1. History

1.1. The Cooperatives

The earliest material available on agricultural accounting and planning in the People's Republic of China are the two "Model Regulations" for first and second degree agricultural cooperatives, passed by the People's Congress in March and June 1956. For two reasons, the titles of these "Regulations" are misleading. They were not "model" regulations in the sense that the cooperatives might or might not adopt or modify them. Rather, they were binding rules on which the cooperatives must model their own statutes. Moreover, the two regulations were not rules passed almost simultaneously and intended for two different kinds of organizations (the first—for first degree; and the second—for second degree cooperatives). The first regulation was passed then published as a draft, in November 1955, by a National Agricultural Conference; the People's Congress later adopted this draft without modification; it was applicable both to first and second degree cooperatives. When the second regulation was passed, the first degree cooperatives were already fast disappearing, so that, at that time, the main parts of both regulations were applicable to practically all cooperatives alike; the second regulation certainly modified the first, but with the curious and rather Chinese reservation that a cooperative might continue to use the rules of the first regulation where these were not "in contradiction" with the rules of the second. In actual practice, some rules of the first regulation seem to have prevailed over those of the second. The two regulations already show most of the basic elements of the organizational structure, accounting, and planning that are still apparent today in the agricultural brigades and teams.

* Editor's Note: This is the first part of Dr. Münzel's article on Chinese agricultural cooperatives; the second and final installment, including the List of Sources, will appear in the next issue of the Review.

** Research Associate
Max-Planck-Institut für ausländisches und internationales Privatrecht
Hamburg, BRD
They provide for a Members' Assembly (MA) or, for larger cooperatives, an Assembly of Members' Representatives (MRA). This was to elect a Leading Committee (LC) headed by a Cooperative Chief, and a Control Committee (CC). As soon as possible, the cooperative should name an accountant, a cashier, and a storekeeper; these offices were to be held by different persons who were not to be members of the LC or the CC. The cooperative was to be subdivided into production teams (and production cells, for the trades), each under a team chief (tc), named by the LC after the approval of the team members had been obtained (or, under the second regulation, "sought"). There was, as yet, no labor recorder (to record the amount of work done each day by each member); labor recording was to be done by the tc. The description of the accounting system shows many terms still in use today. The system centered on the distribution of profit. According to the second regulation, total income was to be determined at the end of the production year; then costs were to be deducted. Part of the resulting net income was retained for next year's production costs. From the remainder, loans and members' investments (i.e. bank and credit cooperative loans and—in principle voluntary—loans by the members to the cooperative) for this year were to be repaid. Then the accumulation fund (AF) and the welfare fund (WF) were to receive contributions. The remaining amount was to be distributed to the members according to the number of standard workdays each of them had accomplished for the cooperative. (The first regulation differed only in emphasis: taxes were mentioned explicitly as the first debt to be paid. Loans and members' investments were not mentioned in connection with distribution. Under the first regulation, loans—which here and always means bank or credit cooperative loans, though these might be obtained indirectly through a commercial cooperative—were to be used only exceptionally. In actual practice, the repayment of rural bank loans is known to have always been a big problem for the banks; this probably became apparent between the publication of the first and the second regulations.) In other words, loans and members' investments usually were to be repaid before the end of the year. However, other terms could be agreed upon. In exceptionally bad years, the cooperative could also demand an extension of these loans and investments. Loans and members' investments were two of the "four sources of capital" (according to the first regulation), the—more important—other two being the members' shares.