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## **The further research and elucidation of the Three - third shareholding system**

### **---The discrimination of the role of capital and the renaming of the Three – third shareholding system**

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#### **Abstract**

Based on the author's previous papers, this paper makes a further study and interpretation of the basic economic system of socialism --Three – third shareholding system. First, it makes a new analysis of the historical function of capital and reveals the most basic social function hidden behind capital: the organizer of socialized productive forces; The system, in which capital, intellectual property, and human resources team each accounting for one third of the enterprise property rights, is renamed as the real socialism system that matches the reality, in which organizer of socialized productive forces, intellectual property, and human resources team, each accounting for one third of the enterprise property rights. That is to avoid the confusion of ideas and thoughts caused by the original name; and will promote the

establishment of the new economic system and the conscious development of socialized productive forces.

**Keywords:** Socialized productive forces must develop consciously, the social and historical function of capital, organizer of socialized productive forces, the Three – third shareholding system that matches the reality: organizer of socialized productive forces, intellectual property, and human resources team, each accounting for one third of the enterprise property rights

## **1. Introduction**

The author has made a simple elaboration on the socialist basic economic system – Three-third shareholding in the book “Marxism Modernization and Sinicization” (Chinese version) published in July 2018, <sup>[1]</sup> and the English paper “Exploratory Research on Modernization of Marxism” <sup>[2]</sup>. However, there is no detailed analysis and discussion on the social role of capital in two different societies, that is, the different roles and functions in capitalist society and socialist society. As a result, it may cause people's confusion of ideas and thoughts, so as to have an unclear understanding of the essence of the Three-third shareholding system, which will affect its establishment and promotion, thus hindering the conscious development of great socialized productive forces. Therefore, the author must make a further in-depth study and discussion on Three-third shareholding system to clarify its objective nature in line with the nature of the development of great socialized productive forces, so as to promote people to consciously strive for the establishment of the Three-third shareholding system, and promote the development of great socialized productive forces.

## **2. The historical role of capital**

In the history of mankind, the bourgeoisie was the first social force that consciously or unconsciously organized socialized productive forces for production. It is under the leadership of the bourgeoisie that the social productive forces of mankind have achieved unprecedented development.

The use of capital by the bourgeoisie to exploit the surplus value of the workers has been

fully revealed by the founders of Marxism. The nature of capital exploiting workers' surplus value has been fully explained in Marx's classic sayings: “Capital came down to earth, from head to foot, dripping blood and dirt from every pore”, and “Every pore of capital has been dirty and bloody ever since it came into the world, and it is ready to expand outward at any moment”.

However, there is no denying that capital plays a key social role in the development of socialized productive forces, that is, the role of the organizer of socialized productive forces. In the above-mentioned English paper, the author briefly mentioned this role, and we will carry out further analysis and interpretation.

The socialized productive forces based on modern science and technology cannot develop spontaneously, but must develop consciously.

In modern society, capital, intellectual property and the human resource team must be organized organically to form a realistic socialized productive force. First of all, it must consciously choose the type and development direction of socialized productive forces to be established in the social and historical conditions and surrounding environment at that time; Choosing the right intellectual property; Cooperate with or purchase the intellectual property rights; Then, according to the requirements of intellectual property rights to purchase means of production, production equipment and a variety of production hardware and software elements; Recruit corresponding technicians, managers and front-line workers, and conduct corresponding training respectively in order to form a qualified human resources team, to conduct trial production or trial operation and establish a realistic unit of social productive forces (an enterprise unit of production or service). Thus it can be seen that the role of the organizers of great socialized productive forces is extremely critical; without her organization, you do not know what industry direction to choose, what production or service units to establish, what means of production and production equipment to possess, including the natural conditions and the land required for, etc. <sup>[3]</sup>

The role of the organizer of great socialized productive forces, in a capitalist society, is accomplished by capital; with the development of the current developed capitalist society, the role of the organizer of the modern great socialized productive forces can be accomplished in various forms: Entrepreneurs plus venture capital, conscious investors plus financial fund support, intellectual property owners plus various fund support, partners cooperation plus fund support, and so on.

