

Chapter 7

WORKERS' SELF-MANAGEMENT IN POLAND

Roman Szul

For several decades now, Poland has been a popular subject abroad. During the whole post-World War II period up to 1980, few books and papers were written about Poland. Their authors were usually Poles living abroad or foreigners, with often, alas, only a superficial knowledge of Polish realities. Scarce, on the other hand, were papers written by authors living and working daily in the Polish reality they describe. The present chapter is intended to contribute, be it only a small degree, to bridging this gap regarding economic democracy through self-management.

Thus, it is intended to show what are the most important facts and problems from the history of workers' (employees') self-management in post-war Poland, with special consideration of the period after 1980. The choice of subject is motivated by the fact that this topic has become one of the central concerns in Poland.

The author wished to deal separately with the evolution of the theory and practice of self-management in Poland, but making this distinction proved in some cases to be impossible. This was particularly so in the stormy period of 1980-1981 when various political forces fought over self-management and its shape, and this process defined the whole of the theory and practice of self-management. It is only in the more recent past that one can speak of the beginnings of true self-management and Polish self-management theory.

The present paper comprises three parts, in which the consecutive periods, 1944-1980, August 1980-December 1981 and 1982-1985, are analyzed.

STAGE ONE: 1944-1980

Within this span of time, there were a few short periods during which self-management was brought to life and the same numbers in which it went into long hibernation. The periods of liveliness took place at historical turning points, moments of political activity by Polish society as a whole, and lack of weakness on the part of the central authorities, while periods of atrophy occurred at times of political stabilization, politically passive behavior by society and with the presence of strong central power (Horvat, 1982).

The first signs of life come in the years 1944/45, when workers were taking over factories abandoned by the occupants or devoid of owners; they were rebuilding the plants with their own hands and putting them into production. This process found its legal reflection and sanction in the decree of 1945 on factory councils. The strengthening power of the central authorities and introduction of Stalinist methods of management of the economy and society soon led to the annihilation of these buds of workers' self-management.

A real eruption of the workers' self-management movement took place a decade later in 1956. It accompanied the violent stream of political events started in June of that year by the strike of Poznan workers, which was put down in bloodshed, and terminated in October when the

central power was taken over by a new group of people who enjoyed, at the beginning, a vast support from society. The spontaneous movement giving birth to new workers' councils was legalized in the law on workers' councils in November 1956. This law gave the workers' councils broad legal capacities, including the appointment of the factory's director. This law was probably even more radical than the analogous Yugoslav law of 1950, which initiated the development of self-management in that country.

The new party and state authorities, however, treated workers' self-management with deep distrust. In principle, they did not have a vision or a goal towards which the nation could be led. The philosophy adopted by the new government can be reduced to just a few simple precepts, such as ensuring the country's external safety, ensuring internal order, and not getting involved in risky economic projects. Such a philosophy did not leave sufficient margin for the radical transformation of social relations, including the creation and maintenance of employees' self-management. Taking advantage of a decline in social tensions and in the political activity of the working class, the authorities introduced a new law on workers' committees in 1958, which severely limited the significance of workers' self-management. According to this law, the workers' committee became just one, and in fact, the least important one, of the three component parts of the so-called Workers' Self-Management Conference. The other two components were those of the trade union and party organizations (Kabaj and Wroblewski, 1978). This led to the downfall of the importance of genuine self-management.

A new stirring of the idea of workers' self-management took place after 1970, although on a much smaller scale than in 1956. Dramatic events in the city of Gdansk were followed by a new change of the governing group, and, in a wave of criticism directed at the errors committed by the previous authorities, various concepts for the improvement of the country's socio-economic system were put forward. The new government chose to aim at speedy economic development of the country and improvement of the standard of living. The intended methods for carrying out these plans were investments, modernization of production assets and technologies, and improvement of skills. It must be admitted that such concepts were widely approved by the public. Problems emerged only afterwards, when declared goals were no longer being attained. These concepts did not leave much room for self-management. In general, self-management, whether for factory workers, or for inhabitants of a certain territory, or within a cooperative, was regarded as synonymous with dilettantism, and therefore opposed to the notion of "proper" professional skills.

From the legal point of view, only a superficial form of workers' self-management preserved its continuity throughout the period 1958-1980. The self-managerial practice of this period would not, however, deserve any attention were it not for the fact that, in an important way, it shaped workers' attitude towards self-management, an attitude which was afterwards reflected in the significant period of 1980-1981.

In 1958 the principle of one-man management triumphed again, at the expense of self-management which was additionally weakened by the creation of the Workers' Self-Management Conference, mentioned above. Power was very unequally distributed within the Conference: actual workers' self-management became the weakest partner, a weakness which led to its being subordinated to the enterprise's trade union organization. It was the union that organized self-management committee elections, and rules issued by the central board of trade

unions determined in a detailed way the manner in which self-management should proceed, the rights and duties of self-management activists, and so on. In their turn, trade unions were unconditionally dominated by the communist party. Thus, within the power setting formed by such partners in the enterprise as the directors, the party organization, trade union and self-management committee – the last was the weakest.

This weakness of self-management was one of the causes for the low level of interest that workers began to show in the idea of self-management. This made it easier for the stronger partners to manipulate the self-management process, by placing people trusted by and subordinate to management in the self-management bodies, which led to total dependence of these bodies on the enterprise, and to their isolation from the workers. The alienation of the latter from self-management deprived it of its natural basis, weakened its power and thereby made it even more dependent upon stronger partners. This, in turn, led to the eventual atrophy of self-management, and to the decline of its meaning and relevance.

Such practices lasted over 20 years as a negative influence on workers' attitudes. From their point of view, self-management was something alien and of little importance. Inimical and derisory attitudes towards particular self-management bodies were automatically transferred to the whole idea of self-management. Workers became deeply convinced that it had nothing to offer them, just like the trade unions, which were also subject to the authorities. But under these circumstances, the idea of independent trade unions which were organized after the image of the unions in capitalist countries, started to gain popularity among Polish workers. Such popularity was enhanced by observing living conditions in Western countries and, surprisingly, by official propaganda, which explained that the high living standard of workers in the West came from the power enjoyed and used by their trade unions, which were able to force employers to pay high wages and social overhead costs. The situation therefore seemed ripe for the creation of strong independent trade unions in Poland through which the employer, i.e. the state, could be compelled to provide wage increases and greater social benefits. This reasoning was corroborated, in the workers' opinions, by existing practices. It repeatedly turned out that, after each period of workers' demonstrations and strikes, the authorities were able to find resources for wage increases and/or price decreases. It sufficed only to press for them hard enough (Pajestka, 1983).

Along with the weakness in self-management practice, there also was inadequate theoretical debate. The problems of self-management were pushed away into the distant peripheries of research and theory carried out by Polish economics experts. Except in a few sporadic positive cases, nothing innovative was created (Balcerek, 1973). But even these were narrowly-oriented studies describing examples of employee participation in the West and the few modest practices of self-management practice in Poland.

Thus, the history of workers' self-management in Poland up to 1980 shows how easily self-management ideals die during periods of political status quo when such ideals are not backed by politics and science, and when they do not become a part of a coherent strategy for changing social relations.

STAGE TWO: AUGUST 1980-DECEMBER 1981

This very short period was extremely rich in important events, which is why it deserves separate treatment. This was also a time of frequent changes in the situation and attitudes of the main actors in this drama. But changeability often left foreign researchers with false impressions, especially when they stayed only a short time to observe and then try to encompass whole period as a single entity. Writing about this time is difficult also because of the intensity of change in events and situations, as well as the emotions that were aroused. It is quite easy to be accused of allying oneself with inimical forces of the regime, on the one hand, or antisocialist instigations on the other.

The period 1980-1981 started with mass strikes by workers which led to turnover in the composition of the central authorities, this time with no bloodshed. It also led to the creation of independent trade union organizations, primarily the rise of *Solidarnosc*, or “Solidarity” at the Gdansk Shipyards.

The attitudes of the striking workers and the activities of Solidarity during the first few months of its existence, generated a strong trade-union consciousness within workers. However, any search for self-management-oriented postulates would be in vain, both among the famous 21 Points of the workers strike in August 1980 in Gdansk, as well as the demands put forward during the numerous strikes during the autumn and winter of 1980/1981. The demands formulated were, for the most part, trade-unionist nature, concerning such things as wage increases, shortening of working time, increasing social benefit funds, and so on. They also addressed broader political questions such as the democratization of political life in Poland, the softening or abolition of censorship, the limitation or liquidation of the so-called “nomenclature,” the limiting of privileges granted to people from the power elite, recognition of the pluralistic nature of the trade union movement, and so forth. These political demands cannot be treated as constituting a push towards workers’ self-management.

The idea of self-management was, in fact, brought into the light of day, not by Gdansk Shipyard workers, but by intellectuals in Warsaw. Perspectives of social change were opening up at this time, as proposals for economic reform proliferated. These new possibilities often referred, and with quite strong emphasis, to the self-management idea. This idea also found its place in the economic reform concepts being elaborated by the national government. Accordingly, self-management was to be one of the three “pillars” of reform, together with independence for, and self-financing of, an enterprise. The concept was backed by the Ninth Extraordinary Party Congress (PUWP), which took place in July 1981.

The newly-coined self-management idea encountered an almost unanimously negative reception among workers and the activists of the strongest trade union, Solidarity. They considered the creation of self-management as an attempt to transfer the burden of the crisis, and the fight against it, onto the workers’ shoulders. Instead, they felt that the whole responsibility for the crisis should, in fact, rest upon “Them” (i.e. the party, government, directors, administration, and scientists). Besides this, workers and trade union activists considered the running of enterprises as none of the workers’ business. Instead, they believed that it was the duty of managers who got paid for doing just that. Therefore workers’ participation in management could only be a cost-free source of help to management.

Workers' participation was thus not perceived as a possible opening in the direction of a democratic Polish society, but rather as an additional unwanted duty, a "penalty" for harm not done. The negative attitude of trade union activists was also caused by another fear, namely, that the independence and self-management of enterprises without one supreme employer to whom demands could be addressed, might lead to a breakdown in the unity of the newly-formed trade union, Solidarity. Both ordinary workers and trade union activists preferred a demanding position rather than becoming a co-managing and co-responsible partner. As can be seen, Solidarity did not in that respect differ much from many Western trade unions, with their own negative attitudes towards self-management.

Therefore, a situation developed which may seem paradoxical today to many people: the government, backed by some intellectuals, was at this moment *for* workers' self-management, while Solidarity, supported by the majority of workers, was *against* it. This situation lasted until June 1981.

It was during this month that an important change occurred. It occurred on the Solidarity side, mainly within its top-level leaders. They suddenly and radically reversed their attitudes and started, with the energy of the newly-converted, to fight for radical worker self-management, and to make it the main point of their overall strategy.

The change of Solidarity's attitude towards the self-management ideal was so thorough and abrupt, it made one wonder. There were two possible interpretations about this change. The first is that Solidarity, or at least its top activists, had matured politically and become ready to undertake the citizen's duty of co-responsibility for combating the national economic crisis. The second, is that the Solidarity leaders saw the independence and self-management of enterprises as a way of taking over national power. There is evidence to support both these interpretations.

Behind the first explanation is that of a so-called "personality crisis" which the union had experienced in the spring of 1981. The spontaneity and enthusiasm which had accompanied the birth and quick growth of this union by then had passed. The general belief at the outset that solidarity was sufficient to press the authorities hard enough to force them to find money for everything began breaking down. Social support around the nation had likewise diminished. As a trade union, Solidarity had simultaneously attained everything, and yet it had nothing. It had achieved wage increases, but market collapse had caused an incredible drop in living standards. It had succeeded in obtaining Saturdays free from the job, but time was now lost in the interminable shopping queues. This resulted in people having no more free time than before. Solidarity had fought for citizen's rights, but rationing had abolished the free choice of the consumer. It even limited freedom of movement because of the regional system of rationing, registration of rationing cards in shops, and so on. There was an urgent necessity for a change in philosophy, and for the creation of a positive program of action. And that is what happened, with workers' self-management as the foundation of this movement for change.

