

“Wages in Enterprises Owned by the Whole People”

From *China's Socialist Economy*

by

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The principle of "to each according to his work" has to be realized in a practical way. Given a widespread commodity-money relationship, the monetary wage system is the handiest one for the workers and staff in enterprises under ownership by the whole people. The state converts labor provided by them in a given period of time, usually a month, into wages, with which they buy consumer goods or pay services.

Wages in a socialist society are different in nature from those in a capitalist society. Under capitalism, wages are the transformation of the value or price of labor power. On the surface, it seems a worker receives a sum equivalent to the amount of labor he provides. In actual fact, the value contained in his wages is only part of the value he creates, while the rest is appropriated by the capitalist as surplus value, none of which is returned to the laborer. Therefore, such wages define the relationship between the capitalist and the worker as one between the exploiter and the exploited.

Under socialism, labor power ceases to be a commodity as soon as the means of production are placed under public ownership. A part of the value created by the laborer is used to meet the common needs of society—as expenditures for economic construction, administration, defense, and cultural, educational and medical developments — while the other part is set aside as funds for individual consumption and is distributed among laborers according to the quantity and quality of work they provide. In the final analysis both parts are used to serve the interests of the working people — the former to further their collective and long-term interests and the latter to realize their personal, immediate interests. Thus socialist wages show the identity of fundamental interests between the state and the laborer based on the public ownership of the means of production.

Wages become an important and complex question under socialism because of its direct bearing on the material distribution among individual laborers, including mental workers, within the working class, and on the relations between the working class and the peasants within collectives. Just as distribution affects production, so the level of wages, their forms and the ratios between wages for various sections of laborers have much to do with the enthusiasm of the laborers and a correct handling of contradictions among the people. A correct wage policy requires a continuous investigation into this. Here are some important principles a socialist country usually has to take into consideration while formulating a wage policy:

1. The wage system must follow the principle of "to each according to his work", that is, the principle of more pay for more work and less pay for less work, avoiding both wide discrepancies in wages and none at all. The wage system left over from old China showed wide gaps between the salaries of higher white-collar workers, particularly higher civil servants and business personnel, and the wages

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of blue-collar workers. Such unjustifiable differences have gradually been lessened through reforms and readjustments of the wage system. For more than two decades our principle has been one of "no raises for the upper income brackets, fewer raises for the medium income brackets and more raises for the lower income brackets".

In the past decade and more, equalitarianism has become the major tendency in our handling of wages, which needs correction. Equalitarian ideas in China have a broad social base and deep historical roots. Old China was predominantly a country of small producers who circulated the motto: "if there is food, let everyone share it." This expression of petty-bourgeois equalitarianism or agrarian socialism has often interfered with our work. As mentioned earlier, a supply system was practiced during the revolutionary wars. It played an excellent role in those periods and left a deep impression on cadres. In 1958 some people began recommending the restoration of this system among the cadres. For a while free meals were provided in the countryside, resulting in much waste and confusion. As an economically backward country in the process of modernization, China could not but adopt a low pay scale which, coupled with a failure to effect pay raises for years, made life difficult for many middle-aged workers and staff members. In these circumstances, whenever pay raises are considered or bonuses granted, priority is often given to the most hard-pressed ones, making it difficult to abide by the principle of "to each according to his work". Elimination of the equalitarianism prevalent among both cadres and the masses will be difficult, but it should be attempted patiently. Its continued influence prevents both the principle of "to each according to his work" and the modernization drive from being effectively carried out.

2. The income of the workers and staff should be gradually increased in co-ordination with rises in production and labor productivity. Wages in the lower brackets were raised by 30-60 per cent during the three-year period of economic rehabilitation (1949-52), and the average pay of workers and staff rose by some 30 per cent during the First Five-Year Plan period (1953-57). Evidence pointed to the superiority of the socialist system. However, due to errors in our work, wages increased very slowly in the ensuing years and did not rise at all in the ten tumultuous years of the Cultural Revolution (1966-76). As a result, the average was essentially at the same level as that of two decades ago. This affected the enthusiasm of the workers and staff. After the collapse of the Gang of Four, the Party Central Committee introduced some wage increases. In the past two years, 60 per cent of the workers and staff in the country have benefited from these increases. We should see to it that, on the basis of higher output and labor productivity, there will be raises every year, resulting in at least one raise for everyone every few years. Salary increases should be based on a rising labor productivity. Years of economic damages meant a slow rise or even a drop in labor productivity. It must be raised in the course of modernization to provide a basis for pay increases.

