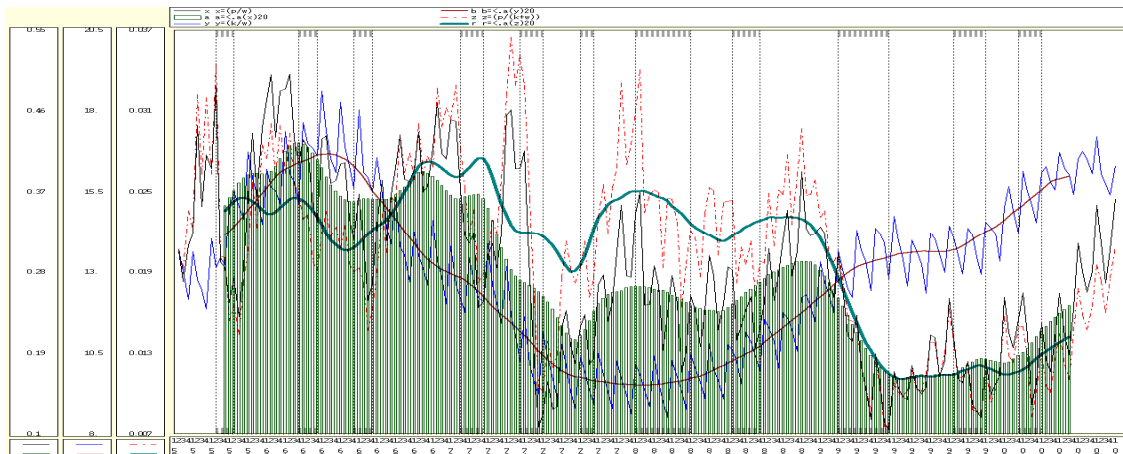


Table2.profit-rate, capital-composition,exploitation ratio



Profit-rate = capital-share ratio / capital-yield ratio

$$p/k = (p / (p + w)) / ((p+w)/k) = (p/Y) / (Y/k)$$

$$\log(R) = \log (P) - \log (K)$$

p : profit, w : total-wage, k : capital-stock

Y : total value-added

M : surplus-value

V : variable-capital

C : constant-capital

N : employment

R : real-wage

c : unit-value of const-c

w : time-wage

IV. The New Approaches to Synthetic Analysis

$$P' = \frac{\left\{ \frac{T}{R} \cdot \frac{W}{t} \right\} - 1}{\left\{ \frac{C}{w} \cdot \frac{q}{N} \right\} + 1}$$

The dual moments of the law should be presented at the counteracted antagonistic agencies effects.(an extra paper)

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Public Nature of Enterprises, Efficiency

and Economy Development

[CN] Zhongbao Wang

My thinking on public nature of enterprises springs from the question why public-owned enterprises should be set up. Why should public-owned enterprises be established? Why should the means of production be owned by the collective or the whole society? Classic Marxist economics gives the main answer that there is the contradiction between large-scale production of socialization and private appropriation of the means of production, moreover, the contradiction can only be solved by public ownership or collective appropriation of the means of production. In other words, only public-owned enterprise can meet the demand of large-scale production of socialization. But with the emergence of share-holding system, private-owned enterprises of decentralized equity can also solve the contradiction. So it is obviously lacking in conviction by this explanation. That the public-owned enterprises can solve the contradiction is not the ultimate reason why public-owned enterprise should be set up? In fact, the ultimate reason for establishing public-owned enterprises or collective appropriation of the means of production is to achieve equality of labor, which includes the equality of decision-making, division and status of labor and so on. Its essence is equality of distribution, which is distribution according to labor in current stage, and is distribution according to need in future communism. Therefore, distribution according to labor is the ultimate objective for collective appropriation of the means of production; the latter is the prerequisite of the former.

In the condition of collective appropriation of the means of production, laborers obtain income not according to capital but labor they offered. However, distribution according to labor can not be realized automatically with collective appropriation of the means of production. For example, there was not the distribution completely according to labor, and severely average distribution occurred in public-owned enterprises before Chinese economy reform. Although no distribution according to capital in public-owned enterprises, their realization degrees of distribution according to labor are different. On the other hand, there is distribution according to capital in private-owned enterprises, generally it is impossible to carry out distribution completely according to labor, but distribution according to quantity and quality of labor exists in fact. In my opinion, realization degree of distribution according to labor may be the standard for judging how high public nature of the enterprise is. As long as laborers' income approaches more closely to the value they create in their work, the higher realization degree of distribution according to labor is, the higher public nature of the enterprise is. Public nature of public-owned enterprise is higher than that of private-owned enterprise, which conforms to common sense.

Why are realization degrees of distribution according to labor in public-owned enterprises different? because collective appropriation of the means of production is only a prerequisite to distribution according to labor. The question is that it is difficult to measure the value that the laborer creates in work when distribution according to labor is performed. If it is easy to measure the value that the laborer creates in work, the income the laborer gets is easy to match the value he creates. Public-owned enterprises will be most efficient if their laborers get what they create, for the incentive to all laborers is most sufficient. Compared with large-scale private-owned multinational corporations which have lots of layers of subsidiaries and branches with decentralized equity, it is unpersuasive that the low efficiency of public-owned enterprises, some scholars think, is attributed to no clear property right, excessive management structure, overlong agent link, asymmetry of information and free ride etc. In my opinion, the fundamental reason is that laborers' income does not match what they give in laboring.

If we want to enhance the efficiency of public-owned enterprises, we should improve the realization degree of distribution according to labor. But it is the key that how to measure accurately the value that every laborer create. Traditional approach is to calculate the value by measuring labor time and labor intensity. However, it is easy to measure labor time but hard to measure labor intensity. We measure labor intensity by such methods as work record, qualification, diploma, professional ranks and titles so on. No doubt that these methods have their merit and demerit at the same time. All the methods mentioned above do not completely represent the real intensity in the process of laboring. Certainly, in some special enterprises some effective methods are taken to match the income with the value they create, for an example, piece rate wage. So the reform direction of Chinese public-owned enterprises is to try to match the income with the value laborers create. However, Chinese reform of market economy provides relatively effective method. Through laborers' free flow and effective competition among enterprises in market, laborers' income can come more and more closely to the value they create in work. This still explains partially why China engages in the reform to market economy

At last, the higher public nature of enterprises is, the more continuous and faster the economy develops. High public nature of enterprises means high realization degree of distribution according to labor. Under this situation, the gap between the rich and the poor is very narrow, insufficient effective demand will not occur and common prosperity of the whole society can be realized also with fiscal and revenue regulation, sufficient effective demand ensures continuous and fast development of national economy. During 1920-30s, Big Economic Crisis of Capitalism broken up, John Maynard Keynes thought that insufficiently effective demand was the reason for the crisis, and insufficiently effective demand was due to three psychological laws. So he gave the advice that the government should purchase and invest by loans if the private did not consume and invest. Surely governmental intervention saved the dying capitalism and Capitalism economy, and

capitalism economy continued to develop fast during 1950-60s, so called Golden Age. However, there occurred stagflation in capitalism economy since the beginning of 1970s. Keynes could not give effective advice again. J. M. Keynes had not found the real reason for insufficient effective demand In fact. The real reason is the private ownership and its outcome, the polarization between the rich and the poor. “I want to consume but I have no money, I have money but I can’t consume so much”. Social polarization results from distribution according to capital, which just results from private ownership.

In conclusion, in order to realize distribution according to labor, public ownership should be established. To solve insufficiently effective demand, distribution according to labor should be performed. To guarantee continuous and fast development of economy, sufficient effective demand should be achieved.