

RESTORE PRODUCTION, RECONSTRUCT CHINA

July 23, 1949

Comrades,

Our National Conference on Trade Union Work has opened. Commander-in-Chief Zhu De has just spoken about many of the problems in trade union work, and at the following sessions you will discuss many specific matters, so I won't go into them here. What I am going to talk about is the present political situation and the focus of our work.

Basic victory has now been won in the People's War of Liberation, but not yet total victory. We have started reconstruction but the war is still going on. The revolution has yet to move towards complete victory. We find ourselves in a complicated situation, in the midst of transition and development. We must fight the war to the finish and carry the revolution through to the end. We must fight our way to Taiwan, to Hainan Island, to Kunming and to Xinjiang. We must drive out the imperialist forces of aggression, overcome their blockade and transform China's colonial and semi-colonial economy into a self-reliant, independent economy. The prime aim of all our work is to support the war and to carry the revolution through to the end. The same is true of our trade union work.

In the present circumstances, "Restore production and build a new China" is the slogan our trade unions should use to mobilize the entire working class. It will be an arduous task to restore production and readjust the economy, for the production units we are taking over are so numerous and so unwieldy. It is relatively easy to take them over without making any changes. In each successive city — Tianjin, Beiping, Nanjing, Shanghai and Wuhan — the takeover has been accomplished more smoothly than in the last. However, the next task, the task of management, will be much harder. What is more, we have to reform

An excerpt from a speech delivered at the National Conference on Trade Union Work.

the old system. China's semi-colonial economy was structured to serve imperialism. Now we must change it. Gradually but confidently we must restructure China's economy. The first problem confronting us is the disharmony between the urban and the rural economy, a problem that is aggravated because of the imperialist blockade. Factories in the cities used to rely mainly on the raw materials and means of transportation from imperialist countries for their operations. For instance, the textile mills in Shanghai relied mainly on U.S. cotton for spinning their yarn and weaving their cloth, and on foreign transport for marketing their goods overseas. They served the interests of imperialism. Today, things are different. Conditions have completely changed, as they should have. We should rely on our own raw materials and transport capabilities for production. But the economic structure remains lopsided and irrational as before, which causes difficulties for us. Next, the bureaucrat-capitalist enterprises we take over have a great many supernumeraries. Kuomintang personnel were added to their staffs during Japanese and puppet rule, and together they formed a bureaucratic managerial structure. That means a waste of manpower and enormous expenditures and has saddled us with another heavy burden. Last, the rural areas under the Kuomintang rule are so devastated that they are no longer able to provide the urban industries with raw materials. The production of cotton is an example. Output has fallen in all the Kuomintang areas because of the dumping of American cotton. The same is true of the production of all other raw materials. So after the liberation of the cities, we shall find shortages of raw materials, falling production, shrinking markets, inadequate transportation and considerable unemployment. This is unavoidable for a certain period of time. We should realize, however, that such difficulties are different both from those which arise following the defeat of a revolution or from those in the imperialist countries' economies. How many times greater than our present difficulties were those we had to face in times of defeat! Yet even then, we were able to turn defeat into victory. The economic difficulties in the imperialist countries are inherent in the imperialist economic system and are thus insurmountable. But our difficulties are such as arise after the victory of a revolution. They are a legacy of imperialism and Kuomintang bureaucrat-capitalism. They have not been created by the new-democratic system. Rather, it is precisely this system which will enable us to overcome them.

In order to restore production, we must first restore agricultural production. When we carry out agrarian reform after the liberation of the villages, agricultural output will increase within a year. This has already been demonstrated in the North, Northeast and Northwest. The liberation of the Northeast was completed last year. We are planning to increase grain output there by one and a half million tons this year. This will be a significant increase. The liberation of north China was completed in the spring of this year, and we can expect an increase in agricultural output there next year. It will be the same in east, central and south China. At present, our war is proceeding very satisfactorily, and little damage is being done to the villages. If first we work to avoid a decline in agricultural production, then we can go on to achieve an increase. When agricultural production and supplies of raw materials are increased, we shall have a better foundation for industrial production. The second task is to restore transportation, starting with the railways. By the end of this year, 80 per cent of China's 20,000 kilometres of railways should be restored. Next year, we should not only restore the remaining 20 per cent, but also build new railways. We must have a sound transportation system if we are to restore production. For example, restoring the railways in the area south of the Huaihe River can stimulate its coal production and thus help to ensure the rehabilitation of industry in Shanghai. Later the Beiping-Hankou and Guangzhou-Hankou Railways should likewise be restored. Moreover, our iron and steel and engineering industries should give priority to manufacturing rails, locomotives, coaches and freight cars. They should also produce more farm implements, such as water wheels, to help the villages. All these things urgently need to be done to restore our production, but of course we must do far more.

Viewed as a whole, our cause is prospering. However, in a few particular localities, such as Shanghai, or in a few particular fields, there may actually have been some decline in production. The colonial commerce in the big cities, which has been flooding the market with foreign goods, will suffer some decline and a number of business undertakings will have to close down. In particular, factories manufacturing consumer goods which the people don't need will have to shut down, together with the shops which sold those goods. With the decline in such production, some workers will lose their jobs. But that will be a temporary decline in an expanding economy, a slump in a developing commerce, stagnation in a recovering transportation system and unemployment amidst increasing job opportunities. All this is a question

of the relationship between the whole and the part, between the main current and side eddies. We must have a correct understanding of these matters.

