

Do Not Disrupt the Original Enterprise Structure

Chen Boda RMRB 05-02-1949

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With the victory of the People's Liberation War, in areas where the reactionary rule of the Kuomintang has been eliminated, taking over enterprises and other public businesses (factories, mines, railways, postal and telecommunications services, shipping, banks, etc.) previously owned by the bureaucratic capitalists led by the four major families, transforming bureaucratic capital into public property of the people, and ensuring the smooth continuation of production in these enterprises—transforming them from serving the interests of feudal comprador forces and bureaucratic capitalists to serving the interests of the people—has become one of the major tasks of our new-democratic revolution. This task has grown increasingly burdensome and demands that our comrades study it more thoroughly.

Now that we are taking over such vast enterprises that control the lifelines of the national economy, what methods should we adopt to operate and manage them? This is a very urgent and significant new issue now posed before us and the Chinese people, which we must resolve. However, due to the currently intense military situation, many of our cadres are still engaged in military affairs and cannot divert their attention elsewhere; and most of our cadres lack experience in operating and managing large-scale industrial and commercial enterprises—they have not yet learned this type of work. Given this situation, and based on the industrial and commercial policy announced by the Central Committee of the Communist Party and Comrade Mao Zedong, we should handle the bureaucratic capitalist enterprises we are taking over with the following measures:

1. Preserve Original Enterprise Structures:

When taking over bureaucratic capitalist enterprises, we should generally not disrupt the original enterprise structure—that is, we should not disrupt their technical organization and production systems, but rather preserve them intact.

2. Protect Assets and Retain Staff:

Workers should be encouraged to protect, and original staff—including engineers, technicians, accountants, and supervisors—should be instructed to safeguard all enterprise property (machinery, buildings, materials), documentation, and technical drawings. Except for a small number of counter-revolutionaries, saboteurs, and notorious offenders, all employees willing to continue their service should be retained with their original salaries and wages. If key personnel have fled or cannot resume duties due to the war, their deputies may temporarily fill their roles, or suitable candidates may be selected from among existing staff. Original employees should not be dismissed without compelling reason.

3. Supervision by Military or Political Representatives:

The People's Liberation Army or democratic government should assign military or political representatives to supervise enterprise operations. In particularly large enterprises, supervisory (or political) departments may be established when necessary. These departments should be streamlined, with personnel limited to what is strictly necessary to avoid financial burden. Their tasks include:

- o Ensuring the continuation of production,

- o Preventing sabotage or slowdowns by reactionary elements,
- o Studying enterprise management and technical and financial issues,
- o Preventing theft, corruption, and fiscal waste,
- o Organizing proper political education on the people's democratic revolution (this should be realistic, logical, and enlightening—not formalistic, coercive, or indoctrinatory),
- o Assisting with the formation of trade unions and consumer cooperatives and identifying active and capable workers for leadership.

4. Abolish Bureaucratic Exploitation:

After thorough investigation, expel parasitic bureaucrats unconnected with production, and eliminate idle personnel who receive salaries for nominal or administrative posts unrelated to technical or productive work.

5. Implement Accountability:

Under the supervision of representatives, implement a system of responsibility where every staff member is held accountable. If work is poorly done, responsible persons should be held to account. Criminals should be handed over to the courts. Any proposed changes in technical matters or organizational systems should be well-researched, discussed with relevant personnel and workers, and approved by higher authorities before implementation. Reckless or hasty changes should be avoided to prevent disruption and harm to production.

6. Maintain Existing Wage Systems Temporarily:

Given current military exigencies, it is difficult to rationally revise wage systems nationwide. Old Liberation Area wage systems, based on the supply model, are not suitable for major urban enterprises. Therefore, during the initial takeover period, we should not hastily revise wage structures based on subjective ideas. Instead, maintain the original enterprise's wage standards, adjusting them according to price changes and currency values to ensure workers receive no less in real income than before liberation (based on the average wage of the last three months under Kuomintang rule). On this basis, temporary incentives should be established to encourage productivity, thrift, and public property protection, and to penalize idlers, wasters, thieves, and corrupt individuals. Comprehensive wage reform should await the appropriate time, possibly through a national conference. Any unilateral changes or imposition of old Liberation Area wage models are errors. Where provisional standardized wage systems have been introduced (e.g., Northeast China), they should be maintained and improved.