The second interpretation of all this is corroborated by certain circumstances and the very abruptness of change itself. During this particular period of time, a growing influence upon the Solidarity leadership started to be exerted by advisers who were regarded by Polish authorities as their political enemies. These advisers could perhaps persuade the union leadership that, in

gaining an upper hand in self-management and the creation of independent enterprises, the union could gain power over the entire economy.

Most probably, various key people had different motives. For some, self-management was an authentic strategic option, while for others, it was an instrument of political struggle. I would not venture to estimate the proportion of these two conflicting groups within Solidarity.

Notwithstanding different motivations, declaring its support for self-management became very important to Solidarity. From that moment on, the trade union organization became transformed from a narrow, syndicalist framework to that of becoming *par excellence* a significant political organization. The self-management catchword became an important factor in mobilizing huge masses of Solidarity activists. They were the initiators and organizers in the creation of self-managerial bodies in their workplaces. Just as in the autumn of 1980, the energy of union members focused on the formation of their own organization, so that in the fall of 1981, it became directed at the creation of self-management bodies, although the latter movement occurred on a smaller scale. It should be stated here that the enthusiastic attitude of Solidarity activist leaders was not shared by rank and file worker-members, which formed quite a contrasting picture. This was also recognized in sociological studies conducted by the union itself.

The change in Solidarity's position with regard to self-management also opened up broad possibilities for Warsaw's intellectuals to sympathize with the union, and to argue present their more liberal views. For them, the idea of self-management became a positive value around which their creative efforts could be organized and towards which they were directed. Most often, the drive which these people, as well as the union leaders, felt towards the self-management concept was only equaled by their ignorance. Lack of adequate knowledge of the weaknesses and problems of self-management allowed them to push for perhaps its most radical form.

Thus, the significance of the change in Solidarity's position vis-a-vis self-management, consisted not only in the fact that it turned from being an opponent to becoming a proponent, but also in that it proposed a form of self-management which had considerable clout, much stronger than had been envisaged in previous government-run programs. The term "Self-Managing Republic" (i.e. Poland) became the fundamental political slogan of Solidarity. Thus, there was much more at stake here than just workers' self-management.

Whether the intentions of Solidarity were sincere or not, the speed and scale of change of the organization's stance were viewed with great suspicion by government officials. They treated Solidarity's new position as a tactical political maneuver, or at least as dangerous romanticism, but not as a sign of the union's readiness to take co-responsibility for leading the country out of its economic crisis. It must be stated that, in many of its moves, Solidarity justified such suspicions, persistently refusing, for instance, to support the government's necessary price increase decision.

It was in such conditions that, in the middle of 1981, a bitter political struggle took place between the government and Solidarity over the shape of employee's self-management (Wachtel, 1984). This conflict concentrated around the question of who should appoint an enterprise's

director. Solidarity insisted that the director should be appointed by a workers' self-management body, while the government argued that it should be by governmental bodies. There was general agreement from both sides that the reformed Polish economy should link with Yugoslav and Hungarian elements of workers' self-management

In the course of this sharp political conflict, two very important laws were passed by the Polish Diet on September 25, 1981: the Law on State Enterprises, and the Law on Self-Management of an Enterprise's Employees. These two bills were to form the foundation of the economic reforms being prepared at that time. Their significance can be compared to that which the Law on Associated Labor had for the Yugoslavia economic system of self-management. The bills were, on the one hand, a compromise among the proponents of various scopes of enterprise independence and various forms of employees' self-management. Yet on the other hand, they deferred solutions to many important problems for a later date. It should be noted that these solutions were introduced after martial law had been declared, that is, in the context of an entirely different political situation.

A model of the new Polish economic system, as designed in these two laws, can be described as follows: The independent, self-managing and self-financing enterprise was to become the basic element of the Polish economic system. The authorities would direct the economy with purely economic instruments. Direct intervention by them in the form of orders (directives) should be limited to a few, clearly defined situations. These would be in questions of national defense, reduction of the consequences of natural disasters, fulfillment of international agreements and contracts, and so on. Exceptions to this general rule were so-called public utility enterprises, e.g. enterprises in the municipal sector. Their independence was severely limited, and they would not be subject to self-financing.

Power in an economic enterprise would be held by three decision-making bodies: First, a general assembly of employees (and in cases where the number of employees is higher than 300, an assembly of employee delegates), second, an employees' committee, and third, the director-general of the firm. The hierarchically highest body is the general assembly, and the lowest, the director general, who was to function as an executive arm of the self-managing bodies. Both the self-managing bodies and the director act independently when carrying out their legally-defined tasks. They can mutually influence each other, and they are able to stop actions related to decisions taken by the other side, through a veto. The director is able to stop a decision of the employees' committee, if this decision does not conform to legal regulations, and likewise, the employees' committee is able to stop a director's decision which does not conform to legal regulations and self-management decisions. In conflicting situations, the ultimate decision would be determined by a court, or through an arbitration commission.

Regarding the most controversial issue, that of the director's appointment, a compromise solution was adopted consisting of joint decision-making by both sides, i.e. by enterprise self-management and by the state authorities. In the majority of enterprises, the director general would be appointed by the employees' committee after competition for the post and the appropriate state authority decides to accept the self-management-appointed candidate. For enterprises "of special significance to the economy," there would be a reverse procedure to be in force. The list containing the names of the latter enterprises was to be put together by the government with appropriate consultations from the trade unions, and it would be presented

later. This actually began to occur under martial law, but without any consultations with the unions. The new unions formed under martial law were just being set up, and the actual list turned out to be quite long.

With regard to the more detailed organization and functioning of the enterprise and its self-management systems, the solutions adopted were similar to those of the analogous Yugoslavia mechanism. An important difference was the fact that in Yugoslavia the weight of management had been put upon the basic organizations of associated labor in the larger society. Yet in Poland, management was to be executed at the enterprise level.

A number of exceptions from these general rules were also specified, aiming primarily at limiting enterprise independence and self-management within those firms which were subject to the ministries of national defense, finance, and justice, as well as Polish firms operating abroad.

All in all, in spite of certain exceptions and limitations, the two laws granted what was for Eastern Europe, an extraordinary degree of independence and scope of self-managerial power to the enterprises and their workers.

After these bills had been passed into legislation, an intense process was begun for organizing new self-managerial bodies in enterprises, and adapting already existing ones to the new rules. Some firms succeeded in completing this process before the declaration of martial law in December 1981. A very important role in this process was played by Solidarity activists, especially by young people with university educations who worked in the enterprises, such as engineers, mid-level managers, and white collar workers. Thus, in a period of one year, Solidarity underwent an important evolution from being a traditional blue collar workers' organization with typical trade-unionist goals and features, to a new political organization dominated by an industrial intelligentsia that had far-reaching societal objectives.

As far as scientific thinking about self-management is concerned, this period was too short to allow for the research and publication of important theoretical works. It was, however, a very significant time with regard to discussion, debate, and analysis. Many scientists, especially the younger generation, discovered self-management to be an object of study worthy of special attention. In this context, the visit of Branko Horvat to the Institute of Planning in Warsaw, just a few days before martial law was proclaimed, played an important role. The lecture he gave then is often quoted, even now, in publications on the economics of self-management.

STAGE THREE: 1981-1985

This entire societal development was soon interrupted by the proclamation of martial law on December 13, 1981. This event requires a few words of commentary, because its interpretation clearly impacts the possibility of understanding previous and later societal events, including those related to self-management.

Two highly different interpretations regarding the declaration of martial law can often be encountered abroad. According to both, however, the period of 1981-85 became the final phase of a fight between good and evil. In this conflict, one of the two sides won, and then had nothing more to do than eliminate the residual resistance of the defeated enemy, and annihilate all that had been achieved in the period 1980-1981. Also, according to both interpretations, if all the

achievements of 1980-1981 were not eliminated, then this was seen only to be due to the continued resistance by the defeated side, or to errors on the part of the victors, who did not exploit their success to the fullest. These two interpretations are based, however, upon very simplistic thought schemes, which are unable to grasp the whole depth of the problems, divisions and complications haunting Polish society.

In the first of these two interpretations, the fight between good and evil ended with the victory of evil, the communist power structure. The good side was Polish society and its spearhead, Solidarity, fighting for democracy, national independence and human welfare. Evil was embodied in the authorities, primarily in the Party, because they represent foreign interests in Poland, those of the USSR, and they enforce a totalitarian system upon the masses. But, this interpretation does not allow for an understanding of other aspects pertinent to that period. For instance, why was introduction of martial law and its subsequent course relatively peaceful? If it had been true that the authorities were faced by a whole inimical society of at least ten million solidarity unionists who were united as a homogeneous and bellicose organization, there would have been a much fiercer conflict. But application of physical force by one of the sides may not entirely explain the weakness of the other. Martial law showed that society's support, and also that of the members of Solidarity within the union's leadership, was quite moderate. This corroborates the existence of a certain gap between the Solidarity leadership and its rank and file members, which already had been observed before the proclamation of martial law. The fate of Solidarity after its delegalization is also in line with this observation. Several attempts to organize demonstrations, or even symbolic strikes, to protest against the very unpopular decision of the authorities to increase prices ended without success.

Nor does this interpretation allow for an understanding of what made the authorities agree to the reactivation of employee self-management, albeit in a more constrained form than that of the bills passed in September 1981. The idea that this was enforced by Solidarity does not make sense, in view of the actual helplessness of this organization. Equally doubtful is the explanation that this move was forced by the working class, in general. The fate of employee self-management after 1981, like that of other changes, resulted from a much more intricate power play between various social interests than simply a fight between evil authorities and the good society.

According to the second interpretation, the good side was constituted by government authorities which together with the party and the army, defended socialism in Poland. In this view, the evil side was Solidarity, a counter-revolutionary organization inspired and taken over by imperialist agents, which was just one step away from bringing down socialism. By taking this reason to its absurd conclusion, it would seem that the fate of the whole Polish political system, a country with 37 million inhabitants, depended upon the good or bad will of the American CIA.

A more precise evaluation and description of the circumstances in which martial law was introduced does not lie within the scope of this chapter. Two aspects, however, should be noted, those of Poland's international political situation, and its economic situation. The country's international political situation did not give the authorities a very large margin to maneuver. In this context, the proclamation of martial law may be considered a necessary evil (Dragosavac, 1983). With regard to the economic situation, this necessitated some very unpopular moves,

such as huge price increases, reinstatement of basic work discipline, and so on. Making these moves without the introduction of martial law seemed almost impossible, according to government officials, some Polish economists, and even émigré experts such as Waldemar Kuczunski, the previous Associate Editor of *Tygodnik Solidarnosc* (“Solidarity Weekly”).

Notwithstanding its causes and circumstances, the proclamation of martial law was a heavy blow against workers’ self-management, and, under martial law, economic democracy was weakened in several ways. Starting on December 13, 1981, the activity of the self-management bodies, along with that of other organizations, was forbidden although this interdiction later began to be lifted in the spring of 1982. Many active believers in self-management ideas, activists and intellectuals, were jailed, or they found themselves becoming outsiders, or their activity was limited in some other way. Within the period of interdiction of self-management activity, the authorities carried out a number of actions which were, according to law, within the frameworks of self-management, such as the appointment of directors, the creation of enterprise associations and the like, thus putting *faits accomplis* in front of future self-managing bodies. These circumstances had a negative influence on the morale and trust of employees, and on their engagement in self-managerial activities.

