

Central Committee of the Communist Party of China's Directive on Resolving Labor Disputes in Private Enterprises

(July 5, 1949)

To all Central Bureaus and Branch Bureaus, and forwarded to all City Committees, Provincial Committees, and District Party Committees:

The current methods for resolving labor disputes in private enterprises are extremely chaotic. There is no establishment of specialized agencies, and no clear procedures have been defined. Even in cities, each district committee, neighbourhood government, workgroup, and lower-level trade union organization can independently address labor disputes. Alternatively, it is entirely left unchecked, allowing each factory, workshop, and store's employees to directly settle issues with each business owner. This unregulated state of handling labor disputes has led to various biases, particularly a tendency toward left-leaning adventurism. As a result, not only do capitalists feel fearful and passive, but discontent has also arisen among the working masses, creating significant obstacles to the current recovery and development of production. Therefore, Party Committees at all levels, especially those in major cities, must promptly take measures to correct this dangerous phenomenon. The Central Committee proposes the following:

1. All matters related to labor disputes must be centralized at the city level, specifically within the jurisdiction of city-level agencies, such as the Municipal Labor Bureau, Municipal General Trade Union, and Municipal Industrial and Commercial Bureau, to uniformly resolve issues. It is forbidden for district committees, district street governments, and lower-level trade union organizations to handle any labor disputes. Oral and written agreements for resolving labor disputes must be approved by the Municipal Labor Bureau to be considered valid. To achieve this, competent personnel from various districts must be concentrated in the Municipal General Trade Union and the Municipal Labor Bureau to carry out the work. The position of chairman of the General Trade Union and the Labor Bureau must be held by the Secretary, Deputy Secretary, or Standing Committee members of the City Committee.

2. In many cities, labor bureaus have not yet been established. All labor disputes are handled by trade unions. This is a serious mistake. Trade unions are mass organizations of the working class and can only represent workers, not mediate or arbitrate between labor and capital. Otherwise, it will inevitably lead to the detachment of trade unions from the masses and blur the masses' understanding of trade unions. In some places (such as Jinan), workers say, "Where there is a trade union, the workers there have a hard time." This is because the trade union does not represent workers' interests but acts on behalf of the government to handle labor disputes and forcibly persuade workers to lower their demands. When workers make excessive demands, the trade union should persuade them to reduce these demands. However, it should stand on the position of the working class, explaining that these excessive demands are harmful to the practical interests of the working masses. After reaching an agreement with the workers on these demands, the trade union should negotiate with the capitalists on behalf of the workers. In case of failure to reach an agreement, it should request the Labor Bureau to resolve the dispute through arbitration. Trade union representatives, whether in negotiations or at mediation and arbitration meetings, should speak on behalf of the workers and not take a neutral or government position. Therefore, in major cities, it is necessary to quickly establish labor bureaus presided over by competent personnel as the sole agencies for mediating and arbitrating labor disputes. The formal procedures for resolving labor disputes are as follows:

1. Direct negotiation between labor and management, i.e., representatives of workers' unions negotiating with capitalists or industry associations organized by capitalists.
2. Mediation and arbitration by the Municipal Labor Bureau.
3. If dissatisfied with arbitration, the option to file a lawsuit in court. The court's judgment is the final procedure, and both parties must comply.

The preferred method for resolving labor disputes is through the establishment of collective contracts. In modernized enterprises, each factory or enterprise's union can directly negotiate and conclude agreements with the respective capitalists. In cases where there are several similar factories or enterprises in the same city, and capitalists have joint organizations, it is advisable to have industry unions negotiate and conclude agreements collectively, rather than individually, to avoid inconsistencies and mutual influence. In old-fashioned small enterprises, shops, and workshops, unions composed of workers and clerks from the same industry should negotiate and conclude agreements with industry associations formed by capitalists in the same industry. This approach ensures that within the same industry in a given city, there are generally similar customs or rules, and the working conditions of the workers have fundamentally similar commonalities. This method can effectively address issues arising in many enterprises, workshops, or shops within the same industry under a collective contract. In this way, labor disputes in fragmented and dispersed workshops and shops can be systematically and systematically resolved, making it comparatively easier to achieve reasonable and appropriate resolutions and preventing deviations towards either extreme. If this approach is not taken, and each individual enterprise, workshop, and shop resolves labor disputes independently, it will inevitably lead to chaos, making it difficult to grasp the situation. This may result in a domino effect, with an increasing number of disputes being resolved, unavoidably leading to various deviations.

The points mentioned above should be implemented and adjusted based on specific circumstances in different regions. The experiences gained from these trials should be reported to us promptly.

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