Precisely because of this, in capitalist society, the bourgeoisie emphasizes the role of capital as the organizer of socialized productive forces, reduces or eliminates the role of other parts, and thus strengthens the role of capital in exploiting other social functions, so as to maximize the benefits of capital; Such as deliberately depreciating the purchase and use of intellectual property, and for the human resource team, the wages are used to cover the exploitation of surplus value by capital; these are the malpractices of the capitalist society, which must, of course, be thoroughly eliminated in a consciously developing society.

In the above-mentioned paper, the author proposed that in the socialist society of self-conscious development, it is necessary to implement the Three-third shareholding system, in which capital, intellectual property rights, and human resources team, each accounting for one third of the shares of the enterprise: The socialized productive forces should be consciously organized by the capital, intellectual property, and human resources team to form a production or service enterprise to provide products or services for the society and meet the needs of people of all social strata in production and life. Therefore, the capital, intellectual property and human resource team should each assume one third of the responsibilities and obligations of the enterprise, and be responsible for the overall conscious development of the enterprise. According to the property rights and shareholding system established in the modern capitalist society, the basic economic system of conscious development society with the Three-third shareholding system should be established, which in accordance with the nature of socialized productive forces. Only the conscious organic combination of these three aspects can form the real productive forces and its conscious operation and development. Capital and intellectual property rights should, of course, put into their fund and intellectual property respectively to get its corresponding one third stock rights. But for the human resources team, as long as they work by their mental and physical activities in the production and service process, they have helped the transfer of the old capital and intellectual property value into the new products (or services) and implemented the new value creation. What should be emphasized is that in the process of old value transfer and new value creation the key role is performed by the human resource team. As a result, the human resources team should have one third stock rights without investing in it. That is also the essential social justice needed. *(That is the fundamental difference between the basic economic system of the consciously developing society and the capitalist economic system).* Here, it is also the role of the great socialized productivity organizer that gives capital by default; (see English paper <sup>[2]</sup>). But I want to remind you that the capital in the socialist basic economic system has

no the exploitative part of the capital in the capitalist society, because the human resources team already owns one third of the stock rights of the whole enterprise in the socialist basic economic system; And the stock rights under the name of capital, is also only accounted for one third, in essence, it represents the stock rights of the organizers of great socialized productivity.

Therefore, the capital in the socialist basic economic system actually represents the function and role of the organizer of great socialized productive forces and the fund combined with it, which only plays the role of the fund and must pay the interest and expenses in accordance with the rules of modern society. So, for the sake of accuracy, and without having to remind everyone every time that the nature of capital in the basic economic system of socialist society has changed; We propose that the original three-third shareholding system, in which capital, intellectual property rights, and human resources team, each accounted for one third of the enterprise equity, ought to be replaced by the new Three-third shareholding system: great socialized productivity organizer, intellectual property rights, and human resources team each accounted for one third of the enterprise equity. This is the basic economic system of socialist society worthy of the name.

### **3. The difference between the Three-third shareholding system and the traditional socialist economic system**

Restricted by the traditional concept of the spontaneous development of small production, the traditional socialist economic system only examines the following aspects: Means of production ownership (that is, who owns the means of production), how to distribute the production results (the social distribution system)? The interrelationship between people in production; Therefore, the traditional socialist economic system advocates the public ownership of the means of production, that the ownership of the means of production by the whole people or by collectives; The production results shall be distributed according to work; The relationship between the social members in the production is equal, no distinction between high or low; This is the socialist economic system advocated by the classical socialist theory.