In the self-management suspension period, the functions of self-managed structures were taken over by company. Yet in the spring of 1982, a very slow process of self-management revival commenced. A decision to reactivate self-managed enterprises was formally made by the economic minister, responding to directions from both political and military authorities. Thus, the fate of self-management was placed in the hands of its most ardent opponents: company directors and national economic administrators. This process of resuscitation was accelerated at the end of 1982 by pressure from changing political factors. An important role in the mobilization of this pressure was played by the Diet, especially by the Diet Committee on Employee Self-Management, and also by the Minister for Economic Reform. At the end of 1982, self-management was again functioning in 3,620 enterprises out of a total of 6,580 throughout the nation.

One expression of this political pressure was, for instance, an obligation imposed on ministers and state authorities to allow self-managed bodies to recommence their activities within a deadline of three months, i.e. up to March 19, 1983. This was stipulated in the bill on the special legal regulations in force during the period of suspension under martial law, passed on December 18, 1982. According to this bill, only those self-managerial bodies which were elected in accordance with the law of September 25, 1981 could be reactivated. In other enterprises, new elections were to be held and new self-management statutes adopted. From this moment on, there was an acceleration of growth in reactivated self-management bodies. By the end of October 1984, self-management was active in 6,403 enterprises, i.e. in 87 percent of those entitled to have it. This included almost 6 million employees out of a total of approximately 11 million of employees in the social sector of the economy, according to the Secretary of State for Economic Reform (1985).

But the revival of self-management did not mean a full return to all the legal workers, management rights resulting from the laws of September 1981. Limitations on those rights were of both a direct and an indirect nature. Direct limitations consisted in transferring certain rights formally belonging to self-management that were now given to other bodies such as the

directors, the central economic administration (ministers), and, at the end of the period in question, also to the newly-formed trade unions. Indirect limitations consisted in constraints put on enterprise independence in favor of the central economic administration, and in the creation of large associations of enterprises. To this set of limitations should be added the broadening of the list of enterprises which had narrower degrees of self-management and independence. The range of these limitations was in itself not quite uniform: in some domains there was a gradual retreat from limitations, while in the other ones, new limitations appeared. Evaluation of the results of these changes depended upon who one asks. Circles close to the government hold the common opinion that the general direction was positive, i.e. it was leading to a strengthening of self-management. The opinions of economists who supported self-management being disconnected from the government, were, however, quite to the contrary. The actual direction of the evolution of self-management became more clear after the law required that all self-management limits should cease as of January 1, 1986.

Besides the formal limitations, there were also frequent cases of placing illegal limitations on the role of self-management, especially by enterprise directors and the economic ministry of Poland.

The first and most important formal constraint to which self-management became subject was deprivation of the right to appoint a firm's director. With time, this limitation was gradually lifted and, in 1984, employees' committees appointed over 200 directors of enterprises. Simultaneously, however, a number of small, but important changes in enterprise organization were introduced, which weakened self-management's position vis-à-vis the director. These changes included: the removal of the right to determine the director's wage, and a modification in the way in which the conflicts between the director and self-managed workers were resolved. Since that time, the director began to be able to stop implementation of a self-management decision, not only when it did not comply with the law, but also when this decision threatened certain societal interests. Moreover, the director's veto could cause instantaneous halting of any action related to the decision. Such decisions could only be undertaken anew when a court, or an arbitrating commission, ruled in favor of the self-management side. In the case of a director's decision, it is the other way around. When this decision is vetoed by self-management, it can nevertheless still be implemented, until a court or arbitrating commission rules in favor of self-management. For example, during the first half of 1985, one of Poland's largest companies, *Huta Warszawa* (Warsaw Metalworks), huge conflicts occurred between the firm's director and the self-management body, leading to numerous lawsuits and slowdowns in production.

The revival of self-management was accompanied by equipping the economic ministries, with the power to suspend self-managerial bodies in particular enterprises for periods of up to 6 months. They even had the power to dissolve self-management, and, this power was occasionally utilized. However, in order to stop potential abuses, the Council of State was vested in 1983 with the right to annul any administration decision in this domain. The economic ministry also gained broad powers of intervention in the internal affairs of an enterprise, including the power to formulate and assign concrete tasks, many of which went beyond the scope envisaged in the law on enterprises. This kind of limitation resulted partly from Polish economic problems. A tremendous market imbalance, which occurred at the moment when economic reforms started, made it impossible for the market to efficiently perform the function of resource allocation. Under such circumstances, a centrally-administered approach to rationing

took over the process of resource allocation. This inevitably led to limitations on enterprise independence. According to widely shared opinion, however, such a situation had a tendency to petrify because, on the one hand, it ensured a peaceful life for enterprises, and on the other, it provided a *raison d'être* for the economic ministry.

One great danger to the independence and self-management of enterprises was the process of monopolization taking place in the Polish economy. It consisted in the creation of huge, integrated associations (socialist corporations) in which firms tend to lose their independence and even their legal identity. This process gained greater momentum during 1985, with the central economic administration acting as the initiating agent. This was primarily a consequence of the fact that, from 1986, the possibilities for the administration's direct intervention in the internal affairs of enterprises had been limited. The administration, unable or unwilling to utilize instruments of indirect control, wished to shape such economic structures, which would make it easier to direct the economy. The only real braking forces in this process were the self-management bodies that might be broken in the future. This was justified by the fact that enterprises, when joining an association, gain certain advantages, including a significant increase in wages. This was not by any means because of a greater efficiency of the socialist corporations, but because of their greater bargaining power.

A further limitation on self-management's impact with respect to what was envisaged in the laws of September 1981 had been established by a broad interpretation of the notions of enterprises that were "of particular significance for the economy," as well as "public utility enterprise," as defined by the government when the lists of such enterprises were compiled in 1983. Approximately 1,400 enterprises were listed in the first category, and 434 in the second. In such organizations, independence and self-management are constrained, as already noted. The list of public utility enterprises included, for instance, those firms, which by virtue of their type of activity cannot earn their own income, but must function irrespective of their financial performance (e.g. schools, hospitals, city cleaning services, and the like), and are thus not subject to self-financing, or the law of insolvency.

Another threat to workers' self-management came from the creation and development of new trade unions. These were initiated and supported by the political authorities after the previously existing trade unions, including Solidarity, had been dissolved by government intervention. Formation of these unions entailed the necessity of transferring part of self-management's work concerning wages, work conditions, social affairs, etc. to the newly-created official trade union bodies. This caused the conflicts between self-management and the unions, and such conflicts were far more dangerous for the former than the latter, since the political authorities, which have a decisive voice in these matters, were more apt to support the certainty of the union, rather than an uncertainty of self-management. Development of these new trade unions also created a threat to enterprise independence. The unions were organized according to the classical branch principle, and since 1984 have also had a central board. They were inclined to prefer unified systemic solutions encompassing whole branches, and this especially applies to wages. Thus, the trade unions became a natural ally of those who supported the socialist corporations.

The ups and downs of self-management, as depicted above, resulted from the conflicting interests of various socio-professional and political forces. It therefore seems useful to analyze the attitudes of the main participants with regard to self-management.

Political authorities displayed an ambivalent attitude towards self-management. On the one hand, it seems, they were not opposed to the idea of the broader working masses taking over a portion of enterprise management duties and responsibilities. Such a view is corroborated by numerous declarations made by representatives of the highest authorities. At a meeting with representative of employees' self-management, Poland's leader, General Jaruzelski (1985), declared the following:

The workers' movement, from the beginning of its existence, put forward, together with the question of ownership of production means, the question of working-class, employees' participation in management. All the historical changes which occurred in this domain, resulted from the fight of the workers' class, of working masses for their rights. The process of the economic implementation of social ownership requires: dialectical unity of central planning and the initiatives of employees' collectives: persons professionally dealing with management and participation in management of possibly the broadest circles of working people.... The development of self-management stems from the very essence of our system, in which it is organically implemented.... The whole of society is the owner of the socialist enterprise.... On the other hand, the host of this enterprise, as a portion of the whole national property – is its collective, through the intermediary of its democratically-elected, democratically-acting and vested with the appropriate competences of self-management. This is the essence of the doctrine, of the philosophy of employees' self-management functioning, and we must more and more deeply confirm it in practice. Self-management is then the way to overcome the old and, finally, the harmful division into “we” – “they”, “ours” – theirs”. It is also an essential condition for strengthening the motivation to productive work and effective managing, to technological, organizational and economic progress.

Simultaneously, however, the authorities, still influenced by the events of 1981-81, were afraid that self-management bodies could be seized by the political opposition which advocated greater democracy. This feeling was deepened by the fact that in the employees' committees there were many ex-activists of Solidarity and radical plans in the underground movement of Solidarity, who viewed self-management as their last chance. It should be stated here that, irrespective of the goals which the political opposition wanted to attain, it regarded self-management as instrumental in their attainment, as a “bridge head” for changing society. The worries of the authorities were also caused by a lack of conviction as to the economic efficiency of self-management (Szeliga, 1985).

Enterprise directors and government economic administrators constituted a group with extraordinarily definite and homogeneous views on self-management. If it had been up to them, self-management would already have been annihilated. This group voiced arguments related to the alleged economic inefficiency of self-management, and its ineffectiveness in the decision-making process to diminish the workers' cause. But the real basis of their negative attitude lied

mainly in the fact that self-management changed the rules of the game to which those at the top had become accustomed. It was this very group that most often initiated limitations on self-management and violated its rights. Cases of self-management rights violations became so common that the Supreme Chamber of Inspection was forced to undertake a special investigation of abuses. It showed that, in more than a third of the enterprises inspected, the rights and competences of the employees' committee had been illegally constrained.

The attitudes of this socio-professional group were highly influenced by the community of engineer technicians, who brought up the principles of the "scientific organization of work," and constituted the core of the managerial stratum. It was within this community, more often than any other, that the opponents of self-management worked to block its success.

The scientific and journalistic community, consisting of economists, sociologists, and lawyers, was very heterogeneous. Extreme attitudes were encountered within it, but a moderate sympathy for self-management was dominant. This community, though, was more united on the issue of defending enterprise independence.

Employees of enterprises did not present a unified opinion, either, but instead of a distinct division into followers and opponents of self-management, there was a division among workers who were either more or less active in self-managerial functions. The most active were those who had been elected to the employees' committee; much less active were those elected to the delegates' assembly, and still less, other rank and file employees. Employee attitudes were negatively influenced by the suspension of self-management under martial law and by the way in which self-management was reactivated afterwards. These attitudes, and the degree of support given by employees to the self-management idea, depended to a large extent on whether a given self-managerial body was elected before or after the declaration of martial law. Those elected before enjoyed greater trust and support from employees, which is why they turned out, usually, to be more active. In some enterprises, the employees became so discouraged that self-managerial bodies were not created, despite the existence of the formal right, and even duty to do so. In approximately one third of the cases, existing self-managerial bodies were only formal constructs. Another threat to self-management arose from the fatigue of people caused by the daily difficulties of life in Poland, which led to a decrease in their activity in self-managerial bodies, especially in the general assembly of employees.

During this third stage in the history of self-management in Poland, there appeared a large and quite energetic group of self-management advocates including a majority of self-management activists, a number of scientists and economic journalists, as well as some politicians. This period saw the flourishing of scientific inquiries into workers' self-management. Institutes belonging to the Polish Academy of Sciences, ministerial institutes, the Institute of Work and Social Affairs, university-type schools, including the Academy of Social Sciences, associated with the Party, as well as individual scientists, conducted numerous studies, primarily of a sociological nature. The problems of self-management occupied a lot of space in socio-economic journals, particularly in *Zycie Gospodarcze* (Economic Life). There was also a separate journal devoted to the problems of employees' self-management – *Tygodnik Robotniczy* (Workers' Weekly). This topic also became the subject of scientific conferences, some of them international in scope that argued for this democratization of Polish economy.

