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WAGE INCREASES AND STANDARD OF LIVING, IMPROVEMENTS
FOR WORKERS IN THE PEOPLE'S REPUBLIC OF CHINA

MAIN FILE

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FOREWORD

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WAGE INCREASES AND STANDARD OF LIVING IMPROVEMENTS
FOR WORKERS IN THE PEOPLE'S REPUBLIC OF CHINA

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P. Shelekasov

The first of October 1959 was the tenth anniversary of the founding of the People's Republic of China. In this short period of history, the people of China, under the leadership of the Communist Party and the people's government, have achieved major successes in the building of a socialist society, in the development of the country's economy, and in increasing the workers' standard of living.

From the outset of its activity, the Communist Party and the people's government of China demonstrated continuous concern for the maximum possible satisfaction of the material and cultural demands of the workers. This was reflected in a series of legislative acts. In 1949 the eight-hour work day was established in industry, the system of worker participation in the administration of production was introduced, special rules regulated relations between labor and capital; and equal pay for equal work for both men and women was provided for.

In February 1951, the government Administrative Council adopted a decree "Concerning Social Insurance in the PRC," which established aid for workers and employees temporarily not fit for work, and also for the families of those who had died from injuries received in industry.

The right to work, proclaimed by the Constitution of the People's Republic of China, is guaranteed by the State through the planned development of the national economy, the gradual increase in employment, improvements in working conditions, and wage increases.

The number of workers and employees has steadily increased. At the end of 1949, the total number of workers and employees was 8 million, but at the end of 1958 (the year of the "Great Leap" in the development of industry and agriculture), this figure was 45,320,000.(1)

In 1958 alone, the number of workers and employees increased by 8 million. With the growth of gainful employment, lack of work -- the scourge of the Chinese people -- was cut down. In old China the unemployed had reached a total of over 4 million. At present unemployment has been fully liquidated.

Successes in the development of the national economy, the growth of industrial and agricultural production, and the growth of labor productivity have provided the possibility for wage increases for workers and employees.

It is a known fact that the People's Republic of China inherited a backward economy, ruined by many years of wars, from the reactionary Kuomintang regime. Prices of goods had reached a high level and constantly increased.

A system of determining wages in terms of commodity units was adopted in 1949 for the purpose of conserving the real wage level of workers and employees under conditions of sharply fluctuating prices. A commodity unit consisted of a fixed quantity of consumers goods (grain, flour, vegetable oil, salt, cotton cloth, coal). Wages were calculated in these units, but paid in cash according to rates of its exchange with the commodity units which were published semi-monthly. The total wages to be paid the worker were calculated by multiplying the commodity unit rate of exchange by the number of commodity units which comprised the rate of his pay. Workers of State institutions and enterprises were paid by a system of guaranteeing payments in kind for food and lodging which had been established during the people's struggle for liberation.

The people's government made a great effort to regulate the financial system, and to repair normal trade relationships with the result that by March 1950 prices of staples had basically become stabilized. The stabilization of prices strengthened the national yuan, and broadened the sphere [of activities] in which money was used. Speculation was suppressed, and conditions for the development of industry and trade were created throughout the entire country.

The most important result of price stabilization was the improvement of the material position of the workers, who had suffered most of all from inflation and speculative prices. The people's government carried out price reductions on several very important industrial goods in 1951. For example, prices of cotton cloth were reduced by 6 percent, knitted goods 4 percent, etc. Price reductions in state trade [networks] averaged about 8 percent for consumers goods in 1952.

The price reductions were an important factor in raising real wages, and in the further growth of the material well-being of the workers. Average wages for workers and employees in various areas of the country increased from 60 to 120 percent in 1952.

The material position of the workers of the Peoples Republic of China continued to improve with the transition to large-scale economic construction in the period of the First Five Year Plan (1953-1957).

The following table provides data concerning wage increases for workers and employees.(2)

Table I

	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>
Average Annual Nominal wage (in yuan)	445.9	495.8	518.6	534.1
Rate of Growth (in % of preceding year)	100.0	111.2	104.6	103.0
Real Wages (in % of 1952)	100.0	105.4	108.8	111.7

The average annual wage of workers and employees increased 19.8 percent from 1952 to 1955. Real wages increased 11.7 percent during this period.(3)

An important condition for the uninterrupted increase of the standard of living of workers and employees is the continuous increase in labor productivity. Labor productivity in state industrial enterprises increased 41.8 percent during the first three years of the five-year plan.(4) The gross volume of industrial and agricultural products increased substantially in this period.

For the purpose of maximum improvement of the material well-being of the workers through the development of production and the growth of national income, the people's government carried through a series of measures designed to improve the wage system in the second half of 1955 and the first quarter of 1956. The State Council of the PRC published a decree [entitled] "Concerning the Standardization and Improvement of the Wage System for Workers in State Institutions" in August 1955. By this decree, from August 1955 on a system of monetary wages was substituted for wages in kind for workers in state institutions.

The decision was taken to convert to a money wage for all workers and employees and not just those in state institutions.

By a decision of the State Council the wage level for workers and employees was increased 14.5 percent as of 1 April 1956.

New wage rates were established in response to the demands of development of production in various areas, and with regard to actually existing price and wage levels. Additions to the wage rates were established in order to avoid raising the scale in regions with high price levels. These were periodically reviewed with changes in the price level.

The new system of wages guaranteed observance of the principle of payment for labor with allowance for differences between skilled and unskilled labor, heavy and light labor, and served to do away with [the practice of] equal wages for all labor.