Just because it is confined to the social traditional ideas of spontaneous development, it cannot simply adapt to the modern society that the socialized productive forces must develop consciously; First of all, public ownership of means of production is a concept confined to

the spontaneous development of society; Under the condition of the conscious development of modern great socialized productive forces, without the conscious guidance of organizers of great socialized productive forces, do you know what kind of means of production you should master and how much land you should occupy? And so on, all are unknown.

The essence of the problem is how does the public ownership of the means of production realize the conscious organization of the modern great socialized productive forces? Obviously, the conscious organization of the modern great socialized productive forces **cannot be realized automatically** through any kind of ownership of the means of production, but only through various individuals or teams that have the functions of the conscious organizer of socialized large-scale production; After Lenin's death, near 100 years of social practice, including the former Soviet union and the communist party of China came into power more than 70 years (even after reform and opening up), has fully proved this point; So far, China has not at all solved the problem of how the public ownership of the means of production can realize the conscious organization of the modern great socialized productive forces!

So, how to realize, under public ownership (or under state ownership), the conscious organization of modern great socialized productivity?

We have previously pointed out <sup>[4]</sup> that, at the macro level, the development history of human society has proved that only the market economy system can meet the various social needs of people in all parts of society for economy and culture. Today, when the great socialized productive forces have fully developed, human beings have entered the information society. The nature-the great socialized productive forces must be consciously developed, requires the society to carry out macro-control over the market economy as a whole, and consciously and effectively guide the direction of social and economic development.

Carry on the correct and scientific macro-control to the market economy can abandon the blindness of the spontaneous development of the market economy and the lack of consciousness of the overall grasp of the economy, and greatly reduce the waste of social resources. It is mainly manifested in the macro-guidance to the social investment field (embodied in the industrial guidance and industrial policies, such as the priority investment field, the encouraged investment field, and the relevant social advantages and preferential conditions); in the optimal control of production scale in different industries, and in order to

protect the ecological environment to control the distribution of different industries; and the guidance and control of the lubricants for the social and economic operation---the financial and insurance services for the real economy, etc. These must establish the corresponding policy-making system mechanism, here, must give full play to the non-governmental organization and the service intermediary organization's constructive role.

The guidance to the priority direction of social and economic development is the objective need of the correct and scientific development of productive forces in today's society. The progress of modern science and technology has laid a solid foundation for the development of the productive forces of modern society. However, modern science and technology are complicated and involve a wide range of fields; Those are the areas of technology that are able to develop on the basis of today's technology and meet the needs of human society at present and for a period of time to come? There are different opinions on which fields people should prioritize and which direction they should go! The leaders of the society, or the relevant elite groups, should put forward their own opinions on this issue and make progress and development in the practice of the society; At least help the society avoid the worst way of development and find a better or optimal way of development; Only relying on the social environment with full freedom in the social spiritual and cultural fields and respect for the objective facts and the laws of the development of science and technology, that better or optimal way can we find out! Only by creating such an environment can the authorities realize the forward-looking guidance for today's social and economic development, avoid many detours and the huge waste of social resources. Therefore, it is necessary to establish corresponding institutional arrangements: the state economic management department, the enterprise industry organization, and the state science and technology authority, three each shall, according to a certain procedure, independently release the expected and guiding opinions on the economic development of the industry in a certain period of time; The public may, in their own judgment, choose which recommendations they wish to follow. Because of the independence of the three bodies, the advantages and disadvantages, long or short of each authority can gradually reveal in social practice; So inevitably, it will form a guiding mechanism with sufficient authority for the development of social economy. This is another social macro-level economic system construction must be completed.

The whole society, no matter what kind of capital controls the enterprise, all must carry out this kind of basic economic system that accords with the nature of great socialized productive forces (the Three-third joint stock system), and accept the society's conscious macro-control

and accurate supervision.