On the other hand there were critical opinions about self-management mostly among specialists in management and organization. They considered the managerial system to be always more effective, irrespective of the political economy's situation. This resulted, according to them, from the fact that skillful management has a decisive influence on an enterprise's results, while self-management introduces an element of dilettantism, constrains the freedom of choice of company directors, and waters down responsibility. They were inclined to treat self-management as either a necessary evil, enforced by the political situation, or as a beautiful, but unrealistic idea of the socialist-utopian kind. Such opinions became quite common among Polish economists, along with U.S. researchers, particularly those at Cornell University.

CONCLUSION

As stated at the beginning of this chapter, the history of workers' self-management in Poland to date is a history of short ups and long downs. Is this history going to be repeated again? In contradistinction to previous periods, there has been a quasi-balance of forces between the supporters and adversaries of self-management, and there are many scholars still undecided about it. It may be that the fate of workers' self-management derives from the activity of Polish workers themselves. The development of economic democracy in Poland's future will depend on whether it turns out to address the authentic needs of working people, and at the same time, whether it will contribute to the process of solving the burning problems of the Polish economy. The successful development of self-management requires satisfaction of both of these conditions, because otherwise, the delicate balance may be destroyed, which would then give advantage to the adversaries of workers' self-management in the years ahead.

REFERENCES

- Balcerek, J. *Samorząd Robotniczy a Systemy Spoteczno-Gospodarcze*. Warszawa, 1973.
- Dragosavac, D. "Poljska I Socijalizam," *Nase Teme*, 6, 1983.
- Horvat, Branko. *The Political Economy of Socialism*. Armonk, NY: M. E. Sharpe, Inc. 1982.
- Jaruzelski, General. "Workers' Self-Management in the New Socialist State." Public Speech. Warsaw, Poland, July 26, 1985.
- Kabaj, M. and S. Wroblewski. "Workers' Participation in Management. A Review of Polish Experiences." In: *Social Aspects of Work Organization: Implication for Social Policy and Labor Relations*. Research Series No. 33. Geneva, Switzerland: International Institute for Labor Studies, 1978.
- Krencik, W. *Rola Samorządu Zatogi w Zreformowanym Systemie Zarządzania*. Warszawa, 1985.
- Pajestka, J. *Kszattowanie Procesu Rozwoju*. Warszawa, PWE, 1983.
- Secretary of State for Economic Reform. *Petnomocnik Rządu do Spraw Reformy Gospodarczej: Raport o Realizacji Reformy Gospodarczej w 1984*. Warszawa, Report on Implementation of Economic Reform in 1984, August, 1985.
- Szeliga, Z. *Walka a Samorząd w Organice-Zachem – Wdwa Ognie*. *Polityka*, 46/1985.
- Wachtel, Howard. *Self-Management Proposals in Poland: 1981*. Warszawa: Ekonomska Analiza 2, 1984.

Chapter 8

EXPERIMENTS IN SICHUAN: REFORM OF ECONOMIC AND SOCIAL RELATIONS IN CHINA'S ENTERPRISES

Chen Chang-Rong

In recent decades, we have been carrying out experiments on the extension of the enterprises' authority in one of our industrial centers, Sichuan, which is also the country's most populous province. The experiment was launched in the light of the principle set at the 3rd Plenary Session of the Chinese Communist Party's 11th Congress to adapt China's current economic administrative system to the needs of building a modernized, powerful socialist country. The past years have witnessed important developments in this experiment. Having brought about significant changes in the economic and social relations between China's industrial enterprises, it has not only attracted the attention of Chinese economists and sociologists, but also aroused wide interest among foreign colleagues in various lands. The author himself, for example, has received scores of economists, sociologists and other research workers coming from Japan, Britain, the United States, France, Germany, and Australia to make on-the-spot investigations in Sichuan. Some of them have thereupon written treatises and monographs on their findings. Now opinions, both Chinese and foreign, unanimously hold that this experiment in Sichuan represents an important step taken in the reform of China's economic administrative system.

To understand the significance of these experiments, it is necessary to take a look back on the history of China's economic administrative system. Since 1949, when we founded the People's Republic of China down until recently, a highly centralized administrative system was practiced with regard to the enterprises under the ownership of the whole people. Among its characteristics were that the enterprise had its production plan mapped out and assigned by Beijing. Funds for production were allotted, the labor force was managed, and products were purchased and sold, all by the state. Finally, all the firm's profits were turned over to the state, while the latter assumed the sole responsibility for its profits or losses. Viewed historically, such a system had helped to make it easy for the state to centralize manpower, material and financial resources for a set objective and it exercised positive effects on New China's quick healing of her war wounds, rehabilitation of her economy, settlement of the series of economic and social problems left over by Old China, and the building of a rudimentary industrial basis.

With further development of the economy, however, it had gradually revealed certain drawbacks. For under such a system, an enterprise tended to become, instead of a vigorous economic organization, just like abacus beads, which only the state could move at will. Whether an enterprise was well-run or not had no direct bearing on the material interests of its workers. Its managerial personnel and workers had no way to exert influence on its operation and therefore could not ensure the most profitable economic results. The communist ideal of "to each according to his work" could not be well put into practice. It is evident that should we fail to get rid of these disadvantages, we could not possibly bring into full play the intelligence and wisdom of our workers, technicians and managerial personnel. All this would be an obstruction

in the way of our progress to the goal of four modernizations. It was under such circumstances that the various experiments in Sichuan were mapped out and implemented.

These experiments were carried into effect in six enterprises in the late 1970s, later extended to 100, and further extended to 417. These were the most economically important enterprises, whose output value made up approximately 70 percent of the province's total in industry. Up to now a structural reshuffle can be said to have been realized in all these enterprises by various means and in various degrees.

The experiments in Sichuan granted to each enterprise the following powers:

(a) The partial authority to draw up its own production plans. After providing a guarantee to the fulfillment of the state plan, the unit is empowered to make its own additional production plans in accordance with the market demands.

(b) The partial authority to sell its products. The enterprise is authorized to sell those of its products which the state material and commercial departments do not purchase; to sell new products that are still in the stage of trial manufacture, and, with the agreement of the material and commercial departments, to retail part of the products which are supposed to be purchased by the state.

(c) The authority to retain a certain percentage of its profits. When an enterprise fulfills the economic and technical norms set in the state plan, as well as those stipulated in the supplying contracts, it is allowed to retain a certain percentage of its achieved profits for its own funds. As for this fund, the enterprise has the right to budget the use of it. Parts of it may go for expanded production, for staff and workers' collective welfare facilities, and as material rewards for its staff members and workers.

(d) The authority to enlarge production with its own funds. An enterprise's own funds include what it gets through retention (as mentioned above in (c)), its depreciation funds, and its own overhaul funds. Now the enterprise has the power to spend these funds on its equipment reconstruction and technical innovation, and to extend production.

(e) The partial authority to engage in external trade. Those units which are qualified to produce export commodities and those in a position to import new foreign technology and equipment may, with the approval of the respective authorities at a higher level, contact and hold import or export talks with foreign businessmen, or participate in such talks held by the foreign trade departments. Of the income from exports in foreign currency, the enterprise may keep a certain percentage according to the rules set.

(f) The partial authority to appoint or remove its personnel, and also to confer reward or administer punishment. The unit has, that is to say, the independent power to appoint or remove its middle-level cadres (the heads of the factory shops or the administrative offices), to institute reward regulations, and to mete out proper punishments (which can be as severe as discharge) to those administrative personnel and workers who violate discipline, or neglect their duties.

In terms of the ultimate aim of China's economic system reform, the aforesaid reform is still in its early stages, and therefore, is imperfect. Yet compared with the administrative system

we used to execute, in which the administrative power was so overly-centralized that the government and the enterprise became indivisible, and the problem of egalitarianism very serious, this experiment in Sichuan has been a breakthrough. It has brought to pass a series of changes in the economic and social relations between the enterprises. In the relationship between the state and the enterprise, it has broken through the old administrative pattern which was characterized by the focusing of all the managerial policy decision on the state, which took an all-round responsibility for the enterprise's sales, income and expenditure, profits and losses. The experiment has granted the enterprise a certain amount of policy-decision power in its economic activities, when it has fulfilled the state plan and observes the state economic laws and regulations. Thus, having its independent economic interests which are closely related to the economic interests of its own management and workers' goals, the enterprise is beginning to be a self-managing organization. In the relationship between the enterprise and its staff and workers, this experiment integrates the economic interests of the individual staff members and workers with the results of their work. Thus it has broken the pay-you-the-same-whether-you-work-well-or-not collectivism, and enabled us to better implement the principle of "distribution according to one's work." In this way we have greatly aroused the enthusiasm and initiative of the masses of managerial personnel, technicians and workers, and brought vigor and vitality to not only individual enterprises, but to the regional economy as well.

ENORMOUS ECONOMIC RESULTS

This experiments in Sichuan have yielded enormous economic results. Take the production management activities, for example. Of the hundred experimental units, the 84 under the supervision of Sichuan's local authorities increased their total output value by 14.9 percent, and their profits by 33 percent, which were both above the average increases of all the enterprises in the province. To compare over one year, the total output value of the 417 experimental units increased by 9.7 percent, while their profits by rose 7.9 percent, which were also above the average of all the province's enterprises. Among these 417 experimentals, there were 10 which went furthest in the present reform, and executed the principle of independent business accounting and sole responsibility for its own profits or losses; the increase in these ten's total output value and profit were respectively 32.5 percent and 57.8 percent, which were again higher than the average of the 417 experimentals.

Apart from economic growth, the financial results of the Sichuan experiments have found expression in another even more important aspect: they have brought about the development of intellect, the growth of talents, and improvement, in the art of management. The process of implementing the reform of economic systems has provided the enterprises' managerial personnel with a vast field for giving full play to their intelligence and wisdom. So the current movement is, so to speak, a great school for mastering the art of management and administration. Emerging from this school, we find large numbers of socialist experts in business management who are versed in science and technology, good at management and administration, and charged with the spirit of getting on with the work. For China's modernization, this is most important.

To illustrate this point, the instance of Sichuan's machine-building industry can be cited. Having a solid foundation, Sichuan's machine-building industry is one of the important bases in China. In the past we failed to keep a rational balance in the development of our national economy; hence there existed a lot of irrationalities in the product structure of the province's

machine-building industry. Over 80 percent of its products was produced to serve the needs of heavy industry and capital construction; while less than 20 percent was oriented to meet the demands of agriculture, light industry, people's everyday life and foreign trade. Now, in the present readjustment of China's economy, priority is given to the development of agriculture, light industry, energy resources, communication and transportation; while the development of heavy industry, (with the exception of energy resources), and the scale of capital construction are kept under strict control. And this, as a consequence, brought about for the machine-building industry such difficulties as poor marketability and poor utilization of capacity. It became, therefore, a weighty problem confronting the managerial personnel of every enterprise to investigate the ever changing social demands, then to readjust its product structure, its orientation of production and to improve its service. In solving this problem, a large number of leaders and managerial personnel have learned a great deal, and therefore obtained remarkable achievements.

One of them is that they enhanced the enterprises' adaptability to social demands by developing new products catering to the needs of agriculture and light industry with a view to economize in energy and raw material. In one year alone, Sichuan's machine-building industry developed some 200 new products. Many enterprises guaranteed a continual renewal of their products by producing new models, while trial-manufacturing others, and simultaneously researching still better ones for the future. A second achievement is that they found good markets for their products by improving the quality of their products and their service, thus winning the consumers' trust and confidence.

For example, the Ningjang Machine Tool Plant is a factory devoted to the production of small precision machine tools. It has devoted major efforts to developing and manufacturing machine tools for making watch parts, basing its policy on the forecast that the demand for such machine tools would tend to increase by a large margin together with a big increase in the sales volume of watches, as a result of the general rise of the peoples' living standard. Having succeeded in trial manufacturing, they began to process watch parts with their own materials, and afterward invited specialists from the watch factory to examine their quality. Then they also taught the watchmakers new skills. Only after the machine tool's quality and precision were proved reliable and up to standard, was it that the plant signed sales contracts with new users in light of their demand. Such emphasis on quality and service enabled this plant to win the trust and confidence of the users. So it has gradually established itself as the country's leading watch-part-processing enterprise.

