

ON THE PROPER MANAGEMENT OF EMPLOYEES IN ENTERPRISES THAT HAVE BEEN RECENTLY TAKEN OVER

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I

During the past two years we have taken over many large, technically advanced enterprises, such as railways, mines, power stations, post and telecommunications services, factories in both light and heavy industries and public utilities. At the time we took them over, the situation in these enterprises was as follows:

A. There were large numbers of manual workers and also many administrative personnel. Both groups were wage earners in the enterprises run by the Japanese aggressors and the Kuomintang government, but they held different positions in the enterprises and in society. The workers laboured under the most difficult conditions but received the lowest pay. The low-level administrative personnel had hardly better working and living conditions than the workers, yet many of them retained the old attitude of intellectuals and looked down on workers. In the days when the Japanese aggressors and the Kuomintang reactionaries ruled and oppressed the Chinese people, some managerial personnel had become accustomed to controlling the workers in a bureaucratic way.

Before the surrender of the Japanese imperialists all the senior and some of the middle-level administrative personnel in the enterprises in northeast China were Japanese, but after August 15, 1945,²⁶² they were all replaced by Chinese. The senior Chinese administrative personnel promoted after that

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date had all been middle staff before. When we took over these enterprises, the senior and middle staff were in charge of production and business operations. Some of the middle staff had been promoted from the lower levels, and their social status was close to that of their junior colleagues. The rest of them and the newly promoted senior administrators—even though they held high or relatively high posts in the enterprises—had a social status no higher than that of professionals. Both before and after the Japanese surrender the senior and middle administrators controlled the workers and junior staff. The workers resented the managers in general, and they hated a few who had been particularly tyrannical.

B. When we took over the enterprises, both workers and administrative staff were confused about the Kuomintang and the Communist Party, but their confusion differed in nature and degree. Even the workers were unaware of the realities and took a more or less orthodox view of the Kuomintang, but soon after the democratic government was installed, they became enthusiastic about it. They were worried that our army might withdraw and hoped very much that it would win. The junior administrative staff belonged to a social stratum close to that of the workers. At that time, however, the workers were not yet mobilized, and since the senior and middle staff still occupied the important posts, most of the junior staff followed their lead. To a considerable degree, the upper levels of management regarded the Kuomintang as the legitimate government and greeted the democratic government with indifference or even resistance. A few administrative staff members took part in disruptive activities organized by the Kuomintang's underground corps. Under these circumstances, quite a few accidents occurred in many enterprises and productivity was very low.

To remedy this situation, we adopted the policy of mobilizing the workers while uniting with and remoulding the administrative staff. Our method was as follows: First, we explained to the workers that the working class was the leading class of the new-democratic society, that they were the masters of their enterprises and that in the past they had worked to create profits for the Japanese and the Kuomintang capitalists but that now they were working for the people and for themselves. At the same time, we dismissed and replaced some evil persons whom the workers detested, and we resolved the contradictions between the workers and some of the administrative staff. As a result, the workers' political awareness was raised and they became responsible about production. Thanks to these changes, productivity increased and the enterprises advanced. Thus, we relied on the workers and united with the administrative staff.

As things stand, the workers are somewhat more enthusiastic about

production than the administrative personnel, but over the past two years the latter, including both the senior and middle staff, have greatly raised their political consciousness, and their enthusiasm for work has risen as well. There are two reasons for this:

(1) We have mobilized the masses of workers in the enterprises and united them with the administrative personnel.

(2) The military situation in northeast China indicates that we will be victorious. Furthermore, the reactionary character of the Kuomintang regime, its corruption and its hateful practice of discriminating against the native personnel have been fully revealed. All this has shattered the staff members' illusions about the Kuomintang.

The morale of the administrative staff is very different today from what it was one or two years ago. Since then, those working in the Kuomintang government's enterprises have gradually come to recognize, through their own experience, how reactionary and corrupt the regime is. This has made it possible for us to unite with and remould the old administrative personnel in enterprises that have been or will be taken over.