In such a macro social environment of conscious regulation and guidance, the state economic management department, enterprise industry organization, and state science and technology authority will independently release their expectations and guidance on the economic development of the industries; Under the guidance of these opinions, the original state-owned enterprises, private enterprises and other individual organizations or teams can put forward plans and opinions to realize the conscious organization and development of great socialized productive forces in various industries and departments; Then, under the current circumstances, through the collection of the national macro-management department and the extensive comments of the society, the project and team with the most promising and the highest consciousness of development are selected to form the project of investment and development of the state-owned assets; And by the corresponding team to carry out the organizer function of the project of great socialized productive forces. In this way, we can realize the conscious organization of socialized productive forces under the condition of public ownership.

At this point, one third of the equity in the socialized productivity organization, of course, cannot all be owned by the executive team; because the program of the organization was formed under the guidance of social macro-policies and social macro-economic management departments, and after extensive social evaluation so it has the nature of concentrating social and public wisdom; Therefore, in this part of the equity (one third of whole enterprise equity), the state-owned asset management department and the executive team should have a suitable allocation ratio, which can be solved through negotiation according to the formation process of this project (generally not exceeding 1/3 of it ); Of course, if the creativity of the executive team contributes valuably to the organization of socialized mass production in the future, the proportion of the executive team can be increased accordingly; It is an effective measure to stimulate the enthusiasm and creativity of the executive team that the great socialized productive forces organized and operated under the public ownership; Its function may be greater than the private capital's enthusiasm for pursuing profits, which should be fully grasped by the management departments of the conscious developing society. And the income that public ownership funds invests, calculate by the method of general funds income.

This is the general principle and method of consciously organizing the socialized productive forces under the condition of public ownership; it is also the basic steps and methods of the



reform of China's state-owned economy from state monopoly capitalism into socialist basic economic system.

If the national economy is mainly based on public ownership, then, in accordance with the requirements for the self-conscious development of society, the state macro-administrative departments shall, within the scope of the whole society, consciously establish various relations of production for the great socialized productive forces, allocate all kinds of social resources to promote its development; there will be a more practical implementation basis, and more powerful implementation force and can better drive private capital forward in the development track consciously planned by the society.

The second aspect is the difference of distribution system. The original socialist distribution system only proposed a general principle of distribution according to work; in the former Soviet Union after Lenin's death, and in the practice of China and other socialist countries, it involves only the original distribution principle in the sense of wages, not including the distribution of profits.

According to Marx, labor has simple labor and complex labor, and different labor needs to pay different costs; Wages are simply the cost of producing people who can do their jobs; therefore, wages in the full sense of the word vary according to the skills required for various positions; According to this kind of wage principle, in capitalist society, what execute in fact generally also is the difference according to labor skill, take different purchase price or pay different salary namely. But in a capitalist society, human resource teams do not participate in the distribution of profits beyond wages (that is, the cost of buying labor); the surplus value created by the human resource team is all exploited by the capital. So on profit, the capitalist society implements the principle of distribution according to capital.

In addition to the original Marxist sense of wages and in the traditional sense of distribution according to work, but the Three-third shareholding system also added the principle of profit distribution: That is, the human resources team should own one third of the enterprise's equity without investment, that is to say, it has the right to distribute one third of the enterprise's profits and has rejected the evils of capitalist society. One third of the social profit of the enterprise, which is formed consciously by socialized large-scale production organizer, intellectual property rights, and human resource team, can be given to the human resource team; that can not only greatly stimulate the enthusiasm, creativity and consciousness of the whole human resources team, but also greatly promote social

consumption, and in turn promote social production, forming a positive cycle of social and economic operation; that will promote the rapid development of society based on the conscious development of socialized productive forces.

How to allocate this one third of the equity among the human resources team? The basic principle, of course, is to assign individuals according to their contribution to the overall human resources team!

Third, the traditional socialist economic system advocates that the relationship between workers and people is one of complete equality. However, in the actual implementation process, it is only a superficial claim that all workers are equal to each other, but in the actual operation of enterprises, it cannot be truly realized, because there is no real institutional guarantee.