7. Retain Existing Worker Benefits:

All long-standing employee benefits—such as retirement pay, pensions, condolence payments, paid leave, and annual bonuses for railway staff—must continue after takeover and should not be abolished. However, wartime temporary allowances under the Kuomintang may be adjusted, provided workers' actual income remains no lower than before.

8. Performance-Based Evaluation:

Employee evaluations should be based on their actual work performance in the enterprise.

Although these measures may not yet constitute an ideal reform of bureaucratic capitalist management systems, they are practical under current conditions.

After takeover, the living and working conditions of enterprise employees must eventually be improved. But during wartime, this is generally not feasible. We must explain to the workforce why immediate improvements are not possible, while preserving existing benefits and conditions wherever possible. Living standards must not be lowered, nor should any existing worker benefits be cancelled. In cases of temporary financial difficulty that prevent full wage or bonus payments, the reasons must be explained, and employees asked for their understanding, with a promise of later restitution. Workers should also be informed that, thanks to land reform and popular democracy, stable pricing has been maintained in the Liberated Areas—even during war—unlike the hyperinflation under the Kuomintang. This ensures a basic level of living security.

It must be clearly understood: our policy toward bureaucratic capitalist enterprises differs completely from our policy toward the Kuomintang's political apparatus (its feudal-comprador state machine, including military forces, all levels of government, gendarmerie, secret police, prisons, etc.). We must smash the Kuomintang's political apparatus and replace it with the people's political institutions. But with bureaucratic capitalist enterprise structures, we do not seek to smash them. We oppose disrupting original enterprise structures precisely because they are economic, not political, in nature.

(Note: Even with the Kuomintang's political apparatus, we preserve the buildings and archives—we do not smash everything. Just like disarming the enemy's army and repurposing its weapons for the people's forces, we can reuse elements of the old administrative staff after proper training. But that is beyond the scope of this article.)

It is also clear that our policy for taking over bureaucratic capitalist enterprises is not the same as that for cultural and educational institutions. We protect all schools, especially those related to natural sciences, and continue classes without question. Loyal teaching staff should continue their work. But we also understand that in a class society, educational institutions under the old ruling class served their interests and became instruments of ideological domination—through curricula and personnel. These institutions must be reorganized to serve the people. Fascist curricula must be abolished, and Kuomintang secret agents removed from teaching roles.

In contrast, the first priority when taking over bureaucratic capitalist enterprises is not reorganizing technical or production systems, but ensuring they immediately operate effectively. That is precisely why their existing structures must not be disrupted, and all dedicated original staff should continue their work.

In fact, many of our comrades have already grasped these principles, learned how to take over enterprises properly, followed central policy, and restarted production successfully in liberated areas. But others still lack this understanding and have made serious mistakes—unnecessarily replacing original staff with unqualified personnel (e.g., one railway bureau had its engineering, operations, and transport departments taken over by three completely unqualified outsiders, causing public ridicule); disrupting original production and technical systems; even changing titles pointlessly (e.g., insisting on renaming "supervisors" as "section chiefs" or "foremen" as "group leaders"); or, more seriously, arbitrarily reducing wages or abolishing long-standing worker benefits, thereby demoralizing workers. As a result, production has been delayed or damaged. These errors must be corrected urgently.

Every revolution that overthrows an old mode of production is marked by a transfer of ownership. In our new-democratic revolution, the transformation of feudal or semi-feudal land ownership into peasant ownership, and the transformation of bureaucratic capitalist property—concentrated in the hands of the four big families—into public ownership by the people, represent two such transformations. This shift in ownership presupposes a change in political power. When our comrades, as representatives of the people, take over bureaucratic capitalist enterprises, this marks the transfer of their assets into public property. This act of taking over represents a revolution in the relations of production.

