,808	2,571,636
Total secondary	1,878,523	1,267,809	3,628,264
Primary	23,683,492	24,391,033	51,504,312

a. 88/

The failure of the senior secondary schools to provide the colleges with an adequate supply of qualified students has threatened severely Chinese Communist plans for expanding the colleges. The First Five Year Plan apparently recognized this problem, however, since it called for a belated expansion of the secondary schools. The number of graduates over the 5-year period is supposed to reach 602,000 students, and enrollment in the senior secondary schools is scheduled to reach 724,000 students in 1957, almost tripling the enrollment in 1952. 89/ If enrollment should reach this planned figure, the colleges would be guaranteed an adequate pool of qualified candidates for admission.

c. Secondary Vocational Schools.

The reorganization of the secondary vocational schools -- undertaken in 1952 and largely completed by 1953 -- was aimed primarily at strengthening and expanding the technical schools. Before this reorganization the secondary vocational schools were predominantly normal schools, and the technical schools were limited mainly to training for light industry. Under the First Five Year Plan, total enrollment in the secondary vocational schools in 1957 is expected to be only slightly higher than in 1952. The composition of the enrollment will change drastically, however, and enrollment in the industrial technical schools is expected to double, while enrollment in normal schools will be reduced to 63 percent of that in 1952.

The need for skilled workers in industrial production is so great that graduates of the secondary technical schools are not allowed to take examinations for entrance to higher schools. 90/ They are expected to report immediately to work and cannot be considered for matriculation at higher institutions until they have worked for a definite period of time and can obtain the approval of their employers to leave their work. As is the case with graduates of the primary and the junior secondary schools, considerable bitterness reportedly has developed over this denial of opportunity for higher education. 91/

In the rush to turn out graduates, the vocational schools face the same problem as the colleges, that of maintaining adequate educational standards. This problem is especially severe in the technical schools affiliated with factories, mines, and other such industrial organizations, because these schools are under the administration of the industrial or economic ministry involved rather than under the Ministry of Higher Education. According to a directive of the Government Administration Council, the Ministry of Higher Education "will be responsible for providing unified guidance of the work of middle /secondary/ vocational education throughout the country." 92/ All operational problems, however, remain the responsibility of the industrial or economic unit sponsoring the school. Under these conditions, theoretical instruction has been restricted in favor of "practical" experience in production. It has been recommended, for example, that experience in production make up at least 25 to 35 percent of the instruction time, but it is quite possible that production work takes an even larger share of the students' time.

In addition, the students are exposed to the inevitable political indoctrination, which is estimated to take up at least one-fourth to one-third of the time available for instruction. Consequently, there is little attempt at general education in these schools. Theoretical background is greatly simplified and limited to the necessary prerequisites for specific tasks. Under these circumstances, it is questionable whether the technical training of the secondary specialized schools is greatly superior to on-the-job or spare-time training carried out in most Chinese Communist industrial plants.

d. On-the-Job and Spare-Time Training.

In addition to sponsoring secondary technical schools, the industrial plants and mines of Communist China are engaged in a variety of worker training programs. For example, the Mukden Cement Machinery Repair Plant is using three methods of training which can be considered representative of those being offered. 93/

The first method is an orientation course for apprentices entering the plant. This course consists mainly of a study of the plant rules, organization, inspection system, wage scales, and union benefits. One-third of the course is devoted entirely to political indoctrination consisting of a study of Communism. A final examination determines the job placement of the worker.

The second method of training is based on the traditional master-apprentice relationship. This type of on-the-job training is carried out under a contract agreed to by both master worker and apprentice and approved by the plant. A master worker may have one or more apprentices, depending upon the type of work.

The third method of training used at the Mukden plant is the spare-time class. This system uses skilled workers and technicians to help less experienced workers improve their technical skills. One obvious advantage of this method is that, by limiting the classes to off-duty hours, the training program proceeds without cutting into the schedule of production. According to a recent announcement, 94/ over 2.7 million workers throughout Communist China are attending training courses of this type. It is doubtful, however, whether all these workers are engaged in technical training. Many of the spare-time classes are devoted solely to the task of raising the low literacy rate of the workers as a prerequisite to training of a technical

nature. For example, of the 270,000 workers attending spare-time schools in Liaoning Province in 1954, 130,000 were attending literacy classes. 95/ The remainder were in spare-time primary and secondary schools, including secondary technical schools.