A third achievement is that they vigorously developed export products in response to the demands of the international market. For instance, the small diesel engines made by the Sichuan Internal Combustion Engine Plant found their way into the international market; and this plant has become one whose major effort is devoted to the production of export products. The Chongqing Machine Tools Plant won an international reputation for its strict keeping of its contracts and credit. Now its products have found a market in 38 countries and regions. Of the province's machine building industrial enterprises which produce export products, there were just 18; but the number has grown to 50. The improvement of management and administration extricated Sichuan's machine building industry from a predicament, so that there appeared a tendency to increase. This had something to do with the special factors in the period of economic readjustment, to be sure; and many enterprises were either guided by the state plan, or

under the united planning of, or coordinated by, the state's leading economic bodies. Nevertheless, it vividly and concretely illustrates the fact that through the economic system's reforms, China's industrial enterprises have become economic organizations with inexhaustible vitality, capable of self-adjustment and self-multiplication, so as to achieve the greatest economic results at the lowest labor costs. This is precisely where the hope of a vigorous development of China's economy lies for the future.

CHANGE OF THE SOCIAL RELATIONS IN ENTERPRISES

These experiments to extend the enterprise's authority have also brought about far-reaching changes in the social relations within enterprises. First of all, there arises the problem, now that the enterprise is granted greater authority, of who should be the right one to exercise this authority? China is a socialist country and it is operated by public ownership of the means of production. Here in Sichuan now, the masses of staff members and workers are the masters of the means of production, i.e., of the enterprise. Hence the authority of the enterprise should belong to them. This is a principle China has always adhered to. Theoretically speaking, it is nothing new.

But in practice, it is the present experiments that have been endowed with rich and concrete contents have embued their execution with unprecedented significance. This is because the enterprise before this experiment, had not any independent authority in connection with its management and administration. In other words, the ownership of the enterprise was out of keeping with the power of its management. Hence, though they were masters of the enterprise, the workers could not allocate or control its means, processes, and the fruits of their labor. Under such conditions, the dictum that the masses of staff and workers exercised their right over the enterprise was only verbal, but lacked concrete substance. Things, however, are different after the reform. Now that the enterprise has an independent power and its independent economic interests, its management, good or bad, directly affects the workers in it. Under such circumstances, the question of who should exercise the authority of the enterprise, and how the authority should be exercised, has a direct bearing on the enterprise's success and prosperity, on the staff and workers' economic interests, and on the development of our national economy as a whole. So it has naturally become a problem on which is focused the attention of the masses of staff and workers, as well as the economists and sociologists.

There must be concrete channels through which the staff and workers can exercise their authority over the enterprise. In the present experiments in Sichuan, we have summed up and developed our experiences in applying the Congress-of-Staff-and-Workers system practiced in some enterprises back in the 1950s. We use this congress as the basic form of the enterprise's democratic administration, and as a setup of power through which the masses of staff and workers can participate in the decision making and management of the enterprise, and supervise the cadres in their work. In short, we are establishing economic democracy. In part of the enterprises we have experimented by electing directors (or managers), shop heads, and team and group leaders by the Workers-and-Staff Congress, or assembly. Take the industrial enterprise concentrated city of Congqing, for example. There are now 19 enterprises which got their factory directors (or managers) through election, and 92 units whose shop heads and team and group leaders were elected.

The Central Committee of the Chinese Communist Party and the State Council of the People's Republic of China have begun to promulgate the "Provisional Regulations Regarding the Congress of Staff and Workers in State Enterprises." This document sums up our experiences in effecting democratic administration of enterprises in Sichuan and other provinces in China, and investing them with legal rights.

These provisional regulations stipulate that the Congress (or assembly) of Staff and Workers be the basic form of democratic management of the enterprise, and that a sharing of power enables the staff and workers to participate in the decision and administration, and to supervise the cadres in their work. In light of the requirements of the country's policy and, decrees about planning, the Staff-and-Workers Congress have the following powers:

(a) The power to discuss and make relevant decisions regarding the factory director's work report, production and construction plan, financial budget and final accounts, as well as potential tapping innovation schemes and other important issues concerning management and administration.

(b) The power to discuss and decide upon the right way to use the enterprise's funds for labor safety programs, for staff and workers' welfare, and for their encouragement and use of rules to reward or punish the employees, and upon the plan for allotting dwelling houses to employees.

(c) The power to adopt through discussion motions concerning enterprise system reform, and to pass wage-adjusting schemes, offer training programs for the workers and staff members, and other important factory-wide rules and regulations.

(d) The power to supervise the leading cadres and functionaries at all levels of the enterprise: to ask the higher authorities to praise and encourage those who always work hard and have made outstanding achievements, to suggest that the higher body promote those cadres who have made special contributions, to propose that the higher authorities criticize, punish or remove from office those cadres who are irresponsible and have caused losses, and to suggest that the Communist Party's discipline-inspecting organ and the state judicial organ sternly punish those cadres who have seriously neglected their duty and violated the laws.

(e) The power to elect the enterprise's leading administrative personnel in accordance with government authorities. The names of cadres at different levels who come from democratic election should be submitted to relevant authorities for examination, approval, and appointment.

The document has also set stipulations concerning the staff and workers' representatives in being elected, their terms of office, rights and duties, and the organizational system and working setup of the Staff-and-Workers' Congress representative assembly.

During his tour of investigation in Sichuan, a Japanese economist told me he worried whether this democratic administrative system now being practiced in China in the form of the Staff and Workers' Congress can effectively manage the enterprise, especially whether the democratic election of cadres can really put into office those people endowed with the talent of management. His worry was not totally groundless. As a matter of fact, some Chinese economists and sociologists, and some cadres themselves, had similar worries in the early

implementation of the system. However, facts about the success of this system are convincing. The following are some of them:

Congqing Iron and Steel Company, a large complex consisting of 24 factories and mines with 45,000 workers and staff members, was among the first batch of enterprises in the province to be extended independent powers. It was also one of the first to institute the Staff and Workers' Congress. The company began the experiment by selecting middle and grassroots level cadres through elections, and after two months this was completed in all of its 24 factories and mines. As a result, 2,124 people were elected either as shop heads or section chiefs, or work team leaders. Among this number 1,379 people had been cadres originally; but for 745 people it was the first time for them to hold such positions. This led to three changes in the composition of the current cadreship, as compared with that of the pre-election days.

First, the number of technical personnel has increased four times. Second, the number of people with technical secondary school education, or more, has increased four times. Third, their average age is 8 years less than the previous leaders. In other words, in the cadre ranks now there are more people who know not only their professional work, but new technologies as well. They are better educated and are still in the prime of life. All this is in conformity with the demand of China's modernization strategy. No doubt, therefore, this is enormous progress. Now the change in the composition of the cadre ranks has brought about an improvement in the art of management and administration of the enterprise. In the past few years, the company has created the best economic and technical record since its founding. Several of its technical and economic indices rank first in all of the country.

Number 1 Cotton Textile, Printing and Dyeing Mill of Sichuan, a complex with 10,000 workers and staff members, was another of the 100 enterprises which carried out the experiment to enlarge its independent powers. In this unit, the fully democratic cadre has not yet been put into practice, but its Workers and Staff Congress is playing a remarkable role in the enterprise's management and policy-making. Before reform, the factory had held occasional meetings of staff and workers' representatives, but 85 percent of the agenda was related to welfare matters, and nothing else. And because the factory at that time had no funds of its own which it could freely budget, most of the draft resolutions could not be put into effect. Now, however, 85 percent of the proposals from the Staff and Workers' Congress have focused on the factory's management and administration. And once adopted, they are readily carried into effect.

What is it, then, that has impelled the masses of workers and staff members to show such deep concern for the enterprise's management and administration, and for the election of cadres? The workers' representatives at the Number 1 Cotton Textile, Printing and Dyeing Mill of Sichuan answered this question for me. They said that it is the extension of the enterprise's independent power which has closely tied together the interests of the state, the enterprise, the staff, and workers. This factory is among those which practices the system of independent accounting, and it has sole responsibility for profits or losses. It has agreed with the authorities on the following experimental method.

From its sales proceeds, the factory must first of all deduct its expenses for raw material, production costs, and payment for industrial and commercial taxes. Then, of the remaining sum, 69 percent goes to the state in the form of income tax, while the remaining 31 percent can be

kept for its own uses. Of this share, a part is to be used for wages, and the remaining part is to be spent as follows: 40 percent should be spent as funds for the development of production, 30 percent for collective welfare funds, 20 percent as funds for encouraging and rewarding staff and workers, while the remaining 10 percent is saved as a reserve fund.

This experimental method contains mechanisms which can automatically readjust the interests of the three parties, namely, the state, the enterprise, as well as that of the staff and workers. It means that as the enterprise keeps more funds, staff members and workers get more pay. Under such conditions, to run the enterprise well becomes the common desire of both the responsible state institution and the broad masses of workers and staff members. Therefore, how to choose or recommend the best people with managerial and administrative talents for the leading posts naturally becomes an important task which focuses everybody's attention. After reforms, the enterprise's proprietary rights and the power to manage and administer are combined into one. The workers and staff members' personal interests are brought in line with those of the state and the enterprise. This is where lies the secret of why the staff and workers' representative assembly has great vitality.

Along with the Staff and Workers' Congress under the leadership of the Party committee, Chinese enterprises have also instituted a system of vesting responsibility in the factory director who works under the leadership of the Party committee. The main element of this system is to establish a highly authoritative production-directing system, with the factory director as its head. It seeks to set up a system of responsibility for production technology and for the economy at different levels, headed by the factory director. Thus, he may exercise a commanding power over all the activities of the factory's production, management and administration.

In the next step toward economic democracy, the Central Committee of the Chinese Communist Party and the State Council of the People's Republic of China promulgated the "Provisional Regulations Concerning the Work of the Directors of State-Run Factories." This document defines the factory director's appointment and removal, duties and powers, rewards and punishments, and it shows the way to establish a production-directing system in the factory. Like the aforesaid "Provisional Regulations Regarding The Congress of Staff and Workers in State Enterprises," this document is also an economic decree for all Chinese industrial enterprises to abide by. Regarding the relationship between the factory director and the Staff and Workers' Congress, this document stipulates that the factory director should have respect for the functions and powers of the Congress, support its work and accept its supervision. He should regularly report back to it on his work regarding the resolutions adopted by the Congress concerning production or administrative work. Should the director's opinion differ from that of the Congress, the former might ask for reconsideration. Should he still disagree with the decisions made after reconsideration, he can submit the issue to the factory Party Committee for a ruling.

In the Chinese industrial enterprise, the organization of the Chinese Communist Party exercises a collective leadership in the implementation of the Party's general and specific policies, and in ideological and political work. The factory director gives directions regarding production and technology as well as managerial and administrative activities. Therefore, the Staff and Workers' Congress runs the enterprise in a democratic way. These are the three cardinal principles concerning the system of leadership of industrial enterprises. On hearing that

economic democracy was effected in Chinese enterprises, some foreign experts thought this was an abandonment of the unified system of a command economy. Others regarded the restructuring of our former economic system as bringing about capitalist liberalization. Both were total misunderstandings.

THE REFORM WILL BE CARRIED ON WITH UNREMITTING EFFORTS

The reform of economic administration and managerial systems carried out in Sichuan over the years is only partial and exploratory. The methods used are far from perfect, especially, as to how to strengthen and guide the macro economy, while also stimulating the micro economy. There still exist a number of problems to be solved. But the orientation of our reforms is quite correct.