As Comrade Mao Zedong has pointed out, the monopoly capital of the four big families, fused with state power, formed a comprador-feudal state monopoly capitalism. This structure provided the material foundation for the new-democratic revolution. Once transferred into the people's hands, these enterprises transform into new-democratic state enterprises. Thus, they cease to be the economic base of Chiang Kai-shek's reactionary regime and become the economic base of the new-democratic state—led by the proletariat and serving the people. In essence, this is no longer state capitalism in the capitalist sense but state economy with socialist characteristics.

As Lenin said:

“Socialism is merely the next step forward from state capitalist monopoly. Or in other words, socialism is nothing but the monopoly capitalism of the state turned to serve the interests of the whole people, hence ceasing to be capitalist monopoly.”

Thus, the key issue is: to whom does the enterprise belong?

- If it belongs to the feudal-comprador state represented by the Kuomintang, it serves the interests of the four big families and other bureaucratic capitalists.
- If it belongs to the people's new-democratic state led by the working class, it serves the people.

This change of ownership fundamentally transforms the nature of the enterprise. After takeover, all employees loyal to their duties are no longer working for bureaucratic capitalists but for the people. The same enterprise machinery may still operate, but it now serves the people's interests, not those of a few families.

That is the crux of the matter.

We insist on preserving original enterprise structures because, once bureaucratic capitalist enterprises become people's enterprises, the vast majority of their staff—including engineers, technicians, factory managers, and administrators—will, in light of the revolution's victory, be willing to continue their work on equal terms. Workers will certainly respond enthusiastically.

Furthermore, these large enterprises' technical systems and accounting methods were organized under scientific conditions. From a technical perspective, they are more advanced and systematic than the temporary, semi-artisan systems created in the old Liberated Areas based on a bureaucratic supply model. Hence, we cannot apply those outdated systems indiscriminately to these modern enterprises.

Lenin, in *The State and Revolution*, noted:

“In the 1870s, a clever German Social-Democrat described the postal service as a model for socialist economic organization. That’s absolutely right. Today’s postal service is organized on the lines of a state capitalist monopoly. Imperialism increasingly transforms all trusts into similar organizations...

Above the overworked and half-starved ‘ordinary’ workers stands the same bourgeois bureaucracy. But the organizational structure is ready. We need only to overthrow the capitalists, suppress their resistance with armed workers, smash the modern bureaucratic state apparatus—

and we will have a mechanism free from ‘parasites’, but highly technical, ready for use by the united workers who can employ technicians, supervisors, accountants...”

Lenin emphasized that this was a concrete, practical, and immediately achievable goal regarding all trusts. He proposed to “organize the entire national economy like the postal service,” putting all technicians, supervisors, and officials under the supervision of the armed proletariat.

Our new-democratic revolution, as Comrade Mao Zedong said, aims only to destroy feudalism and monopoly capitalism—i.e., the landlord class and bureaucratic capitalist class (big capitalists)—not capitalism in general or the petty and middle bourgeoisie. Thus, we are overthrowing bureaucratic capitalists like the four big families—not all capitalists.

However, when we overthrow bureaucratic capitalists and take over their enterprises, we simultaneously eliminate bureaucratic exploitation. In doing so, as Lenin said, we obtain “a mechanism free from parasites but with highly developed technical facilities.” What can we do with this mechanism first? Use it—employ all technicians, supervisors, and staff—under the leadership of the proletariat and the People’s Liberation Army...

When we take over this kind of institution, what is it that we can first achieve? It is this: to place all the engineers, foremen, accountants, and all other staff under the leadership and supervision of the working class and the People’s Liberation Army, so that this formerly bureaucratic capitalist enterprise can now serve the interests of the people. This is already a major transformation. As long as we can supervise and lead them well, while studying and gradually reforming the enterprise’s system and technical organization, and while preserving and improving its production operations, we can turn this economic organization, which had once been the foundation of the reactionary Kuomintang regime, into the economic foundation of the new democratic people’s state, thereby changing its class character and the nature of its function.

This is why we must not arbitrarily dismantle or disrupt the original structure of these enterprises. It is not because the old structure is inherently good, but because under current conditions, it is only through retaining and transforming the original structure that we can quickly revive production, maintain continuity in technical operations, and smoothly implement political and economic leadership by the people’s government. The task of transforming these enterprises into socialist enterprises will be accomplished through a process—step by step—and not through rash or mechanical means.