The decree provided a very substantial raise in wages for workers in heavy industry, capital construction and for highly skilled scientific and technical cadres. The wages of elementary school teachers, workers in supply and sales cooperatives, and State employees located in rural areas were substantially increased.

The result was a 14.3 percent average annual wage increase for workers and employees as a whole throughout the country in 1956 as compared with 1955. Table II below indicates the growth of the average wages of workers and employees in various branches of the national economy. (5)

By a decision of the State Council, production of consumers goods, particularly food products, was increased, and the supply of these goods to the population was improved. Retail trade in 1956 increased over 1955 as follows: cotton cloth 34 percent, vegetable oil 16 percent, sugar 19 percent, footwear 18 percent. In 1957 the average wage for workers and employees was 636 yuan which was 42.8 percent higher than in 1952 and 4.2 percent higher than in 1956. Comparable growth in real wages for the same period was 30.5 percent and 2.6 percent respectively. The average wage of workers and employees in 1958 increased 3 percent over 1957. (6)

Table II

	Average Annual Wage (in yuan)		Wage Increases (in percent)
	1955	1956	
Industry	599.6	674.9	112.4
Capital Construction	613.0	700.9	114.3
Transport and Communications	645.4	745.8	115.6
Agricultural, irrigation, and meteorological organizations	461.1	497.8	108.0
Trade and Public Feeding	443.4	489.7	110.4
Banks and Social Insurance Organs	532.3	586.1	110.1
Culture, education, health	447.5	548.1	122.5

Aside from wages, the Chinese workers and employees received income from the state in the form of various payments (pensions, premiums, welfare, students allowances) and also in the form of various privileges (free medical aid, free school and industrial training, free higher and specialized education, etc.)

In the period 1953-1956 alone, the government assigned 4 billion 394 million yuan to social insurance, free medical aid, and cultural and educational activities. This was 12.8 percent of the total wage bill. Payments to students -- the children of workers and employees -- totaled 605 million yuan or 1.8 percent of the total wage bill.(7)

The consumption of basic goods by the urban population continually increased as the result of the growth of wages. Annual per capita consumption by workers and employees families reached 199.8 yuan in 1956 as against 167.7 yuan in 1952 and 130 yuan in 1936 in comparative prices.

The following table gives growth figures for annual per capita consumption of various goods by the urban population.

TABLE III

<u>Goods</u>	<u>Consumption</u>		<u>Growth in Consumption (in percent)</u>
	<u>1949</u>	<u>1956</u>	
Grain (kilograms)	197	202	102.5
Vegetable oil (Kg)	2.6	6.4	246.1
Meat and Meat Products (Kg)	5.2	7.0	134.6
Sugar and Sweets (Kg)	1.3	3.9	300.0
Cotton Cloth (meters)	9.1	20.6	226.4
Salt (Kg)	7.0	8.5	121.4

It should be noted that changes are occurring in the type of expenditures made by workers' families along with the volume of consumption. For example workers and employees of Karin Province increased the proportion of expenditures made for clothing, and simultaneously curtailed expenditures for food. In 1941 they spent 60.3 percent of their funds on food and 25.9 percent on clothing. In 1956, expenditures for these items were 44.2 percent and 40.6 percent respectively.

Payments for housing, light, and water have considerably decreased. In 1941 they accounted for 6 percent of all expenditures, but in 1956 only 3.2 percent. (The year 1941 was selected as the high point of these expenditures.) Sums expended for furniture were 1.4 percent of all expenditures in 1941, but totaled 5 percent in 1956 -- that is, they had more than tripled.

The purchasing power of workers and employees throughout the country increased 2-3 times from 1952 to 1957, including: in Peking 2.4 times, in Tientsin 2 times, and in Shanghai 1.5 times.

The purchasing power of the Chinese people continued to grow in 1958. The retail trade turnover increased as a whole 16 percent from 1957 to 1958 for the most important consumers goods, including:(8)

<u>Item</u>	<u>Increase</u>	<u>Item</u>	<u>Increase</u>
Grain	16 percent	Thermos bottles	29 percent
Cotton cloth	17 "	Radio sets	60 "
Knitted goods	45 "	Bicycles	14.5 "
Rubber footwear	52 "	Matches	13.4 "
Soap	8.8 "	Sewing machines	69.8 "

Prices were reduced in 1958 an average of 3 percent on food, 5 percent on cultural goods and medicines, 1.5 percent on household utensils, 5 to 10 percent on books, and 10 percent on metal goods.

The first session of the Second National People's Congress, which met in April 1959 decreed that as a part of the national economic plan for 1959, the production of consumers goods would increase 34 percent over 1958.(9) The total retail trade turnover in 1959 is to reach 65 billion yuan, an increase of 19 percent over 1953.(10)

The decisions concerning the Second Five Year Plan for the Development of the National Economy (1958-1962), which were adopted at the Eight All-Chinese Congress of the CPC, outlined the necessity for a basic development of production which would gradually raise the standard of living of the people while maintaining proper balance between increases in labor productivity and wage increases for workers and employees. It is necessary to increase labor productivity approximately 50 percent in industry and capital construction during the Five Year Plan. Average wages for workers and employees must be increased 25 to 30 percent.(11)

Successes in building the national economy of the People's Republic of China have been attained thanks to the basic social transformation, and the burgeoning of the creative initiative and energy of the people of China.

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