It signifies several changes: (a) To strengthen centralized leadership of the state in the macro economic activities, while in micro economic activities granting organizations their own independent powers; (b) While upholding socialist planned economics as a prerequisite, to make every effort to bring into play the supplementary role of the market; (c) In place of the past practice of managing the economy merely by administrative means, to resort to a new approach which is a combination of administrative and economic measures; namely, to manage the economy by means of both economic levers and economic decrees. Now to make a long story short, we seek the best solution to these problems, and they constitute the overall task of China's system of economic administrative reform. For this purpose, it is necessary not only to extend the enterprise's independent powers, but also to carry out a series of successive and synchronous restructuring and reforms in planning, financing, taxing, pricing, and banking, as well as in commerce, obtaining raw materials, conducting foreign trade, and paying wages. It also requires the reorganization and merging of enterprises, the establishment of leading economic organizations, and their obligations. This is a complex and arduous, but historic task. But China's relevant leading organizations, as well as economists and workers, are determined to fulfill it.

China is a developing socialist country, and a large one, having a population of over a billion people, most of whom are peasants. The nation's economic, administrative and managerial systems must fall in line with this basic condition. I greatly appreciate the remarks of an American scholar who spoke during a visit to China, about how China should correctly deal with the problem of learning from foreigners about management and administration. The concluding comment was as follows: "The key to China's fundamental problems lies in China, and nowhere else."

This is quite true. Since conditions differ from country to country in the world today, no foreign country's economic, administrative, and managerial systems, however effective, can be copied without being adapted in China. By this, of course, I do not mean that we should not learn from other countries and their experiences. What I mean is that we must not indiscriminately follow foreign models regardless of our own experience and conditions. The task confronting the Chinese people and the Chinese economy is to draw upon our experiences during past decades since the founding of the new People's Republic of China. We should especially assess our recent years of experimentation in reform. Through carefully studying the experiences of various foreign countries, we may draw on their good qualities, and then work out

a well-conceived program for our own reform. Finally, through practice, we can gradually develop a new managerial and administrative system that fits the development of China's economy and society. The Chinese people, and Chinese economists, are confident and capable of fulfilling this task. They are also willing to exchange experiences, with the people, economists and sociologists of all countries on friendly terms.

Chapter 9

THE MORAL POSTULATES OF KIBBUTZ CULTURE

Melford E. Spiro

This chapter will focus on *Kiryat Yedidim*, a kibbutz in modern Israel. The strength of the kibbutz, according to official federation principles, lies in its essential social nature which strives for the complete harmony of the individual and the group in every sphere of life, for the maximum development of each individual, and for the constant deepening of human ethical relations and social values.

To have begun this chapter on economic democracy in the usual fashion, with a description of the natural environment or of the subsistence economy of Kiryat Yedidim, would do violence to the inner meaning of its culture. Kiryat Yedidim, to be sure, is an agricultural village consisting of men and women who inhabit a common geographic area and who make their living by tilling the soil in a cooperative fashion. But Kiryat Yedidim is also and primarily, a fellowship of those who share a common faith and who have banded together to implement that faith. To live *in* Kiryat Yedidim means to become a member of a kibbutz, and membership in a kibbutz entails more than voting at town meetings, or driving a tractor in the wheat fields, or living in a lovely village. It means, primarily, becoming a *chaver kibbutz*, a comrade of the kibbutz, that is, a person who is dedicated to the social, economic, and national ideals for which the kibbutz stands. These ideals were formulated before Kiryat Yedidim came into being and, indeed, it was founded with the purpose of bringing these ideals into being. Hence, these ideals must be understood, if the kibbutz is to be understood.

Probably the single most important ideal upon which the entire kibbutz culture is based is what might be termed the moral value of labor. It is no accident, for example, that today, when the entire kibbutz movement is experiencing a profound crisis, it is this principle of *avodah atzmit*, or self-labor, which has become the measure of the devotion of a kibbutz to its original ideals. The founders of Kiryat Yedidim, in many instances, were intellectuals for whom labor was a calling rather than a habit. For them, labor was not merely a means for the satisfaction of human needs; rather, labor itself was viewed as a need, probably man's most important need, the satisfaction of which became an end in itself. *Ki ha-avodah hi chayenu* is the way the kibbutz expresses it, "For labor is the essence of our life." This phrase may be said to be the very essence of kibbutz living.

This attitude toward labor did not, of course, originate with the early Kibbutz pioneers, the founders, of Kiryat Yedidim. Emphasis on labor had long been integral to the pioneering tradition in Zionism. As early as 1882, when one of the first contingents of Russian Jews migrated to Palestine, the ideal of labor on the land was already in process of formulation. As one pioneer put it:

Farmer! Be a free man among men, but a slave to the soil... Kneel and bow down to it every day. Nurse its furrows-and then even its stony clods will yield a blessing! And in this "slavery" remember that you are a tiller of the soil! A tiller of the soil in Palestine! This must become a badge of honor among our people.

THE RELIGION OF LABOR

But the most important influence came from the pioneers of the Second Aliya (1904-1914) and, specifically, from the seer of the Palestinian labor movement, Aaron David Gordon (1856-1922). It was Gordon who invented the term, *dat ha-avodah*, “the religion of labor.” For him labor was a uniquely creative act, as well as an ultimate value. Through labor, he taught, man became one with himself, society, and nature. But, he warned, it would not be easy:

A people that has become accustomed to every mode of life save the natural one—the life of self-conscious and self-supporting labor—such a people will never become a living, natural laboring people unless it strain every fibre of its will to attain that goal. Labor is not merely the factor which establishes man’s contact with the land and his claim to the land; it is also the principle force in the building of a national civilization. Labor is a great human ideal for the future, and a great ideal is like the healing sun. We need fanatics of labor in the most exalted sense of the word (Gordon, 1938).

Gordon’s “religion of labor” not only influenced his own generation of Zionist pioneers, but it served to shape the subsequent history of Jewish labor enterprise in Palestine. Hence, the stress in Kiryat Yedidim on labor as a calling is an ideal which it shares, not only with other collective and cooperative settlements, but with the entire labor movement in Israel.

This attitude to labor is particularly significant and, in a profoundly psychological sense, explicable only in view of the *petit bourgeois* backgrounds of the pioneers. Before their immigration to Israel, they had not engaged in physical labor; moreover, they were reared in a culture that demeaned labor, as well as the laborer. The persons who were looked down upon in the *shtetl*, the Eastern European villages in which the pioneers were born, were the *prost*. “Prost” is the Yiddish equivalent of “crude” or “vulgar,” and the attitude towards unskilled workers on the part of the *shtetl* is revealed most clearly in its appellation of these workers as the *prost*. In such villages, according to Zborowski and Herzon (1952)

It is better... to be a salesman than to be an artisan. A salesman works with his brain, an artisan merely with his brawn. For a man who “comes from *yikhus*” (a respected family) to engage in manual labor, even under stress of economic necessity, is a calamity for manual labor has come to symbolize the antithesis of the social ideal—a life devoted entirely to study (p. 247).

Hence, the ideal of work as an ultimate value represents, in the case of the pioneers, a cultural revolution. To achieve it they had to overcome the resistance of both their trained values and their untrained muscles. It is little wonder that one of their first goals was *kibbush ha-avodah*, the conquest of labor.

Kiryat Yedidim, then, is not a worker’s community in the same sense that many of the utopian societies of Nineteenth-Century America were. This is a community which was founded, for the most part, by middle-class intellectuals who deliberately chose to be workers. By so choosing, they reversed both the traditional prestige hierarchy and the historical aspiration of upward mobility. Instead of aspiring to rise up the social ladder, they aspired to descend. For

the comrades, then, it is not business, as in European bourgeois culture, or scholarship, as in the shtetl culture, but labor which is the highest vocational goal. This goal, it must be stressed, is primarily a spiritual goal, it is a means to self-realization. As the folk-song has it: "To Palestine we have come, to build and to be built in it (the land)." This Tolstoyan attitude toward work could be evolved, it is not hazardous to say, only by romantic, urban intellectuals.

The "moral value of labor" stresses not only the latter aspect of the principle of self-labor, but the former aspect, which emphasizes the self is equally important. This general principle of the labor movement, when applied to the kibbutz, means that no one may be employed from the outside to work in the kibbutz, and that all work must be performed by the members of the kibbutz. Exceptions might be made in certain kinds of labor for which members may have had no training, such as house construction or language instruction in the high school, but no exception may be made in the case of other kinds of labor, no matter how difficult or repulsive it might be. The opposition to hired labor is based on three ethical considerations. First, there is the *mystique* of labor, already hinted at, which stresses the dignity and creativeness of labor and the need to strike roots in the soil. Then, there is the fear, which first arose when the Arabs were the majority group, in Palestine, that the introduction of hired labor would open the way to the employment of cheap Arab labor. If this happened, it was thought, the kibbutz would eventually become a plantation, worked by Arab labor for the benefit of what would then become the leisure class of kibbutz owners. The socialist ideology of Kiryat Yedidim, with its abhorrence of "surplus value" and its notion that all wage labor entails exploitation, is the third ethical opposition to hired labor and the insistence on self-labor.

The early pioneers, in short, constitute a class-conscious proletariat, *par excellence*; and it is not surprising that one's prestige in Kiryat Yedidim is determined primarily by excellence in and devotion to one's work.

Not all work, however, is equally valued. Physical labor enjoys the greatest prestige. The further removed it is from physical labor, the less prestige a job confers. This means, of course, that pure intellectual work does not confer great prestige, despite the fact that Kiryat Yedidim is a highly cultured community, one which is devoted to intellectual and artistic experience. Of the various categories of physical labor, agricultural labor is valued the most. Even among the agricultural branches, however, differential stereotypes have arisen. Those who work in the orchards and vineyards are thought to be intellectual, easygoing people, who are not particularly energetic. Shepherds are supposedly romantic, and inclined to be a bit lazy. On the other hand, the *falachim*, those who work in the grain fields, are presumably hard, energetic workers. They enjoy a national reputation, moreover, for the stereotype has it that the field workers of the past have become the country's leaders, and have built the important labor institutions.

It is difficult to assess the relative physical difficulty of these various occupations. It is probably true that, in many respects, the *falach* has the hardest job. There are certain periods, such as the harvest, when the combines work almost twenty-four hours a day, demanding almost superhuman effort. But there is another, and probably more cogent, reason for prestige which has little to do with the difficulty of his work. The kibbutz distinguishes between "productive" work and "services." The former enjoys the greater prestige, and, or, perhaps, because, it yields a cash income. Hence, *falcha*, the cereal crop, is the most important agricultural branch in the

kibbutz economy, for it historically has yielded the highest economic return. The economic importance of the branch has been generalized to the social importance of the person who works in that branch.

The importance attached to work is in constant evidence in Kiryat Yedidim and almost everyone responds to it. Work has become almost a compulsive habit, so that absence from work, even for good cause, elicits feelings of guilt. For three months, for example, I had been working in the fields with a companion whose work was characterized by drive and great energy, and who seldom took a break. I was amazed to discover somewhat later that this labor was tortuous to her; she could not tolerate the heat, and she suffered constant pains in her arms and hands. In another case, a kibbutznik donated one day a week to work in an immigrant camp. She became quite ill, and was ordered to bed by the doctor. She complained, however, that she must return to her work, and when she heard that there was no one to take her place in the camp, she insisted on rising from her sickbed and returning to the camp. It is interesting to note in this connection that, according to the kibbutz nurse, there are no cases of malingering or of “gold-bricking.” How compelling this drive for work can become, even for an outsider, is illustrated by another experience. During my onsite research it was mutually decided that I would pay for my expenses by working half a day, and by paying the kibbutz for the other half-day. Toward the end of the study, it became apparent that it would be impossible to complete my projected research aims, unless I had more free time for research. I obtained permission from the Secretariat of the kibbutz to work only one-quarter time for two months, and to make up the difference in cash payments. As soon as I started my quarter-time schedule, however, I realized that I would accomplish little work. My own guilt feelings were too great. No one mentioned the fact that I was not working regular hours, and probably few knew of it; nevertheless, I felt that I was shirking my kibbutz responsibility. I stayed away from public places during the day, trying to avoid my comrades. The influence of this dominant attitude is so great, that a complete stranger becomes acculturated to it within a few months.

