

# Shi Fuliang's Theory of Labor-Capital Relations and Its Contemporary Value (1949–1956)

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**Abstract:** During 1949 to 1956, labor-capital conflicts remained prominent. Against this background, on the basis of absorbing and learning from the Marxist view of labor, combined with the practical experience of the "labor-capital mutual benefit" policy during the Liberation War and his understanding of socialism and capitalism, Shi Fuliang put forward his own insights on how to properly handle labor-capital relations. He elaborated his theoretical framework from three perspectives: the characteristics of labor-capital relations in that period, the implementation of the policy of benefiting both labor and capital, and the functional role of trade unions. His theoretical exploration of labor-capital governance offers valuable references for improving the modern labor-capital consultation mechanism and strengthening trade unions' right-protection functions.

**Keywords:** Shi Fuliang; Labor-Capital Relations; Trade Unions.

## 1. Introduction

Since the 1980s, academic research on Shi Fuliang's ideological theories has gradually become systematic. Domestic scholarship mainly focuses on two dimensions: the horizontal expansion of his ideological connotations and his trajectory of spreading early Marxist thought. International studies on Shi Fuliang primarily center on his ideological line of the middle faction, with leading scholars including Tadashi Hirano and Yoshihiro Ishikawa. Nevertheless, compared with abundant research findings concerning the period around the Victory of the War of Resistance against Japanese Aggression, studies on the critical institutional transformation stage from 1949 to 1956 remain relatively insufficient, especially lacking systematic discussions of Shi Fuliang's theories on labor-capital relations. During his tenure as Vice Minister of Labor, Shi Fuliang presided over the formulation of the Labor Insurance Regulations and participated in a series of work on adjusting labor-capital relations. His theoretical thoughts on labor-capital relations served as an important theoretical basis for the formulation of labor policies in this period. In view of this, this paper systematically sorts out archival documents and academic literature from 1949 to 1956, and preliminarily summarizes Shi Fuliang's elaborations on labor-capital relation theories during this period, aiming to provide references for further deepening the academic research on Shi Fuliang's ideological system.

## 2. Organization of the Text

### 2.1. The Formation of Shi Fuliang's Theory on Labor-Capital Relations

#### 2.1.1. Theoretical Foundations for the Formation of Shi Fuliang's Views on Labor-Capital Relations

Marxist outlook on labor constitutes one of the theoretical sources of Shi Fuliang's labor-capital relations theory. Specifically, on the one hand, he actively engaged in the systematic translation, introduction and dissemination of classical Marxist works, enabling wider access to these important theories. While translating works such as *Outline of Das Kapital*, Shi Fuliang acquired a thorough grasp of the core connotations of the Marxist outlook on labor.

Marx conducted an in-depth analysis of the private ownership roots of alienated labor, arguing that the capitalist economic system is an exploitative system founded on wage labor and driven by the pursuit of surplus value. He pointed out that "The production of surplus value or profit-making is the absolute law of this mode of production"[1]. To maximize surplus value, capitalists inevitably exploit workers in terms of working hours and labor patterns, perpetuating an antagonistic relationship between workers and capitalists. By subverting private ownership and ultimately eliminating labor alienation, communism will realize the return of labor characterized by "free individuality".

On the other hand, Shi Fuliang adopted historical materialism to analyze social contradictions, integrating the mode of thinking and theoretical perspectives inherent in the Marxist outlook on labor into his reflections on labor-capital relations. In his works *A History of Social Movements and Essentials of Social Problems*, he analyzed the phenomenon of labor alienation in semi-colonial and semi-feudal society from the perspective of production relations, revealed the plight of laborers under bourgeois exploitation, and thereby laid an ideological foundation for his correct understanding of the essence of labor-capital relations.

#### 2.1.2. Practical Sources of Shi Fuliang's Theory on Labor-Capital Relations

During the Liberation War period, to boost economic development and stabilize social order, the authorities implemented policies of protecting and supporting private industry and commerce, established the realization of labor-capital mutual benefit as the guiding principle, and actively advocated cooperation between labor and capital. Zhu De pointed out at the National Trade Union Work Conference in 1949: "At the present stage, consciously tolerating exploitation by capitalists within a certain limit means subordinating partial and temporary interests to fundamental and long-term interests." [2]

For instance, persistent labor-capital disputes occurred at Hongrentang Traditional Chinese Medicine Pharmacy due to a lack of understanding of relevant labor-capital policies. To implement the policy of labor-capital mutual benefit and unite employers to resume production, efforts were made in two aspects. On the one hand, workers were publicized and

educated on the policy to distinguish long-term interests from immediate ones; on the other hand, trade unions were established to conduct consultations, facilitating consensus between the labor and capital sides. Ultimately, the labor-capital dispute of Hongrentang was properly resolved, which also provided practical experience for the first collective labor-capital contract of private industry and commerce in Beijing signed under the auspices of Peng Zhen. The rational understanding of capitalists formed during the Liberation War and the successful experience in settling labor-capital disputes represented by the Hongrentang case jointly laid a practical foundation for Shi Fuliang to properly handle labor-capital relations[3].

