

CONTENTS

	Tables	vii
	Acknowledgments	ix
1	Introduction	1
	The Set of Case Studies	6
	Coverage of the Book and Organization	15
	The Targeted Readership	18
2	Multiple Principals in Principal-Agent Analysis	20
	Analytic Framework	20
	Facts To Be Explained	25
	The Property Rights Model and the Basic Hypothesis	32
	History of Property Rights Over State-owned Enterprises	39
	Principal-Agent Analysis Applied to Supervision Over Enterprises	44
	Property Rights in General in the People's Republic of China	48
	Hierarchy Among Principals	60
	Appendix: Case Studies of Supervisory Authority Over Enterprises	62
3	Planning As Coordination	71
	The Macroeconomic Setting	72
	Plan Fulfillment by the Individual Enterprise	74
	The Ratchet Effect Syndrome	86
	Hypothesis As To Planning	87
	Analysis of Sample Data	89
	Conclusion	99
	Appendix: Planning Materials on Individual Enterprises	102
4	Multiple Prices and Equilibrium Price	112
	Stage Analysis of Industrial Procurement	114
	Procurement Data From the Sample	122
	Multiple Prices and Equilibrium Analysis	148
	Kornai's "Soft Budget Constraint"	152

× 5	The Incentives Facing the Enterprises	159
	Incentives Specific to Upper Managers	160
	Incentives Common to the Labor Force As a Whole	173
	Conclusion	186
	Appendix: Regressions for Incentives Common to the Labor Force As a Whole	191
6	Elements of Price	199
	Sales Tax and Profits	200
	Materials Purchases and Wages	212
	Conclusions	220
7	Internal Organization of the Enterprise	224
	Party Committee versus Director Control Within the Enterprise	224
	Trade Unions, Workers' Congresses, and Democratic Management	237
	Foremen and Political Cadres	240
8	Conclusion, Including Evaluations of Efficiency	243
	Thematic Summary	243
	Allocation of Labor and Determination of Wages	253
	The Pre-reform and Reform Years: Differences and Continuities	256
	Efficiency Evaluations	260
	Appendix: The Chinese Incentive System in State Industry	274
	Notes	279
	References	335
	Index	341

TABLES

1.1	Size of Sample Enterprises Relative to the Subpopulation	10
1.2	Average Earnings of the Labor Force of the Sample Organizations	11
1.3	Change in Productivity During 1979-82 in State-owned Industrial Enterprises	12
2.1	Proportion of Individual Products that are Centrally Allocated	30
2.2	Summary of the Linkage Between Ownership and Control	48
2.3	Land Tax plus Quota Deliveries of Grain	52
3.1	Number of Products Allocated Centrally in China and the Soviet Union	73
3.2	Final Plan Fulfillment in Romania, 1969-70	78
3.3a	Performance As a Percentage of Value-of-Output and Profit Plans	79
3.3b	Performance As a Percentage of Physical Output Plans	80
3.4	Response Rate	80
3.5	Performance As a Proportion of Plan	81
3.6	Performance As a Ratio of Plan: Means and Medians	82
3.7	Date of the Initial Plan	83
3.8	Performance As a Percentage of Plan: Comparison of Categories	90
3.9	Adjusted Data for Underfulfillment of Physical Output Plans	91
3.10	Performance As a Percentage of Plan: Comparison of Subcategories for Value-of-Output and Profit Plans	92
3.11	Final Physical Output Plans (combined) for Category A Enterprises	101
3A.1	Total Planned Timber Production for the Lumbering Enterprise, 1982	107
3A.2	Output of Cement Plant by Customer	108
4.1	The Role of Government As the Potentially Constraining Body	155

4.2	Preference Given to Financial Over Production Considerations	157
5.1	Age of Managers in Industrial Enterprises During the Second Half of 1985	170
5.2	Careers of Enterprise Managers and Party Secretaries	171
5.3	Changes in Index of Average Earnings of the Total Labor Force of the Organizations	176
5.4	Financial Indicators of Sample Enterprises Relative to All State-owned Industrial Enterprises in China	180
5A.1	Regression Equations for Explaining Average Earnings and Bonuses in a Given Enterprise-Year (1979-82)	194
5A.2	Regression Equations for Explaining Expansion in Enterprise-owned Housing During 1979-82	196
6.1	Chinese-Soviet Comparisons by Branch	204
6.2	Comparison of Three Different Sources of Soviet Proportions of Profits + Sales Tax to Output	207
6.3	Comparisons Between Chinese Industrial Branches	209
6.4	Profit As Proportion of Total Amortized End-of-Year Capital Stock	210
6.5	Chinese-American Comparisons by Subbranch of Industry	218
6.6	Chinese-American-Soviet Comparisons by Branch of Industry	219
8.1	Property Rights Relations and Other Characteristics of Enterprises	248
8.2	Increases in Nonstate Employment As a Proportion of All Net Additions to Urban Employment	255