

**MODEL REGULATIONS
FOR AN
AGRICULTURAL PRODUCERS'
CO-OPERATIVE**



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of the National People's Congress
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CHAPTER ONE

GENERAL PRINCIPLES

ARTICLE 1 An agricultural producers' co-operative is a collective economic organization formed on a voluntary and mutually beneficial basis by working peasants with the guidance and help of the Communist Party and the People's Government. In such a co-operative, the principal means of production such as land, draught animals and farm tools owned privately by members are put under a single, centralized management and gradually turned into their common property; members are organized for collective work and the fruits of their labour are distributed according to a common plan.

The aim in promoting agricultural producers' co-operatives is step by step to end capitalist exploitation in the countryside, to overcome the backwardness of small-peasant farming and develop a socialist agriculture which will meet the needs of the nation's socialist industrialization. That is to say, steps must be taken to gradually replace private ownership of the means of production by collective ownership by the working masses, and small-scale production by large-scale, mechanized production, so as to create a highly developed agriculture bringing prosperity to the peasants as a whole and satisfying the ever-increasing demands of society for agricultural products.

ARTICLE 2 Agricultural co-operation is the only clear road which can lead the working peasants to the

final elimination of poverty and exploitation; that is why all working peasants must be gradually enrolled in the agricultural producers' co-operatives, to bring about the complete victory of socialism in the countryside. To do this, co-operatives must on no account resort to coercion in dealing with the peasants remaining outside; they must persuade and set an example to them so that they become willing to join when they realize that far from suffering loss, they can only benefit by joining.

The agricultural producers' co-operative should be an association bringing mutual benefits to all the working peasants, especially as between the poor and middle peasants. The only way to ensure that the peasants take the road of co-operation voluntarily is by adherence to the principle of mutual benefit. In promoting agricultural producers' co-operatives the rule must be to rely on the poor peasants and unite firmly with the middle peasants. The co-operative must not violate the interests of any poor peasant, or of any middle peasant. When the co-operative has reached the advanced stage at which all the chief means of production are turned into common property and the peasants as a whole prosper, there will no longer be any distinction between poor and middle peasants.

ARTICLE 3 Agricultural co-operation proceeds through two stages—the elementary and the advanced. At the elementary stage, the co-operative is semi-socialist in character. At that stage part of the means of production is owned in common and members are, for a definite period of time, allowed to retain ownership of land and other means of production which they have pooled for use under centralized management and receive an appropriate return on this property.

As production develops and the socialist understanding of members grows, the dividend paid on land pooled by members will be gradually abolished. Other means of production brought by members for use under centralized management will, as need arises and with the approval of the owners, be gradually converted into common property, that is, property collectively owned by all the members, after paying the owners for them or taking other mutually beneficial measures. In this way the co-operative will pass step by step from the elementary to the advanced stage.

At the advanced stage the co-operative is entirely socialist in character. In such a co-operative, all the land pooled by members and other means of production needed by the co-operative will become common property.

Household goods of members, small plots of household land, small holdings of trees, and poultry, domestic animals, small farm tools, and tools needed for subsidiary cottage occupations, will not be made common property in co-operatives either of the elementary or advanced type.

ARTICLE 4 The co-operative must bring about a steady expansion of productive activities, raise the level of agricultural production, make its members more efficient and increase yields.

The co-operative must work to plan. It should draw up plans both for the production and sale of products in the light of its own conditions and gear these plans to the production and purchase plans of the state.

With its land under centralized management and by working collectively the co-operative should, as circumstances permit, start using better farm tools, constantly improve farming skills, and, with the assistance of the state and working class, bring about

the gradual mechanization and electrification of agriculture.

The co-operative should do everything possible to take full advantage of organized collective work, promote labour emulation, encourage and urge every member to work hard, and make vigorous efforts to create wealth both for the community and for each individual member.

ARTICLE 5 In paying members for work, the co-operative must stick to the principle "to each according to his work—that is, more work, more pay."

ARTICLE 6 The co-operative must not practise any form of exploitation. It must not hire farm labourers for lengthy periods, rent out land, lend money out for a profit or engage in commercial exploitation. No one is permitted to bring farm labourers into the co-operative upon joining it.

The co-operative may engage technical personnel; it may hire a small number of farm labourers for short periods if an urgent need arises. Those employed by the co-operative must get proper treatment.

ARTICLE 7 In dealing with its economic problems, the co-operative should stick to the principle of giving due consideration to both public and private interests, so that the interests of the state, the co-operative and individual members are properly integrated.

The co-operative must set an example in fulfilling its duties to the state. In paying the agricultural tax it must observe the state's requirements regarding quantity, quality and delivery dates; it must sell its products in accordance with the state plan for unified purchase of agricultural produce and prior contracts for purchase of products concluded with state purchasing agencies.