Since labor is of such great importance, it follows that the individual who shirks his work responsibilities, or who is inefficient in his work, does not enjoy the respect of his fellows. Regardless of his other talents the lazy person occupies the position of lowest prestige in the hierarchy of Kiryat Yedidim.

COMMUNAL OWNERSHIP

A second moral principle of kibbutz culture is that the property used and produced by the entire community rightfully belongs to the entire community as a communal asset. Hence, the economy rests on the public ownership of property. The land inhabited and worked by the kibbutz is not owned by any individual or by any family, nor even by the kibbutz itself. It is owned, rather, by the entire nation, having been acquired by a national agency, the *Keren Kayemet*, the Jewish National Fund, by funds raised through voluntary contributions. The Keren Kayemet rents the land to the kibbutz on a ninety-nine year renewable lease, for which the latter pays an annual rent starting only after its fifth year of two percent of the original cost of the land, plus improvements. National ownership of land is an ethical imperative, it is believed, because it precludes such “evils” as land speculation, absentee ownership, and “unearned” income through rent. Moreover, it prevents the rise of a society composed, of a landed gentry and a disinherited peasantry.

Although its land is owned by the nation, all other property in Kiryat Yedidim is owned collectively by the members of the kibbutz. Ideally, the individual owns nothing with the exception of small personal gifts and those personal effects which he may buy with his annual vacation allowance a few Israeli pounds. Hence, the house in which he lives, the trucks and tractors he operates, the cattle he cares for, the clothes he wears, and the food he eats are owned by the kibbutz. Since private property has been abolished, the individual receives no wages for his work; since he lives in a house owned by the kibbutz, he pays no rent; and since he eats in the kibbutz dining room, he has no food bills. Moreover, he receives his clothes, like everyone else, from the kibbutz clothing room while smaller articles, like combs and toothbrushes are obtained at the kibbutz communal store. Should he be ill, his medical and hospital bills are taken care of by the kibbutz. In short, the individual has no money, nor does he need any, because his economic needs are satisfied by the kibbutz.

The principle of public ownership derives, of course, from the emphasis placed on the moral value of equality. Private property, it is felt, together with the profit motive and the competitiveness that accompany it, destroy the bonds of brotherhood. The kibbutz insists that only in the absence of private property is it possible to establish an economic system in which economic classes and economic inequalities are abolished and, consequently, in which greater brotherhood can be achieved.

Communal ownership, then, is related to another moral principle underlying kibbutz culture, that of social and economic *equality*. In the event that Kiryat Yedidim does not have enough goods or services to supply all its members equally, distribution is regulated according to seniority of arrival in the country. For example, the new housing development, consisting of two-room, instead of the usual one-room apartments, is open only to those persons who have been in the country for at least thirty years. Except for such special cases, however, economic distribution is formally equal such as the distribution of clothes.

In the past, the emphasis on formal economic equality was taken much more literally than it is today. Clothes, for example, in earlier years of the 1920s, were not marked in the laundry, on the principle that all clothes were publicly owned. Hence, a person did not receive from the laundry the same clean clothes that he had previously worn. Instead, he was given the first pair of pants, dress, or socks that happened to be on top of the laundry pile. This, of course, created highly ludicrous situations, such as tall persons having to wear short pants, or slender persons being forced to wear large dresses. This system, known as the first commune, was soon modified at the insistence of the women, who demanded that they be fitted for dresses. The sizes of the clothes were marked, so that a member, when he came for his weekly laundry, would not necessarily receive the same clothes he had worn the week before, but he would, at least, receive his own size.

In the middle 1930s, the second commune was instituted. It was becoming apparent that the members were not entirely careful with the clothes they wore, and there was a high percentage of torn and soiled clothes. It was felt that if the clothes were marked, and if each person were to receive the same clothes from the laundry, he could then be held responsible for their care. This is the system that is still in operation. All clothing, like everything else, is technically owned by the kibbutz. But each individual receives his clothing allowance for the

year, and the clothes he receives are “his,” in the sense that they are marked with his name, he wears them, and he is responsible for them.

Despite this formal equality in the basic necessities, certain inequalities in luxuries have arisen due to conditions not provided for in the formal structure of the kibbutz. Some people receive presents of food, clothing, and furniture, from relatives who do not reside in Kiryat Yedidim, while others do not. Some individuals, moreover, work outside the kibbutz during their vacations, and purchase what they please with the extra money they earn. Some have relatives or friends outside the kibbutz with whom they can stay when they go to the cities, which enables them to save from their annual vacation money, what others must pay in hotel and restaurant bills. This saving enables them to purchase small personal objects. As a result of all these factors, the complete economic equality that once characterized the kibbutz has been slightly qualified.

It may be stated as a general rule, however, that all individuals receive the same clothing allotment, eat the same food in the communal dining room, and enjoy the same housing conditions, regardless of their economic skill, their economic importance to the kibbutz, their prestige, or their power. For, despite having awareness that people differ greatly in ability or in skill, the kibbutz insists that such differences should not be used as a basis for differences in privileges. All individuals have an equal right to the good things of the community, although they do not contribute to it equally.

This observation serves to remind us that the equality principle of kibbutz culture is qualified by another ethical consideration, that of need. The kibbutz believes in the principle “from each according to his ability, to each according to his need,” an idea which conflicts at times with its principle of equality. In resolving this conflict, it is usually the need, rather than the equality, that prevails. A field hand, whose relative productivity is great, eats the common austerity fare of the dining room, even though he has worked strenuously in the hot Israeli sun. But an office worker of low prestige in the kibbutz value hierarchy, whose productivity is low, may receive a special diet, comparatively sumptuous, because of some physical condition. A man with children works no harder than a man without children, but the kibbutz provides not only for his wants, but also for the care of his children. In effect, those with no children, or with few children, subsidize those who do have children.

SOCIAL EQUALITY

Not so obvious upon first arriving in Kiryat Yedidim, but just as important for an understanding of kibbutz culture, is the social equality which exists, and of which one becomes acutely aware whenever one leaves the kibbutz, even for a short time. There is no class structure in Kiryat Yedidim, and there is no differential reward system for different kinds of labor based on some ranking technique. Some kinds of work, as has already been observed, are valued more highly than others; but those who occupy the more highly valued jobs, receive no greater reward than the others. The important psychological fact about kibbutz culture is that everyone, regardless of their work, is viewed as a worker, with the same privileges and responsibilities as anyone else. Menial work, which in capitalist society might mark one as a social inferior, does not carry that stigma in Kiryat Yedidim. The general manager, the highest elective officer in the kibbutz, is not the social superior of the janitor cleaning bathrooms. Hence, there is no work

which a person is ashamed to accept because it would demean him socially. There is, thus, little, if any subordination of one group of individuals to another; there is no polarization of society into those who command and those who obey, those who are respected and those who respect. There is no need for some to be subservient before others, or to be nice to them, for fear of losing their jobs. In short, many of the social inequalities existing in a stratified society do not exist in Kiryat Yedidim (Rosenfeld, 1957).

This achievement can be illustrated by two examples. The recently arrived European physician, not a member of the kibbutz, asked one of the women for the name of the maid in the clinic. She did not understand to whom he was referring until he explained that he meant the woman who regularly cleaned the clinic. The woman then explained to him that there were no maids in Kiryat Yedidim, that this woman would probably be sitting next to him at dinner that evening, and, moreover, that this maid was an important official in the kibbutz. While making a survey of the various types of kibbutzim, we arrived at a certain kibbutz in order to interview a member of the Israeli Parliament. We were told, on our arrival, that he was to be found in the cemetery, for his job, when Parliament was not in session, consisted in caring for the graveyard. He came to greet us in his work clothes and kindly consented to grant us an interview in the meadow, for his wife, who worked nights in the dairy, was sleeping in their room.

It should be emphasized that the absence of social classes as conventionally conceived, does not imply the absence of either some type of ranking system in Kiryat Yedidim or of horizontal social groupings. The kibbutz is not a homogeneous concentration of persons, all of whom enjoy equal prestige and power, and each of whom interacts with all others with equal frequency. On the contrary, differential prestige and power as well as social cliques are to be found in Kiryat Yedidim; and it may be well to delineate their broad outlines.

Although the various kibbutz offices are held on a temporary and a rotation basis, those who happen to hold these offices do enjoy considerable power. Moreover, though the tenure of office is limited to two or three years, only a small number of members possess the necessary skills required to cope with the complexities of such offices as general manager, secretary, treasurer, etc., so that, in effect, these offices rotate among a small core of twelve to fifteen persons. Hence, power within the kibbutz is not equally distributed; it is, rather, concentrated within this small core. It should nevertheless be emphasized that those who occupy these offices enjoy no special privileges and receive no material rewards. Their power, moreover, is limited by the fact that major decisions are made, not by them, but by the town meeting; and that they are under the constant surveillance of the town meeting, and subject to its power of recall. At the same time this core is not a united group, but is comprised of individuals and of sub-groups who disagree, and are often in conflict, with each other. Finally, this is neither a closed, nor a self-appointed group. Rather, it is a group whose members are elected by the kibbutz on the basis of ability and demonstrated performance, and one which is always open to recruits chosen by the town meeting should it deem them capable of holding office.

Many of these same considerations apply to those who enjoy prestige. With one possible exception, prestige in Kiryat Yedidim is a function of achieved, rather than of ascribed, status; and the persons of prestige constitute a social category rather than a social group. Prestige is achieved by being a productive and devoted worker, by implementing kibbutz ideals in one's daily life, by being a synthetic personality, and by being a founder of the kibbutz. The first three

qualifications are, of course, attained only through achievement and they are open to all. The fourth, though not open to present achievement, was attained through past achievement. Moreover, it is not sufficient merely to be a founder; to merit prestige, the one must constantly validate his status by his daily behavior rather than by resting on the glories of the past. Nor, it should be noted, is prestige inherited by one's children. The latter must achieve their own prestige through the same avenues that are open to children of other members, and the status of their parents confers upon them no competitive advantage.

But Kiryat Yedidim is not only stratified by power and prestige. It may be subdivided into horizontal groups, as well; that is, into friendship groups or cliques, based on at least four factors: age, occupation, residential contiguity, and interests. Usually these criteria overlap, for friendship groups, as measured by social visiting in the evening, usually consist of individuals of the same generation. The latter, in turn, usually share the same interests; and, as a result of the kibbutz system of distributing housing, they usually live in the same living area. The kibbutz itself recognizes what it calls, four age layers, and it is rare that a clique consists of individuals from overlapping layers. Not all members of the same layer, however, comprise a single clique. Within the layers, cliques are formed on the basis of common interests-intellectual, political, discontent, and so on.

This combination of age and residential contiguity does not account for all cliques, for it is sometimes overruled by occupational interests and by power position. Those who comprise the small core which holds power are not necessarily a friendship group, but they are, nevertheless, characterized by a high frequency of interaction, since it is they who must meet, frequently over a cup of tea in the evening, to solve the many problems that are constantly arising in the kibbutz. They are not always of the same generation, nor do they live in spatial proximity.

Similarly, workers in some economic branches, establish a strong *esprit de corps* which may carry over to their non-working hours. Hence, though not of the same generation and though they do not share a common living area, they constitute a clique based on personal friendship which had its origin in a common occupational interest. It should be noted, moreover, that to the extent that some economic branches are unisexual in character membership in the cliques is also unisexual, so that sex becomes a criterion for social grouping.