3. The relations between workers and peasants must be improved upon and the historical gaps between their living standards should be narrowed gradually on the basis of better production. Due to the backwardness of agricultural production,

the income of peasants is even more meager than the generally low scale for workers. If this difference remains too long, it will be harmful to a further consolidation of the worker-peasant alliance. We must gradually narrow the gap by developing industrial and especially agricultural production and by effecting a marked improvement in the living standards of the people across the country. Generally speaking, the growth of labor productivity is relatively fast in industry but quite slow in agriculture. In formulating its wage policy and introducing wage increases, the state should make plans and arrangements that take into account not only the workers who number a few tens of millions but also the peasants who number several hundred million. The income of the peasants should be increased by stepping up industrial support for agriculture, accelerating agricultural development and raising the ' purchasing prices of farm produce. Meanwhile, the income of workers in the intermediate areas between town and country should be adjusted properly to avoid widening the gap between workers and peasants.

4. The system of distribution according to work should be coupled with the establishment of better collective welfare facilities that will lighten the burden of household chores for workers and staff. At the present level of distribution in China, the working people operate within a tight budget. All governmental institutions and enterprises should run good public dining halls, living quarters, nurseries, clinics and other welfare facilities to ensure a worry-free devotion to work. In spite of the backwardness of her production, China has instituted free medical care, old-age pension and other labor insurance systems speaking for the superiority of the socialist system.

In a socialist society, the family generally ceases to be a production unit but remains a consumption unit. Each laborer arranges his family budget on the basis of his income. Before social products become so bountiful as to make possible the application of the principle of "from each according to his ability; to each according to his needs", each family will have to operate on its own budget. This system requires the working people to lead a frugal life and takes care of family members who cannot work, particularly children. Thus it still has a highly important role to play as a guarantee of the people's livelihood. But it also gives rise to a contradiction between social collective labor and the household chores of the individual, compelling many working people, especially women, to spend much time on the latter. When the higher phase of communism is attained, all needs in everyday life will be supplied by the collective means of society. Children will be raised and educated by society, and the family will be relieved of these economic functions. Only then will there be no more contradiction between social collective labor and the household work of the individual.

The forms of wages to be adopted under socialism is also a very important question. These forms include time wages and piece wages, supplemented by bonuses and job subsidies (such as those for field work, underground work, work under high temperatures, or exposure to hazardous conditions). Time wages, piece wages and bonuses may each take various forms. Whatever forms are adopted, they should be conducive to the implementation of the principle of "to each according to his work", to raising the socialist enthusiasm of the workers and staff members, and to their unity. This should be our point of departure.

New China has always used time wages as the main form and occasionally supplemented them with piece wages. The two, which differ only in minor respects, are adopted according to conditions in each trade. Piece wages may be based on the output of an individual or a group of workers. As mechanization and automation advances, it will be increasingly difficult to set quotas for the individual. Piece wages for the individual will become applicable in ever fewer cases and may be changed to those for a team in some cases. But we can leave that to the future. For the present, it is still necessary to introduce piece wages for the individual on a wider scale. Any denial of their usefulness would be incorrect.

Bonuses are likewise a necessary means to encourage the working people to do more for socialist construction. In particular, they are a necessary supplement to time wages. After the victory of the October Revolution, Lenin proposed to introduce bonuses on many occasions, pointing out that "bonuses would be impermissible under a full communist system but in the period of transition from capitalism to communism bonuses are indispensable, as is borne out by theory and by a year's experience of Soviet power."² The Gang of Four called piece wages and bonuses revisionist practices and abolished them, dampening the labor enthusiasm of the staff and workers. Their mistakes should be criticized so that the ultra-Left practices on the wage question may be corrected as soon as possible.

² I. Lenin, "Draft Program of the R.C.P. (B.)", *Collected Works, Progress Publishers, Moscow, 1965, Vol. 29, p. 114.*