### **2.1.3. Value Genes of Shi Fuliang's Theory on Labor-Capital Relations**

First, the Mohist thought embedded in traditional labor ethics injected the genes of developing production and promoting the craftsmanship spirit into the formation of Shi Fuliang's theory on labor-capital relations. Mozi stated that "All craftsmen square by the carpenter's square, round by the compass, straight by the ink line, level by the water level, and upright by the plumb line." [4] In the process of labor and production, all practitioners must strictly abide by rules and regulations, learn from advanced models, and improve their comprehensive quality. Mohist theories of labor spirit advocate that individual laborers give play to the craftsmanship spirit of independent innovation and uphold the universal principle of mutual benefit and universal love, all of which embody the essence of the Mohist outlook on labor. Drawing on the craft norms embodied in "all craftsmen square by the carpenter's square", Shi Fuliang advocated the popularization system of advanced experience, transforming the ingenuity of individual craftsmen into collective productive forces and promoting the transformation of traditional technological ethics toward the benefits of modern labor.

Second, the Confucian tradition of self-cultivation provided a moral framework for Shi Fuliang to reconcile labor-capital contradictions. Within the Confucian ethical framework of "cultivating one's self and regulating one's family", labor is endowed with the self-cultivation function of "restraining oneself and restoring propriety". Accordingly, individuals ought to constantly examine their words and deeds in the spirit of "I daily examine myself on three points". This ethical insight motivated Shi Fuliang to propose strengthening education for both the labor and capital sides.

## **2.2. Shi Fuliang's Theoretical Exploration on Properly Handling Labor-Capital Relations**

### **2.2.1. Characteristics of the New-Type Labor-Capital Relations**

Shi Fuliang clarified that the labor-capital relations in the new democratic period are "equal, democratic, mutually beneficial and contractual relations under the leadership of the working class" [5]. This new-type labor-capital relations possessed distinctive features different from those in previous periods.

First, labor-capital relations are equal. Specifically, both labor and capital enjoy the right to equal consultation. Shi Fuliang held that sound production and business operation must rely on staff and workers, fully respect their inventions, creations and rational suggestions, and sincerely consult with

them on an equal footing when problems arise, so as to facilitate the improvement of labor-capital relations. [6]

Second, labor-capital relations are democratic. In the process of business management and decision-making, capitalists may exercise their rights through democratic means, fully mobilize the enthusiasm and creativity of employees, and thereby avoid arbitrary dictatorship by capitalists that would hinder the improvement of labor-capital relations.

In addition, labor and capital pursue mutual benefit. The principle of labor-capital mutual benefit stipulates that, on the one hand, capitalists are prohibited from exploiting workers without restraint, and issues concerning workers' "wages, working hours, labor insurance, safety and health, and other welfare benefits shall be reasonably resolved or properly accommodated". [6] On the other hand, capitalists ought to obtain reasonable profit returns to sustain the sustainable development of enterprises. From 1949 to 1956, unrestrained exploitation of workers by capitalists was no longer permissible. On the contrary, under the guidance of the policy of developing production and realizing labor-capital mutual benefit, capitalists should actively fulfill social responsibilities, uphold the business philosophy of unity, self-education and self-transformation, and take the initiative to participate in national construction.

Finally, labor-capital relations are contractual relations. Within the framework of laws and policies, labor and capital enjoy the right to equal consultation, and define the rights and obligations of both sides by signing labor contracts. Meanwhile, Shi Fuliang also stressed that "agreements reached through labor-capital consultation shall be stipulated in collective contracts" [6]. Nevertheless, collective contracts need not cover every detail. Instead, they should stipulate urgent and solvable practical issues in light of actual conditions, so as to promote the optimization of labor relations.

### **2.2.2. Principles of the New-Type Labor-Capital Relations**

Shi Fuliang held that "developing production and realizing labor-capital mutual benefit" serves as the basic principle for handling labor-capital relations.

