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Brief Approach to the relation between theory and Party, *Marxism Research*, Vol.4, 2002

Research on Sustainable Development in China, Economic Management Press, 2001
(vice chief editor, co-author)

Some Approaches based on the rethinking labor and value of labor theory, *Journal of Pingyuan University*, Vol.2, 2002

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The Cost Bottom Lines of Economic Reform Must be Maintained——A Reflection on the Illegal Brickworks Incident in Shanxi Province

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Starting in the late 1970s, China launched a historic reform with an aim of building a socialist market economy system. The reform is pushing forward the peaceful rise of China, as evidenced by the emancipated and developed social productivity, higher standard of people's living, and the economic connection between China and the world. Nevertheless, the reform has unleashed a host of society conflicts as well, such as the ever-widening gap between the haves and the have-nots and between different regions, moral and credit crisis, and industrial conflicts. It is under this context that the brickworks incident in Shanxi province has been exposed. The shocking exposure forces us to look at the cost bottom lines of China's economic reform.

I. Shocking Exposure of Shanxi Illegal Brickworks Incident

Shanxi province is a major coal-producer in central China. The skyrocketing demand for energies fueled by China's economic boom in recent years has accelerated the economic

growth of the province. As a result, the demand for bricks, a major building material, has boosted, driving up both price and profits. Therefore, in southern Shanxi, thousands of illegal brickworks emerged. The slavery of the laborers in these illegal brickworks reminds one of the brutalities prevalent in the countries of the west during the primitive accumulation of capital in the 19th century. This is something intolerable in the socialist China in the 21st century.

These illegal brickworks shocked people because-

1. The majority of these brickworks were illegal, because they have not been approved by the administration for industry and commerce.

Since they were not registered with the government authorities, their illegal practices no matter how illegal might escape from the government's supervision.

2. Most of the laborers there, many of whom children and mentally disabled, were swindled and then sold there by human traffickers.

Driven by huge profits, the illegal brickworks owners asked the human traffickers to swindle cheap laborers for them. Increasing number of teenagers who had certain working abilities and who were easily controlled fell pray. For instance, the four brickworks not far from Liumu Village in Shanxi's Wanrong County each had ten to twenty swindled boys, the youngest of which being only eight.

3. The laborers were forced to toil there like slaves

To better oversee the young laborers, the illegal brickworks were usually built with hills on the three sides and entrance on one side. With dogs patrolling and overseers monitoring, it was impossible to escape. A 17-year old boy from Shaanxi's Hanzhong was beaten and became disabled after he had been captured when trying to escape.

The workers got up at five every morning and worked until 12 in the evening. For three months, they didn't taste any meat, and due to scarcity of water, they couldn't take bath, wash their heads or even faces in three months. At night they returned to their living quarters and were locked in by overseers. If they had to go to the toilet, they did it inside.

The working conditions of the illegal brickworks were extremely harsh and no measures were adopted to ensure safety. The workers were paid around RMB 300Yuan a month for their toil. They would be beaten severely even died at the slightest recalcitrance. One worker named Liubao from Gansu was beaten to death by a thug using a spade in one of the illegal brickworks in Shanxi.

The inhuman brutality makes one think.

II. The Exposure of the Illegal Brickworks in Shanxi Reveals Some Aspects of China's Labor-Capital Relations

Unlike those in the old China or in the 1950s, the current labor-capital relations existing in foreign-funded companies and large amount of private companies feature a duality. On the one hand, both the labor and capital are builders of the socialism with Chinese characteristics. To realize their common objective of modernizing the nation, they cooperate and help each other; on the other hand, the capital exploits the surplus labor freely by dint of possession of the production means. Therefore, the opposite relations of employing and being employed and of exploiting and being exploited exist between the two as well.

The labor-capital relations existed as employment relations in private companies have the following characteristics:

1. Inequality

Due to the long-existing capital shortage and labor surplus, employees- the owners of labor power-are forced undersell their labor power to the employers- the owners of capital, in order to survive.

2. Unbalance

In large private companies with a certain scale, the relations between the employers and employees are relatively balance. But in small and especially labor—intensive companies, conflicts between the two tend to be more often and more intense. This is so because many small companies are still in a stage of primitive accumulative of capital. In order to maintain and increase the value of their capital, the employers are likely to willfully extend working hours, increase working intensity, underpay the employees, and even illegally use children and the mentally disabled to do heavy physical work. The illegal brickworks in Shanxi are a case in point.