In distributing the fruits of labour, the co-operative

should, while giving each member his due, set aside funds needed to expand production and improve public welfare and amenities.

With the expansion of production, the co-operative should gradually improve the material well-being of members and enrich their cultural life.

ARTICLE 8 The co-operative should live up to the principles of democracy and strive for unity and constant progress.

The co-operative should manage things in a democratic way. Officers of the co-operative should keep in close touch with members, discuss things with them thoroughly, and rely on the members as a body to run the co-operative well. They must not abuse their authority and position or restrict democratic rights.

The co-operative should take any measures which will effectively strengthen internal unity, and foster comradely relations among members. There must be no discrimination against members who belong to national minorities, members who come as settlers, new members or women members.

The co-operative should take any measures which will bring about a steady rise in the level of political understanding of members; it should give them regular education in socialism and patriotism, and see to it that every member abides by the laws of the country. It should be ready to respond to the call of the Communist Party and the People's Government, and lead its members in the advance to socialism.

ARTICLE 9 Close contact should be established between agricultural producers' co-operatives, and between them and supply and marketing co-operatives, credit co-operatives and handicraft producers' co-operatives, as well as the state economic agencies in the villages, so that each can help the others to carry

out their economic plans and join in the common effort to implement the state economic plan.

The co-operative should make a big effort to unite with working peasants still outside its ranks—those who have joined agricultural producers' mutual-aid teams and those who still work individually, and do all it can to help them increase production and take the co-operative road.

ARTICLE 10 The co-operative should carry on the struggle against the rich peasants and other exploiters so as to restrict and gradually abolish capitalist exploitation in the countryside.

CHAPTER TWO

MEMBERS

ARTICLE 11 All working peasants, men and women, who have reached the age of 16, or other working people able to take part in the work of the co-operative (e.g. handicraft workers and book-keepers), and who voluntarily apply to join, shall become members of the agricultural producers' co-operative when their applications are accepted by a general meeting of members.

The following points should be observed by the agricultural producers' co-operative in admitting new members:

(1) No restrictions shall be placed on admittance of poor peasants; no middle peasant shall be prevented from joining the co-operative.

(2) Active steps should be taken to draw into the co-operative demobilized soldiers, dependants of

revolutionary martyrs, soldiers and government workers, and also new settlers. The aged, the weak, the orphaned and widowed who can take part in subsidiary work should also be absorbed into the co-operative according to plan.

(3) During its first few years the co-operative shall not accept former landlords and rich peasants as members. Former landlords whose status has been changed according to law, and rich peasants who have for many years given up exploitation may be admitted individually into the co-operative but only when the co-operative in question is firmly established and when over three quarters of the working peasants in that particular township (*hsiang*) and county have joined co-operatives, and after a general meeting of members has examined their cases and approved their applications, and this decision has been examined and sanctioned by the county people's council.

(4) Persons who have been deprived of their political rights shall not be admitted into the co-operative; this restriction, however, does not apply to members of their families.

ARTICLE 12 The co-operative may satisfy the request of persons who are not yet qualified to be members but who ask to take part in the work of the co-operative (e.g. boys or girls under 16); they should receive payment according to the work they do in the same way as members of the co-operative.

ARTICLE 13 Every member of the co-operative enjoys the right:

(1) to take part in the work of the co-operative and receive the payment which is his due;

(2) to take part in the activities of the co-operative, put forward suggestions and criticisms concerning its management and participate in supervising

the management of affairs; to elect the leading personnel of the co-operative and to be elected, and to be appointed to certain posts in the co-operative;

(3) to engage in subsidiary cottage occupations on condition that this does not interfere with participation in the work of the co-operative; and

(4) to enjoy the benefits of all public services and amenities provided by the co-operative.

Former landlords and rich peasants are not permitted to take on any important post in the co-operative for a certain period of time after becoming members.

ARTICLE 14 Every member of the co-operative shares the obligation:

(1) to observe the regulations of the co-operative; to carry out decisions of the general meeting of members and of the management committee;

(2) to observe labour discipline in the co-operative and punctually fulfil tasks assigned him;

(3) to care for state property, property owned in common by the co-operative, and property owned by members but turned over to the co-operative for public use; and

(4) to strengthen the unity of the co-operative and resolutely oppose all activities aimed at undermining it.

ARTICLE 15 Members of the co-operative are free to withdraw from membership.

