

1949

Speeches/Documents

Title: Policy towards private capital

Author: Li Lisan

Date:
May 31, 1949

Source: *China Digest* May 31, 1949 pg. 9-11

Description:

China is entering a new era, an era of New Democracy. In which, workers and peasants will take the lead but private capitalists will not need to fear. Here Li Li-san, member of the Communist Party of China and Vice-Chairman of All China Federation of Labour tells you why.

An elucidation of Chinese Communist Party policy towards private capital—developing production, benefits in both labour and capital —was made in a recent article by Li Li-san, Vice-Chairman of the All-China Federation of Labour.

Li Li-san began by pointing out that the general principle of China's New Democratic economic and policies, as expressed by Mao Tze-tung—to develop production, to make the economy prosperous, by taking into account both public and private interests and benefits in both labour and capital—proceeded from the long range interests of the working class and the Chinese people in general. He explained that it was equally in the interests of workers and capitalists to develop production. Instead of wanting to divide up private enterprises, as some less class-conscious workers thought, workers should protect private factories and increase production as the only correct line which is beneficial them. Unlike the division of the landlords' land, which emancipated the peasant and favoured the progress of economy, the distribution of factory installations would only end in their stoppage of work which would be detrimental to the national economy as well as to the workers.

Li Li-san pointed out that developing the production of private enterprises was not only beneficial to capitalists who exploit the workers but also to workers and to the Chinese people because China needed to develop her industry which constituted only ten percents of her national economy. Only by developing production could livelihood of workers and the Chinese people in general be improved. The suffering the workers was due to oppression and exploitation by imperialism, feudalism and bureaucratic capitalism, oppression and exploitation by capitalists and the inadequate development of China's industry. Now that the rule of imperialism, feudalism and bureaucratic capitalism had been fundamentally overthrown in the Liberated Areas, the workers had become the leading class in the People's Government and could freely organize trade unions to protect their interests. The People's Government was seeing to it that workers were protected from oppression and excessive exploitation by capitalists. The first cause and half of the second cause had been eliminated. The other half of the second cause, namely exploitation by capitalists could not be eliminated at the present stage. The remaining third cause —inadequate development of China's industry—was to be eliminated by encouraging not only state capital but private capital as well to develop China's industry.

While dealing with some scepticism which prevailed among the capitalists with regard to this policy, the Vice-Chairman of the ACFL said that the Communist Party not only represented the interests of the workers but also those of the whole country. Since what was now important was to develop production in order to improve the livelihood of the people and workers, therefore it held that the major part of private profit should go to extend reproduction. It also held that an appropriate portion of that profit should be retained by the capitalists. Only thus, could the capitalists be encouraged in extending reproduction. On this point the interests of the capitalists and the workers coincided.

Li Li-san emphatically pointed out that it was true that the Communist Party stood for Communism. But since China was too backward economically—with only around ten percent of industry in her national economy—it would require a long time before Communism could be realized. After the revolution had won complete victory, there would be a comparatively long period of New Democratic construction in which the whole people including the national capitalists would be drawn into the prime task of developing China's economy and transforming China into an industrial country. Without this, China would not be able to gain real economic independence and sovereignty and still less would she be able to realize Socialism.

It was only now, he said, when the rule of imperialism, feudalism and bureaucratic capitalism which oppressed and restricted national capitalism had been overthrown, that every opportunity was offered for the real, rational and rapid development of all private enterprises, which were beneficial to the national economy. Therefore, the policy of developing production and benefits in both labour and capital was the necessary and only correct policy during the period of New Democratic construction.

Explaining why both labour and capital must receive benefits to attain the goal of developing production, he said it was of importance for workers to understand that national capitalists were also oppressed by the three enemies of the Chinese people --- imperialism feudalism, and bureaucratic capitalism—which must be thoroughly overthrown in order to win real liberation and to construct a new China. Hence, they should be active in the struggle against the common enemy.

But if they continued their oppression and excessive exploitation as they had done in the past, workers would oppose them by fairly settling the matter through consultation, negotiations, collective bargaining, Governments' arbitration and appealing to the courts.

The best interests of the working class and people lay in the development of production and so the capitalists should be encouraged to participate in this work. For this capitalists should be enabled to make reasonable profits while attention should be paid to solving the living problems of the workers. To stress simply one aspect of this issue was wrong.

Capitalists should realize that the productive enthusiasm of the workers, and the quantity and quality of output, would be raised if their livelihood was improved and management would be improved if the worker had the opportunity of expressing their opinions on improving production. Li Li-san further pointed out that business was bad for national capitalists in the past because of the monopoly of bureaucratic capital, imperialist dumping, and the fall in purchasing power of peasants because of the ruthless exploitation by the landlords. Now that this oppression had been done away and the market is expanding, factories of capitalists would have the prospects of great development if their production was beneficial to the national economy.

Li Li-san cited as an example the correct carrying out of the policy of benefits in both labour and capital by the workers and factory owner of the Peiping Ta Hua Porcelain Company. factory

In the days of the KMT this Company could only produce two kilns of commodity on the average per month, but after liberation this had increased to five kilns in March and to eight in April. This increase in production should first of all be attributed to the enthusiasm of workers and also to the victory of the struggle of the Chinese people and the Chinese Communist Party's policy of "developing production, benefits in both labour and capital" which had made the manager of the company to adopt an attitude of cooperation with the workers.

To increase production, the too low wages of workers had been raised in the factory while certain wages which were too high had been reduced so that the factory could be put on an operative basis. A factory management committee had also been formed with the manager as chairman and workers representatives participating. This committee discussed questions of production, personnel, wages and workers welfare. Business records of the factory were made available to workers who thus clearly knew whether the factory was running at a loss or at a profit.

Li Li-san finally pointed out that such a reform in labour-capital relationship was needed in the New Democratic Regime. If this was "reformism," he added, then such "reformism" was beneficial to the interests of the entire people in the present stage.