Over the past two years we have made both Right and "Left" mistakes in handling the relations between workers and administrative staff in a few enterprises. The Right mistake was that we put too much trust in the old administrative staff and not enough in the workers. As a consequence, we neither aroused the enthusiasm of the latter nor educated and remoulded the former, so we were unable to increase productivity and transform the enterprises. The "Left" mistake was that we paid attention only to the workers and neglected the office staff. We did not analyse their strengths and weaknesses and sometimes allowed the workers to attack them indiscriminately. The result was antagonism between the two groups, which undermined their unity and was bound to impede production and harm the enterprises. Our experience indicates that we must keep two things in mind when dealing with the contradictions between workers' and administrative staff. First, the workers are the basic productive forces, but the administrative staff are also an essential part of the enterprises. In order to increase production and transform the enterprises, we must make sure that manual and mental workers co-operate and that their enthusiasm and initiative are brought into full play. Second, in order to raise the political consciousness of the workers and enhance their enthusiasm for production, to unite with and remould the administrative staff and to get the two groups to unite and help each other, we must handle the contradictions between them properly.

And to do that we must remember that during the rule of the Japanese and the Kuomintang different types of administrative staff maintained different relations with the workers. We should deal with these different types in accordance with the following principles:

1. From 70 to 90 percent of an enterprise's administrative staff are low-level clerks who are not in charge of production, business or personnel. Although many of them have the old intellectuals' habit of looking down on workers, their working and living conditions are similar to those of the workers. We should therefore unite with them and treat them the same way we do the workers. Meanwhile, we should help them get over their prejudices.

2. Technicians, engineers and specialists are important in running complex, large-scale modern enterprises. So we should offer jobs to all technical personnel, including those who are not in favour of communism, so long as they are devoted to their work and do nothing to sabotage the enterprise. Insofar as possible, we should also give them whatever special treatment is necessary to enable them to perform their professional functions and serve the people. Those technicians who co-operate with the workers and make innovations, rejecting conservative ideas and surmounting difficulties, should be encouraged.

3. Special agents who oppressed the workers in enterprises run by the Japanese aggressors and the Kuomintang government, and labour contractors in mines (not ordinary foremen in other factories) who made careers out of exploiting miners are different from regular administrative personnel. The contradiction between these persons and the workers, who hated them, was acute. Today, in the people's enterprises there shall be no special agents or labour contractors whatever, and no former labour contractors shall be permitted to take charge of production. The workers should be allowed to take contractors who are guilty of heinous crimes to court for punishment and to demand compensation from them.

4. Many persons who were in charge of general management or business matters abused their power and bullied people, pocketed a portion of the employees' rations and wages, took bribes and used their positions for private gain. If they held lucrative posts in enterprises run by the Japanese aggressors and the Kuomintang government, it was not because of their professional skills but because they had influential connections. To dismiss and replace such persons corresponds not only to the demands of the workers but to the wishes of most of the administrative staff as well. As for those who have embezzled huge sums of money, both managers and employees should ask them to make restitution in accordance with the law. While getting rid of corrupt administrators, we must be careful to differentiate them from those

administrators who did nothing wrong and from junior staff in the same department who were not in positions of authority. These latter categories should be treated differently, so that innocent persons do not come under attack.

5. The middle and senior administrative staff consisted mostly of persons in charge of production and business management, such as station masters and section chiefs of railways; directors, department heads and section chiefs of factories; directors and pit chiefs of mines, and so on. During the Japanese and puppet regimes, most of these positions were held by Japanese. But after August 15, 1945, the Japanese were replaced by Chinese. By the time we took over the enterprises, almost all senior administrators and a number of middle-level ones had been evacuated by the retreating Kuomintang troops. Those who stayed behind have technical knowhow and business skills and are experienced in organizing production and business, so they are very important to the enterprises. During the Japanese and Kuomintang rule, when many of them were to one degree or another in charge of production, business and personnel, their specific functions and the methods they used were very different from those of the labour contractors and special agents. Nevertheless, there are still some contradictions between them and the workers. We must therefore be cautious about employing these people and deal appropriately with the contradictions.

The Japanese and the Kuomintang government managed their enterprises in a capitalist way, relying on the administrators in charge of production and business to control the workers through exploitation and oppression. That kind of management is bound to be bureaucratic. In form, the contradiction arising in the management of production and business was between the workers and the administrators, but in essence it was between the workers and the Japanese and the bureaucrat capitalists. When we take over the enterprises and they become people's enterprises, the source of this contradiction is removed. To achieve unity, the workers' resentment of managerial personnel, stemming from the contradictions of the past, should be resolved through criticism, but not through "sanguinary struggle" or physical violence. It would be wrong to ignore this resentment, for that would only dampen the workers' enthusiasm. The right approach, therefore, is to carry out criticism by the workers and self-criticism by the managers. Those who have offended the workers should apologize to them in the interest of unity.