3. Lack of Guarantee for Workers' Rights and Interests

Despite a host of laws on the protection of workers' rights and interests have been put in place in China, illegal practices are still common. Workers lack both the awareness and the related legal knowledge to protect themselves. And there are few organs to protect them. Although there are labor unions at some private firms, many of them have become a tool for the employers to manage the employees. The public security organs, the administrations for industry and commerce and other government authorities have not taken safeguarding the rights and interests of workers as their top priority. This is one of the important reasons that the illegal practices of the brickworks owners and contractors have not been cracked down upon timely.

III. The Cost Bottom Lines of the Economic Reform Must be Maintained

The economic reform is a revolution, and it entails what the economists call cost. We are fully aware China's marvelous achievements in the past three decades since it launched

the reform and opening-up drive have been made at great costs, including:

1. Heavy loss of state-owned assets;
 2. Heavy loss or destruction of the public assets that were put in place under the rural collective economy;
 3. Large number of workers of state-owned companies have been laid off and as a result, encountered financial difficulties;
 4. Workers are at the mercy of their employers and see their social status decline; and
 5. Serious challenges have been posed to the traditional philosophy of the socialism.
- In a market economy, what people seek is not the maximum interest of the state and the public, but the maximum capital and profits. Devotion to the state and society has been replaced by devotion to the employers. In short, the philosophy, values, mores, and social custom are gradually departing from socialism.

The above analysis of the cost of economic reform is by no means intended to deny the necessity and objectives of the reform, or to imply that no costs should be paid. Rather, it aims to get across the message that we should strive to maximize reform achievements at the lowest cost in light of the requirements of the market economy. The realization of this goal necessitates a study of the cost bottom lines of reform.

The cost bottom lines mean the limits of cost of reform. To put it simply, the limits are set to ensure that the reform will not sustain a loss. In my opinion, what we cannot afford to lose are the socialist principles and interests. The cost bottom lines can be summed up as follows:

1. The leading position of the public ownership must be maintained

Public ownership is the primary characteristic of the socialism. The basic economic system China formulated for its primary stage of socialism is to maintain the leading position of the public ownership and encourage the common development of diverse forms of ownership. To maintain the leading position of the public ownership means to keep to the socialist direction. Since the reform of the socialist market economy is an adjustment and improvement of the socialist system, it can never undermine the leading position of the public ownership.

2. The political status and the legal economic rights and interests of the working class must be safeguarded

The *Constitution of the People's Republic of China* provides that “the People's Republic of China is a socialist country led by the working class.” The *Company Law of the People's Republic of China* stipulates that “companies must safeguard the lawful rights and interests of their workers, and step up labor protection to realize safe production.” The laws have enshrined the political status and the lawful economic rights and interests due to the working class and no reforms may infringe upon them.

3. The core socialist values must be upheld

“The basic contents of the core socialist values include the Marxism, the common

ideal of building a socialism with Chinese characteristics, the national spirit with the patriotism as the core, the times spirit with reform and innovation as the center, and the socialist concept of honor and disgrace,” according to the *Decisions of the Central Government on Several Key Issues in Building a Harmonious Socialist Society*, As such, no matter how deep the economic reform, it may never violate these core values.

The forgoing are the limits of China’s economic reform in terms of economic system, class relations and ideology. Going beyond these limits means going beyond the cost bottom lines and against the socialist direction. But the illegal brickworks in Shanxi flagrantly broke the cost bottom lines and their existence will not be tolerated by the people and the history. We must maintain the cost bottom lines of the reform of socialism marketing economy and not give up even an inch.

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David Matters, a full time union official, assistant secretary of Australian Railways union, a well known Communist in his city of Brisbane, the chairman at the session of the Socialist Party congress where the party reclaimed the title of communist.

He has written for the party newspaper “the Guardian”, and has two publications to his Credit, both are polemical works against the Trotskyists. The first is a reply to a Pamphlet War on the Waterfront and analyses the tactics during the Waterfront dispute. The second is a Pamphlet entitled the DSP'S Attempt to put Lenin's clothes on Trotsky.