As an example of spare-time education devoted entirely to technical training, the state-controlled factories and mines of T'ai-yuan claimed a total of 30,000 workers participating in such courses during 1954. 96/ An even more impressive record of technical training is that of the An-shan Iron and Steel Company, which turned out 30,000 trained personnel from its various training programs over a 2-year period. 97/ This total apparently includes on-the-job training as well as spare-time classes and was made up in large part of personnel sent from plants and schools throughout Communist China for technical training at An-shan. Of the 600,000 railroad workers in China in 1953, it has been claimed that 200,000 have participated in literacy courses and 165,000 in technical courses. 98/

These figures indicate something of the extent of illiteracy among Chinese workers. It is obvious that technical training cannot be widely expanded until the problem of illiteracy is brought under control. As a result, the tendency has been to stretch the term "technical courses" to include any instruction, no matter how informal, which increases the familiarity of workers with mechanical or plant operations. Similarly, the title of "technician" is obviously used to include workers who are merely skilled or semiskilled by Western standards.

According to the Chinese Communist First Five Year Plan, the number of skilled workers is to grow by 920,000 over the period of the Plan. These workers are to be trained by the economic enterprises under the general guidance of the responsible economic ministry. Workers' technical schools and spare-time training classes are expected to turn out more than half of these skilled workers, and the remainder are to be trained on the job by the master-apprentice method. The number of workers to be trained by each economic ministry is as follows 99/:

Ministry of Heavy Industry	176,800
Ministry of the Fuel Industry	172,000
Ministry of the Machine Industry	174,100
Ministry of the Textile Industry	55,400
Ministry of Light Industry	22,900

Ministry of Geology	11,800
Ministry of Construction	39,800
Ministry of Agriculture	21,500
Ministry of Forestry	33,000
Ministry of Railroads	158,800
Ministry of Communications	19,800
Ministry of Labor	14,500
Ministry of Posts and Telecommunications	19,900

APPENDIX A

GAPS IN INTELLIGENCE

Gaps in intelligence exist in every phase of the subject of this report. In an analysis of the Chinese Communist labor force, the most serious gap is in the absence of basic data concerning its size. No statistical information is available on the size of either the total labor force or the urban labor force, and only partial information is available on employment by industry. The announcement of the First Five Year Plan furnished the best coverage of nonfarm employment to date, but even these data have serious shortcomings. Not only are the figures themselves at variance with previous announcements, but the units and categories are undefined. The reliability of this information cannot be fairly judged, because there are inadequate data for cross-checking.

No reliable data are available on unemployment or underemployment. Information on wages, hours, and general working conditions is somewhat more plentiful, although the variations in the data are often so extreme as to throw grave doubt on the use of any precise summary estimates. Rates of labor productivity, in spite of frequent mention in the press, are rarely usable, because the figures cited are invariably expressed in terms of percentage increases, and no information is available on the methods used in compiling these rates.

No comprehensive data are available on the level of skill of the Chinese labor force, although statistics on technical training are frequently announced for specific plants and schools. In general, education and training are the only subjects covered in this report for which reasonably complete information is available.

With regard to population statistics, the summary totals of the 1953 census seem reasonably reliable, but no detailed information on age, sex, or occupational composition has been forthcoming, and the usefulness of the summary totals is thereby greatly diminished.

The really serious gaps in basic information, such as the size and skill of the Chinese labor force, cannot be ascribed entirely to failures in the process of information collection. On the contrary,

it seems likely that the Chinese Communists themselves do not know the answers to many of the questions on manpower. It must be remembered that China had not previously had a centralized, efficient system for the collection of statistical data. The Chinese Communists are attempting to develop such a system, having repeatedly acknowledged the importance of statistical information for economic and social planning. It will necessarily be some time, however, before statistical competency is achieved. Nevertheless, it is reasonable to expect a steady improvement in both the accuracy and the coverage of statistics on population and the labor force.

APPENDIX B

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

Source of Information	Information
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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