When a member withdraws he may take with him the means of production which he still owns and withdraw his share contribution and his investment in the co-operative. If he cannot take his land with him because the co-operative has used it for important construction work, the co-operative should exchange his plot for one of a similar size and value or pay him

suitable compensation for it. If the quality of his land is improved after being looked after by the co-operative and the value of his tools and farm implements is increased after being repaired by the co-operative, the person withdrawing should pay suitable compensation to the co-operative.

Members who wish to withdraw can, as a general rule, do so after the harvest for the year is brought in; in this way the productive work of the co-operative will not be interfered with and the settling of accounts will be facilitated.

ARTICLE 16 A member who commits a serious crime and is deprived of political rights must be expelled from the co-operative.

A member who gravely violates co-operative regulations or commits many serious mistakes and refuses to repent and correct them after being repeatedly admonished and penalized, may be expelled from the co-operative by decision of a general meeting of members following discussion of his case. A member so expelled has the right of appeal to the county people's council if he disagrees with the decision.

The decision to expel a member shall not apply to members of his family who belong to the co-operative.

Property belonging to a member so expelled which is used by the co-operative shall be dealt with in the same way as the property of those who withdraw voluntarily from the co-operative.

CHAPTER THREE

LAND

ARTICLE 17 Since the basic condition for organizing an agricultural producers' co-operative is the pooling of land which was separately managed and placing it under rationalized, planned management, land belonging to members must be turned over to the co-operative for use under centralized management.

Odd plots of land belonging to members, which are relatively large but unsuited to individual management, such as lotus or fish ponds, reed beds, etc., may also be placed under the centralized management of the co-operative, if the owners agree.

The co-operative should allow members to retain small plots of land of their own in view of their need to grow vegetables and other garden produce. The size of the plot retained by each member-household should be determined by the number of persons in each household and the total amount of land in that particular area, but no person should retain land exceeding 5 per cent of the average individual land-holding in the village in question.

ARTICLE 18 The co-operative in the elementary stage pays each member an appropriate sum as dividend out of its annual income, commensurate with the amount and quality of land the member pools in the co-operative.

The income of the co-operative is created by the work of its members; it is not derived from their ownership of land. The amount paid in dividends on land must therefore be less than the amount paid for agricultural work, for in this way all members will be encouraged to take an active part in the work of

the co-operative. In the early stages of the co-operative's growth, however, the dividends on land should not be set too low; a reasonable dividend will help to attract peasants who own more or better land into the co-operative and enable members who own land but are short of labour power to get a reasonable income.

In areas where arable land is exceptionally plentiful while the population is exceptionally small, the co-operative, even though it is newly organized, may, in accordance with local practice, fix a lower rate of dividends on land, or pay no dividend on land at all. Conversely, in areas where arable land is exceptionally scarce while the population is exceptionally large, the co-operative, when newly organized, may, with permission of the people's council of the provincial level, temporarily make the amount paid in dividends on land equal the amount paid for agricultural work.

ARTICLE 19 Where members receive dividends on land, they should pay the agricultural tax. If the tax is paid by the co-operative, the dividends on land paid to members should be reduced accordingly.

ARTICLE 20 As a general rule the co-operative should decide on a dividend on land which is fixed by discussion and does not increase as the co-operative expands production, so that the benefits resulting from such expansion can be used as much as possible for payment of work and to accumulate common property.

When a co-operative is newly organized, however, particularly in areas where yields tend to fluctuate, it may—if it finds it difficult to decide by discussion on a fixed dividend on land—temporarily adopt the method of paying dividends on a percentage basis, or some other appropriate transitional method. Paying dividends on a percentage basis means that, after de-

ducting the year's production expenses and setting aside reserve and welfare funds out of the gross annual income, a certain percentage of the net income is allotted for dividends on land while the rest goes for payment of work.

After the dividends on land or the percentage has been decided on by discussion, it should not be reduced until such time as production has markedly increased, so that members owning more or better land do not feel that they are being hard done by, while those who have land but are short of labour power do not have their income reduced.

Dividends on odd plots of land such as lotus or fish ponds, reed beds, etc., shall be fixed separately by discussion, in accordance with local practice.

ARTICLE 21 The dividends on land which members pool in the co-operative are calculated on the basis of the yield of that land in a normal year. In assessing yield, two points should be considered: on the one hand, the quality of the land, in which case due consideration should be given to members who are poor and whose land was not in the past able to produce as much as it should but its yield can certainly be increased after being pooled in the co-operative; and on the other hand, the actual yield, in which case suitable compensation should be paid to those members who improved their land before joining the co-operative.

ARTICLE 22 Land which co-operative members have rented, or looked after for other people, should, as a rule, be rented or looked after by the co-operative. But some members who are poor and who have rented land at low rates or looked after land for their relatives or friends may, with the consent of the gen-