In our efforts to win complete victory in the revolution and to shake off all the shackles imposed on us by the imperialists, we are bound to encounter many difficulties they left behind. We must be prepared to meet and overcome them. Hence, we must maintain and carry forward the revolutionary tradition of hard work and plain living that we have established over the years in the countryside. Now, in new surroundings, we must see to it that we have better staff and simpler administration, and that we persist in our frugal way of life. When taking over the various institutions, we should not inherit the characteristics of bureaucratic organizations. Instead, we must transform them. Although we are in the cities now, we should keep on wearing our old clothes and not emulate the extravagant and corrupt way of life fostered by the exploiting classes. Rather, we should keep to the style of plain living that we have always maintained. Only thus can we reduce government expenditures and ensure that the goods produced by the people, especially by the working class, are used first of all for the revolution, for the war. This alone will give us the strength to increase production and overcome the difficulties left to us by the imperialists and the Kuomintang reactionaries. This is what we ask of the working class as we rehabilitate production. This is what we ask of the entire people.

While in the countryside, our Party relied on the peasants and led them in the eight years of the War of Resistance Against Japan and the three years of the War of Liberation. The peasants' contribution to the country has been especially great. In terms of manpower, they have sent more than seven million of their sons and husbands to join the army. And think of all the people they have sent to serve as labourers at the front! Think of all the people who have joined the militia and fought in guerrilla wars! Then there is the grain contributed by the peasants. The average annual income of a peasant is probably four hundred catties of millet. Out of that, he has to give eighty catties, or 20 per cent of the total, to the state. Now we are in the cities. Our expenditures have increased. For instance, the three big cities of Shanghai, Tianjin and Beiping have a total population of ten million. And their production has not yet been restored. How much people's currency will we have to issue there? Who is going to bear the burden? It will still fall on the shoulders of the peasantry —

the most reliable ally of the working class. So our comrades working in the cities should keep the peasants in mind. Now our working class too will have to bear similar hardships and play its appropriate role.

The working class will take part in all kinds of reconstruction work in new China. The All-China Federation of Trade Unions and the local federations of trade unions will send representatives to the forthcoming New Political Consultative Conference,⁴¹⁷ thus participating in the work of building New China's organs of political power. But not only the representatives of the trade unions should participate. Our revolutionary functionaries, who have been engaged in revolutionary work for decades, are also a part of the working class. Their representatives also represent the working class, and they too should play a leading role in the establishment of the national organs of political power. Local people's governments are also being built in various parts of the country. The working class must play a leading role in that work as well. It must also take part in building up our national defence capability. We have proceeded from guerrilla to regular warfare, equipping ourselves with captured arms while eliminating the enemy. To deal with imperialist aggression in the future, we must rely on our own capability to produce weapons and military equipment. This means that our working class must make still greater efforts. And the working class must participate in cultural development too. In short, it must take part in all kinds of reconstruction work, but its fundamental task is to restore and increase production. If we can restore and increase production in a systematic, planned and organized way, we will surely be able to build a new China.

Lastly, I want to take up the question of unity. We need unity in order to carry the revolution through to the end, to restore production and to build a new China. There are four types of unity:

First of all, our working class itself must unite. The number of organized workers is said to be more than a million at present. If we get all the workers, staff and handicraftsmen in the nation united and draw in the rural agricultural workers as well, the total will exceed ten million. Trade unions are mass organizations of the working class. They are organs which educate the workers, serve their interests and help to lead and participate in various kinds of reconstruction work on behalf of the working class. In order to achieve the unity of the working class, we must pay attention not just to its advanced section, but also to the backward and middle sections. We must help, educate, organize and unite with these backward and middle sections and lead

them forward, instead of being sectarian and finding fault with them, treating them coldly or excluding them from our ranks. It is imperative that we understand clearly the importance of achieving the unity of the entire working class. Only then can it display its tremendous strength and shoulder the tasks I mentioned earlier.

Second, there must be unity between the workers and the managerial staff in state-owned enterprises. Both workers and staff belong to the working class, the only difference between them being a division of labour, with the staff holding managerial posts and the workers engaging directly in manual labour. There is no class antagonism between them. These factories were formerly owned by bureaucrat-capital, and naturally the workers had feelings of antagonism and resentment towards management and struggled against it. But now the situation has changed, and we should replace the old attitude of antagonism with a new attitude of unity. The best organ for achieving this unity is the factory management committee. All managerial personnel in the factories should guard against the old bureaucratic practices. Democracy should be practised in the factories, and all issues, such as production policies and plans, should be discussed democratically and in concrete terms by representatives of the workers, the management and the engineers together. At the same time, however, factory directors should be given the power of final decision. Only when we have democracy, centralism and unity among all can we raise production.

Third, in privately owned enterprises, we must unite with the national bourgeoisie. Having suffered from oppression by imperialism, China's national bourgeoisie are willing to free themselves from its economic fetters and develop their enterprises. So there is still a progressive and constructive side to their character. At the same time, they are weak, vacillating and sometimes opportunistic and destructive. This is because they could not survive in the past without being opportunistic. Today, the opportunistic and destructive side of their character must be discarded, which will require struggle. However, we must also recognize their progressive side and encourage them to develop their constructive side. Only thus will we be able to unite with them. We must carry out the policy of benefiting both labour and capital, and here the key link is the signing of collective contracts in all these enterprises and industries so as to resolve the problem between labour and capital. Otherwise, it will be impossible to restrict the struggle between the two, which, if not correctly handled, might

lead to strikes and damage production. By signing such collective contracts, both sides will be able to devote their efforts to production.

Fourth, there is the unity of the Chinese working class with the international working class. Only with such unity will it be possible to check the war adventures of the imperialist aggressors. The victory of the Chinese revolution has won the welcome and support of the workers of the whole world and has in turn strengthened all the forces for world peace.

Unity is strength! Only with unity will we be able to fulfil all our tasks!