First, the prerequisite for implementing this principle lies in that employers should recognize employees as collaborators in common undertakings, and improve workers' treatment on the basis of production development. Breaking away from the traditional mindset of labor-capital confrontation, Shi Fuliang regarded production development as the foundation of common interests. He pointed out that only with the recovery and growth of production can employers' interests be guaranteed and workers' demands be reasonably satisfied. Meanwhile, on the premise of vigorously expanding production, workers' treatment should be improved as much as possible to prevent excessive exploitation by employers and safeguard the legitimate rights and interests of laborers.

Second, labor-capital consultation constitutes the optimal organizational form to implement the policy of "developing production and realizing labor-capital mutual benefit". Shi Fuliang emphasized adhering to the strategy of "contract-based implementation", and proposed to "hold regular labor-capital consultation meetings and conclude collective contracts" [5]. He advocated establishing a hierarchical consultation system covering factories and stores, specific industries, as well as districts and cities. In the process of

labor-capital consultation, radical and impetuous attitudes should be avoided. All parties ought to deliberate on key issues carefully before formal negotiations, and reasonably settle matters concerning workers' wages, welfare benefits and other related issues while promoting production development. As Shi Fuliang put it, "improving labor-capital relations is the shared goal of both sides"[6]. Labor-capital consultation not only effectively safeguards the fundamental interests of the working class, but also reserves room for the national bourgeoisie to participate in national construction, fully demonstrating the uniqueness of the new democratic economic policies.

Therefore, the principle of "developing production and realizing labor-capital mutual benefit" represents an innovation of Marxist labor-capital theory. It not only guarantees employers' legitimate right to gain reasonable profits through ownership of the means of production, but also ensures laborers' entitlement to corresponding remuneration through their own labor.

### **2.2.3. The Role of Trade Unions in Labor-Capital Relations**

First, Shi Fuliang held that trade unions actively promoted the restoration and development of production. Amid the adjustment of labor policies from 1949 to 1956, he argued that both state-owned and private enterprises should take "organizing workers to learn technical skills and improve production" as a primary task. It was necessary to mobilize all staff and workers to fully resume production, so as to raise operational efficiency and strengthen the working class's right of speech in enterprise management. Specifically, he proposed that private enterprises should carry out production rationalization campaigns and labor emulation drives with the support of trade unions, and promote the implementation of the economic accounting system in the private sector to achieve a win-win effect of efficiency improvement and cost reduction.

Second, trade unions serve to safeguard the legitimate rights and interests of laborers and exercise statutory supervision over employers. Shi Fuliang maintained that trade unions were entrusted with the mission of coordinating labor-capital relations. On the one hand, trade unions act as defenders of workers' rights and interests. On March 31, 1951, at a lecture on labor insurance jointly held by the Shanghai Federation of Industry and Commerce and the China Democratic National Construction Association, Shi Fuliang delivered a speech entitled *Several Issues Concerning the Labor Insurance Regulations*. He systematically elaborated the policy framework for protecting laborers' rights and interests, providing important theoretical guidance for the adjustment of labor-capital relations at that time.[7] On this basis, in his 1952 article *How to Establish a New Labor-Capital Relation*, targeting prominent labor-capital contradictions such as dismissal disputes, he clearly pointed out that trade unions should, in accordance with Article 7 of the Trade Union Law, earnestly perform the duty of "protecting the interests of workers and staff members" in resolving labor-capital conflicts.[5] This enabled the transformation of labor security theories into specific norms for handling practical conflicts. On the other hand, Shi Fuliang advocated that trade unions should supervise employers to ensure their compliance with policies and decrees. This view was fully reflected during the Five-Anti Campaign. Trade unions across the country dispatched a large number of cadres and workers to set up special working teams. By mobilizing

the masses within enterprises and establishing channels for reporting violations, they cracked down on illegal activities of the bourgeoisie and effectively curbed the spread of the Five Evils prevalent in private enterprises—bribery, tax evasion, theft of state property, shoddy workmanship, and theft of economic intelligence. This further improved the institutional system of trade union supervision and maintained the purity of trade union organizations. Meanwhile, Shi Fuliang specially emphasized that the scope of supervision over employers at the current stage should be confined within the framework of laws and policies, and must not interfere with employers' legitimate managerial rights. Labor-capital disputes should be resolved through equal consultation or mediation by labor administrative authorities, and any acts of employers undermining the authority of trade unions should be opposed.

## **2.3. Contemporary Value of Shi Fuliang's Theory on Properly Handling Labor-Capital Relations**

### **2.3.1. Improving the Consultation Mechanism of Labor-Capital Relations**

From 1949 to 1956, Shi Fuliang proposed adopting the approach of "consultation, mediation and arbitration" to resolve conflicts between labor and capital, and pointed out that labor-capital consultation was the optimal way to handle labor-capital relations. Improving the labor-capital consultation mechanism not only provides institutional guarantees for protecting laborers' rights and interests and promoting the sound development of enterprises, but also maintains social harmony and stability.