FREEDOM AND THE GROUP

Another principle underlying the culture of Kiryat Yedidim is that of individual liberty; indeed, the kibbutz prides itself on being the freest society in the world. In the early history of Kiryat Yedidim, emphasis on freedom meant primarily freedom from the artificial conventions of all urban civilization. Once it was settled on its own land, however, and the necessity for some kind of social organization and authority arose, this earlier notion of freedom was expanded to include opposition to any system of authority. The kibbutz, it was assumed, was an organic community, and its work would somehow get accomplished without the necessity of investing any individual or individuals with power over their associates. Hence, Kiryat Yedidim had no officers, and all decisions were made in informal group discussions that included neither a chairman nor an agenda. As it grew larger, however, and as its economy expanded, it became evident that some kind of formal organization was required and that it was necessary to delegate

power. But in order to prevent any individual from acquiring personal power and/or to prevent the rise of an entrenched bureaucracy, it was decided that all offices, from the most menial to that of the general manager, should be held for a maximum of two or three years. This tenure limitation, it was hoped, would lead to a rotation of individuals in the various power positions, and would, therefore, ensure the maximum liberty of the kibbutz members.

This emphasis on freedom, it should be noted, is manifest not only in its formal structure, but in its freedom of expression as well. Any curtailment of freedom of speech, or of reading, is abhorrent to its members, and no censorship of any kind exists.

Finally, a discussion of the moral postulates of this culture must include the principle which might be termed the moral value of the group. The group, in kibbutz culture, is not only a means to the happiness of the individual; the group and group processes are moral ends in their own right. This has three aspects. It means, first, that the interests of the individual must be subordinate to the interests of the group. When the needs of the individual and those of the group come into conflict, the individual is expected to abdicate his needs in favor of the group's. This applies to vocational interests, as well as to ideological convictions. A person's vocational preferences are usually considered in deciding his work assignment; but if the kibbutz requires his labor or skill in some special branch, he is expected to recognize the paramount needs of the group. The same logic applies to ideological matters. An individual is permitted complete freedom in the process of arriving at political decisions and in attempting to convince others of his point of view. But once a formal decision is reached by the kibbutz, he is expected to acquiesce in its decision and to support it, however much it conflicts with his personal views.

A second aspect of the emphasis on the ethical value of the group involves the assumption that the individual's motivations will always be directed to the promotion of the group's interests, as well as of his own. Behavior is expected to be characterized by mutual aid. This means that every member of the kibbutz is responsible for the welfare of every other member and for the welfare of the kibbutz as a whole, just as the kibbutz is responsible for the welfare of each individual. The consequence of this principle is that no one is to suffer for lack of medical care, education for children, food, shelter, clothing, or any other need, as long as the kibbutz can provide the individual with these requirements.

The emphasis on the moral value of the group means, finally, that group living and group experiences are valued more highly than their individual counterparts. Indeed, so important is the value of group experience that those who seek a great degree of privacy are viewed as strange. The kibbutz is interested in creating a community. The ultimate criterion of either a good kibbutz, a good high school, or a good kindergarten, is whether or not it has become a community. Kiryat Yedidim is a group which is characterized by intimacy of interaction, and by mutual concern, if not by love. The kibbutz, in short, is a *gemeinschaft*, or, to use their term, an organic community. It is apparent, therefore, that the individualist, the person who cherishes his own privacy more than a group experience, constitutes a threat to the group. The desire for privacy either prevents the group from becoming a community, or symbolizes the fact that it is not one, for if it were, the individual would prefer to be with the group than to be alone.

To insist on privacy is a serious weakness. One of the worst things you can say of a man is, "he keeps it for himself," or "he hides it from others," whether "it" is money or wisdom,

clothes or news. Locked doors, isolation, avoidance of community control, all arouse suspicion. Members should be free to come in whenever they like at any time of the day. Withdrawal is felt as attack, whether physical or psychological, and isolation is intolerable. Life is with people. Everywhere people cluster to talk, at home, in the market place, on the street. Everyone wants to pick up the latest news, the newest gossip.

The freedom to observe and to pass judgment on one's fellows, the need to communicate and share events and emotions, is inseparable from a strong feeling that individuals are responsible to and for each other (Zborowski & Herzog, 1952, pp. 225-227).

These moral postulates constitute the social ethics of Kiryat Yedidim and represent, for them, the basic tenets of socialism. But socialism is only one of the twin principles on which the historical kibbutz culture rests; the other principle is Zionism. For Kiryat Yedidim, the kibbutz is not only a means to social and personal liberation, it is a means to national liberation, as well. Socialism, as defined by the tenets described in this chapter, represents the universalistic principle of kibbutz culture. Zionism represents its particularistic, Jewish principle. It is no accident, therefore, that Kiryat Yedidim was founded in Palestine rather than in Eastern Europe, the birthplace of the founders.

ZIONIST VALUES

The Zionist convictions of Kiryat Yedidim which, for the most part, is shared with the entire Zionist movement, may be simply stated. The Jews constitute a nation, however dispersed they may have been in the last 1900 years of their history, and however lacking they may have been in the external *accoutrement* of nationhood. Every nation has not only a right, but a duty to survive, and to perpetuate its national culture. The physical survival of the Jewish nation is under a constant threat as long as the Jews remain a national minority living among other political nations. Only in their own historical homeland is it possible for them to escape anti-Semitism and to escape their anomalous minority status. But this minority status has not only made the Jews an easy target for anti-Semitism; it has distorted their psychological and cultural complexion. Being deprived of numerous channels for economic activity, the Jews have been forced into a narrow range of economic outlets—they have become "middlemen." Middlemen are not only economic parasites, but they become distorted by the very nature of their work. They have no appreciation for nature and, hence, strike no roots in the soil. They have no understanding of the essential dignity and creativity of physical labor so they develop a sterile intellectualism, a scholasticism which has no basis in real life.

Zionism can change all these characteristics. By living in their own homeland, Jews are no longer economic parasites, for they are not only middlemen, but they also work the land and run the factories. Having normalized, that is, broadened, their economic base to include the entire range of economic activities, the cultural and intellectual life of Jews will become normalized as well, since it will have its roots in the creative life of the people. And this economic and cultural normalization, in conjunction with its national normalization—escape from minority status and, hence, from anti-Semitism—will enable the Jews to take their rightful and normal place among the nations of the world.

In short, Zionism, for Kiryat Yedidim, although a particularistic movement, has as its ultimate aim a universalistic and humanistic goal. This goal is not the geographic segregation of Jews, with the intention of developing specific Jewish characteristics that will separate the Jews from the non-Jewish world. Its aim, rather, is the concentration of Jews in their homeland so that they may develop a normal national life which, in turn, will enable them to interact with the rest of the world as normal human beings, rather than as members of a dependent, parasitic, fearful minority. For Kiryat Yedidim, then, national liberation is not only as important as social and personal liberation; it is a necessary condition for their existence.

This is not to say, however, that its conception of Zionism does not contain much of the ethnocentrism that characterizes other nationalist philosophies. Like other Israelis, the kibbutzniks polarize their world into *Aretz*, whose literal meaning is “country,” but which is used to refer to *the* country, Israel; and *chutz la-aretz*, which refers to the rest of the world literally, “outside the country.” So, too, they polarize the peoples of the world into *Yehudim*, a term which includes Israeli and non-Israeli Jews alike, and *Goyim*, literally, nations, the rest of mankind. This distinction is rhetorical, inherited from an epoch in which the world was polarized into friends (Jews) and foes (the rest of mankind). Nevertheless, it does not take long for one to realize that this rhetoric expresses an important contemporary psychological attitude. The ethnocentrism of kibbutzniks is expressed, moreover, in their insistence that all Jews ought to settle in Israel, and in their expressed amazement that any Jew who has visited Israel should want to return to one’s native country.

The Zionist philosophy of Kiryat Yedidim serves to explain some of its important characteristics and behavior. Its emphasis on physical labor and its choice of rural, rather than urban living, stems not only from its general social philosophy, but from its Zionist convictions. The “normalization” of Jewish national life requires that Jews return to physical labor and that they strike roots in the soil. Moreover, the very geographic location of the kibbutz was dictated by its Zionist conviction. Kiryat Yedidim was founded on what was then swamp land, in an area which was remote from Jewish settlements. This was part of deliberate Zionist settlement policy, whose aim was to drain the Palestinian swamp land so that more acreage could be brought under cultivation, and to continuously extend the frontiers of Jewish colonization so that all of mandated Palestine would be dotted with Jewish settlements.

It is this same Zionist philosophy that today motivates Kiryat Yedidim, together with other kibbutzim, to devote so much manpower and energies to non-kibbutz, nationalist goals. During, and immediately following, World War II, kibbutz members were to be found in Europe in the vanguard of those who risked their lives in order to smuggle Jewish refugees out of Europe and into Palestine. After the war, the kibbutzim loaned some of their members for work in the refugee camps that were scattered throughout Israel.

Finally, since Kiryat Yedidim viewed itself as a Zionist agency, it has opened its doors for the settlement and rehabilitation of refugee youth. When children from Hitler’s Europe and, more recently, from Moslem countries, arrived in Israel, the country was faced with the problem of how to provide for their care. The kibbutzim, in an agreement with the Jewish Agency, agreed to accept groups of adolescents who would live and be educated in a kibbutz until they were prepared to take their place in the life of the country. And when one group left, another would take its place. The kibbutzim provided them with food, shelter, and their entire education.

This is not to say that their motivations were entirely altruistic. Kiryat Yedidim, for example, derived some benefit from this arrangement in the stipend it received from the Agency for each child it accepted and in the work performed by the youths in the kibbutz economy. The fact is, however, that the financial gain was small, and was more than offset by the great inconveniences which this arrangement caused the kibbutz, all of whose facilities were already strained.

These, then, are the moral postulates of Kiryat Yedidim and, indeed, of all kibbutzim. They are important, not only because they constitute the basis for the social structure of the kibbutz, but because they provide a clue to an important premise of its living, the premise that life is serious. It is serious because the realization of these values, rather than immediate pleasure or self-seeking, is taken to be the purpose of living.

The feeling that life's primary meaning is to be sought in the realization of values that transcend one's own personal importance was best expressed by a kibbutznik who had recently returned from a visit to the United States. When I asked how long it had taken her to become lonesome for Israel, she replied that she missed it almost at once. In America, she said, "they have no values. Of course, in Israel we have austerity, but we have values. We are absorbing immigrants, building a new society. Hence, you feel that your life has meaning. But what meaning does it have in America?"

The consciousness of the seriousness of existence, which is characteristic not only of Kiryat Yedidim, but of the kibbutz movement as a whole, is emphasized at every opportunity, including festive occasions. The annual nationwide dance festival, for example, is held at Kibbutz Dahlia, and is staged by various groups throughout the country, including the kibbutzim. The year that I attended, the audience numbered more than 50,000 and the theme of the festival was the cultural contribution of each of the groups of immigrants to Israel. The dances and songs of the various countries of origin were presented by these groups which had migrated from every part of the world. But, amid the spectacle of the colors and music of many cultures, arose the feature tableau of the evening, wherein was depicted the tragedy of Jewish life throughout the Diaspora, and the struggle and eventual success of the return to the homeland. The audience was reminded that there were still many Jews suffering in the Diaspora, and that the task of all was to work for their redemption and return. It seems that even an evening of folk art cannot be enjoyed simply and for itself, without some message of social significance.

Decades ago, the founders of Kiryat Yedidim, young Jews from the villages of Eastern Europe, left their middle-class homes and emigrated to Palestine in order to found a community based on the principles of equality and community. These are indeed, the moral postulates of kibbutz culture and socio-economic organization.

REFERENCES

Gordon, Aaron David. *Selected Essays*. New York: NY: League for Labor in Palestine, 1938.

Rosenfeld, Eva. "Institutional Change in the Kibbutz," *Social Problems*, 1957, Vol. 5, pp. 110-136.

Zborowski, Mark and Elizabeth Herzog. *Life is With People*. New York, NY: Schocken Press, 1952.