Although in general the administrators have certain defects in their ideology and work style, their professional and managerial skills are needed for the people's enterprises and for the country's economic development, and

they will continue to be needed in future. We Communists must learn these skills from them. With the exception of a few senior executives who were bureaucrats themselves, enjoyed special status in the old society and are now unwilling to serve the people, and of those administrators who are detested by the workers for the wrongs they have done them and therefore cannot be kept on, all managerial personnel who are devoted to their jobs and don't engage in disruptive activities should be employed. In the matter of assignments, two considerations should be borne in mind. One is that the jobs given to managerial staff should suit their special training. The other is that some of them may have to be transferred to other more appropriate jobs, if their remaining at their original posts would dampen the workers' enthusiasm or discourage the democratic activities essential for enterprises. Those who work with a will, co-operate with the workers and make contributions in production and business management should be rewarded.

II

Junior administrative staff, including technicians and those in charge of production and business, and the middle and senior staff in particular, must change their attitude towards their work and towards the workers as well as their methods of management. To help them change their attitude towards work, we must explain to them the following truths: the Kuomintang regime is bound to be overthrown, and the people's liberation movement is bound to triumph. The transfer of enterprises from the Kuomintang government to the people entails a fundamental change in the nature of those enterprises. In the past they belonged to the bureaucrat-capitalists, so all the workers were creating wealth for a handful of owners. Now that they belong to the people as a whole, the workers are working for the people and for themselves. In the enterprises of the Kuomintang government, personnel were appointed through favouritism, whereas in the people's enterprises, they are appointed on their merits. In the old society it was difficult for the sciences to develop and scientists had few opportunities to apply their knowledge. In the new-democratic society, however, and in the future socialist society—both under the leadership of the Communist Party—boundless prospects will open up for the sciences and for scientists. To help them change their attitude towards workers, we must make it clear to administrative staff that the workers constitute an overwhelming majority in the enterprises, that they are the most important part of the personnel and that they are the fundamental

force creating social wealth. The Japanese and the Kuomintang government managed their enterprises in a capitalist way, forcing the workers under the whip and the threat of starvation to create profits for the Japanese and the bureaucrat-capitalists. Instead of stimulating any enthusiasm for production, they only aroused the workers' resistance. But in the people's enterprises, the workers are the masters. Successful management of a factory or store calls for the enforcement of rules, but also and especially for the workers' voluntary observance of discipline, reinforced by the pressure of public opinion. The people's enterprises therefore should not, and indeed must not, be managed by bureaucratic or oppressive means but by democratic means under centralized leadership.

The remoulding of the managerial staff involves protracted, painstaking educational work, starting from the top level, designed to change their ideology and work style. It demands patience and gentleness. In addition, we must have criticism and self-criticism conducted by the workers and administrative personnel. For this purpose, we can hold discussion or run training courses.

III

To meet the needs of the country's economic development and their own, all enterprises must promote excellent workers and administrative staff and train them to become new managers and technicians. At the same time they should remould the ideology and work style of those administrators who have been kept on after our takeover and help them also to improve their skills through training.

IV

In the enterprises taken over early on, there were some people who had joined the Kuomintang or the Three People's Principles Youth League,²²⁴ either before or after the Japanese surrender, but in those that have been taken over recently, there are more. Both the Kuomintang and the Youth League recruited large numbers of people, individually or collectively, in the enterprises they controlled. Many employees had to join if they wanted to keep their jobs. However, among the members of the two organizations were a small number of special agents who were assigned to keep watch on the

employees. Since we took over the enterprises, these special agents have remained in hiding and engaged in sabotage. We should therefore adopt different policies towards different members of the Kuomintang and the Youth League. Those who joined to keep their jobs must register with the new authorities of the enterprises and explain how they came to join. Then, if they guarantee not to take part in disruptive activities, they can be assigned jobs, but it will be some time before they are allowed to hold important posts. Those who held responsible positions in the Party or the League will be investigated and either dismissed or kept on, depending on whether they are found to be secret agents. We must be on the alert for special agents who stay hidden and eliminate them from enterprises.

V

Even after the old contradictions in production and management between workers and administrators have been resolved and the old methods of management reformed, the people's enterprises will still need a strict system of management, and they will still need administrative personnel who represent the interests of the state and the people. Otherwise, it will be impossible to organize production and business. The new managerial staff will include not only cadres who have been in the revolutionary ranks for many years and newly promoted workers and office staff but also many members of the old managerial staff. So long as these old managers are devoted to their work and exercise their functions and powers according to the rules of the enterprise, all their subordinates, both workers and administrative personnel, including those who are Communist Party members, must obey them.