A relatively sound tripartite consultation mechanism for labor relations has been established. Nevertheless, there still exist restrictive factors affecting the operation of the consultation mechanism. In particular, with the continuous development of new forms of employment, the existing labor laws and regulations struggle to define such emerging labor-capital relations, making it difficult to effectively protect laborers' legitimate rights and interests.

Currently, labor governance institutions consistently implement the work policy of "giving priority to prevention, grassroots governance and mediation" and have established an effective labor relation mediation mechanism. By applying consultation and mediation before conflicts break out between labor and capital, contradictions can be resolved at an early stage, which helps reduce social costs and promotes harmonious coexistence between employees and employers. Meanwhile, many regions give full play to the role of the tripartite consultation mechanism through tripartite meetings, conducting investigations and researches focusing on hot issues of general concern to laborers and overall problems affecting the harmony and stability of labor-capital relations.

Furthermore, it is necessary to further promote collective consultation and implement the collective bargaining system. It is essential to enhance the independence of representatives from both labor and capital participating in labor-capital coordination, and avoid tripartite coordination operating under the unequal pattern of "strong capital and weak labor", which would otherwise hinder the mechanism from balancing the interests of labor and capital.

In addition, the construction of labor laws and regulations has been further strengthened, with a series of socialist labor laws and regulations gradually promulgated. These legal systems define the basic rights of laborers, stipulate minimum

wage standards, and effectively safeguard laborers' legitimate rights and interests. At the same time, only by strictly abiding by labor laws and regulations can enterprises effectively avoid legal risks and penalties, reduce the frequency of labor-capital disputes, lower employee turnover, promote long-term corporate development, and facilitate the establishment of harmonious labor-capital relations.

### 2.3.2. Strengthening the Right Protection Function of Trade Unions

First, it is necessary to clarify that trade unions serve as an important reliance for safeguarding laborers' legitimate rights and interests. In 1952, Shi Fuliang proposed that trade unions should perform the core duty of "protecting the interests of workers and staff members"[5] and emphasized supervising employers' compliance with policies and laws so as to realize the balance of labor-capital relations. In response to the difficulties in identifying labor relations and insufficient social security coverage faced by workers in new forms of employment, trade unions should construct a legal guarantee system featuring source participation, process supervision and intelligent right protection, so as to better safeguard laborers' legitimate rights and interests. At the legislative level, trade unions should actively participate in legislative research conducted by legislative organs, provide data on the rights protection of workers in new forms of employment mastered by trade unions, and put forward trade union opinions and suggestions in relevant legislative processes. Meanwhile, trade unions should promote the formulation of the Guidelines for Rights Consultation of Workers in New Forms of Employment, to guide platform enterprises to listen to opinions from trade unions and labor representatives, and further formulate institutional rules and platform algorithms concerning laborers' rights and interests in a reasonable manner.

Second, innovate the organizational forms of trade unions. At the supervision level, trade unions cooperate with human resources and social security authorities, judicial departments and other institutions to build an intelligent supervision system, speak up for laborers through trade union right protection platforms, and safeguard their legitimate rights and interests. At the remedy level for rights and interests, trade unions rely on professional mediation platforms to handle labor disputes, which not only protects laborers' legitimate rights and interests, but also helps enterprises standardize employment behavior and promotes the harmonious development of labor-capital relations.

Third, enhance laborers' participation capacity and give play to trade unions' role as a bridge linking trade union organizations with staff and workers. Trade unions at all levels should establish and improve a smooth information network system, prioritize laborers' demands, and better understand their production and living conditions in depth.

## 3. Summary

To sum up, Shi Fuliang's theory of labor-capital relations is grounded in Marxist labor theory, integrates traditional ethical thoughts, and takes root in the specific practice of labor-capital governance, gradually developing into a theoretical framework compatible with the realities of its era. The basic characteristics of the new-type labor-capital relations, the principle of labor-capital mutual benefit, the operational mechanism of labor-capital consultation, as well as the paths for trade unions to safeguard rights and exercise supervision elaborated by Shi Fuliang, not only effectively responded to the practical dilemmas of labor-capital governance amid the social institutional transformation from 1949 to 1956, but also offer valuable reference for resolving labor relations conflicts under new forms of employment, consolidating the performance capacity of trade unions, and constructing a harmonious and orderly pattern of modern labor-capital relations.

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