But the Three-third shareholding system proposed, socialized productivity organizer, intellectual property rights, and human resources team, each accounted for one-third of the enterprise equity; According to the operating rules of modern enterprise equity composition, the socialized productivity organizer, intellectual property rights, and human resource teams, should each send an equal number of representatives to form the board of directors of the enterprise and the operation and management team of the enterprise, and each person has the same voting right. This kind of the operation management team that organizes consciously the organizers of large-scale socialized production, the intellectual property rights, and human resources teams, can centralize all of the conscious wisdom of all enterprise resources represented by enterprise managers, through middle-level cadres till to the front-line workers; That can not only promote the development of enterprises consciously; In fact, it can realize the equal status of the whole human resource team at all levels in the socialized mass production.

#### **4. Conclusion**

First of all, the Three-third shareholding system is such an economic system that in line with the nature the great socialized productive forces must be consciously developed.

Because the modern great productive forces can be a real great socialized productive forces are only by the organizers of them who use funds to cooperate with intellectual property rights, or purchase intellectual property rights, and then recruit and train the human resources

team, and organically combining the three parts; Then can a real socialized productive forces be formed. Therefore, the Three-third shareholding system is the economic system in line with the nature of the great socialized productive forces that must consciously develop.

And whether great socialized productivity is formed consciously? The consciousness of socialized productivity organizer is very critical. The consciousness of the organizer can only be formed under the guidance of the macro-conscious regulation policies of the society and under the condition that the organizer (individual or team) carefully studies all walks of life. The consciousness of the organizers of great socialized productive forces is a kind of consciousness of a multi-disciplinary synthesis that combines Chinese and western knowledge, and transcends the arts and sciences. Conscious developing society should actively encourage the members of the society to exert their initiative, creativity and consciousness; build up a strong team of conscious organizers of socialized productive forces, a team of intellectual property owners, scientists, engineers, technicians and other diverse human resources; for the conscious development of human society to prepare all kinds of conscious force at all levels.

Only by maximizing the original creative resources of human society can we realize the conscious development of human society.

Second, compared with the original socialist economic system, the Three-third shareholding system has more advantages and more explicit institutional arrangements, which enable the various components of the great socialized productive forces to play their roles more actively and consciously, promote each other, and the development of it.

Third, under the public ownership, the mechanism and institutional arrangement by which the socialized productive forces can be consciously established are the key issues for China's reform and opening up and the development of the socialist system in the future.

In this paper author puts forward an institutional arrangement scheme that under the guidance of the social macro-management department, by concentrating the conscious opinions of all aspects of the society, various institutions and departments, the plans for the conscious organization of the great socialized productive forces can be formed; then the team with relatively high consciousness and strong executive management ability in the process of plan formation, or even individuals, will execute the conscious organization plan of the great socialized productivity. That institutional mechanism will greatly promote the rapid development of socialized productive forces under public ownership.

To carry out the real socialist basic economic system and promote the conscious development of great socialized productive forces, we can only rely on the institutional arrangement, by which the socialized productive forces could be consciously organized under public ownership; and then within the scope of the whole society, the enthusiasm of various social resources will be fully mobilized to consciously develop the socialized productive forces under public ownership.

The current so-called joint-stock hybrid reform is hoped to drive the enthusiasm of public ownership (?) with the enthusiasm of private capital in pursuit of profits; whether this hope can be realized or not is a question that must be answered by history. I will not comment here; of course, we also leave aside the various deviations and tricks that may arise from the so-called joint-stock system's hybrid reform.

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- [2] Su Wu-xun. “Exploratory Research on Modernization of Marxism”, SCIREA Journal of Sociology. Vol. 4, No.2, 2020, pp15-47.
- [3] This is completely different from the small production in spontaneous development society; under the condition of small production, the production tools are relatively simple and low (belonging to personal tools or simple tool cooperation); Only the possession of land, the most important production condition, could control the whole

production process and occupy the key position of the relations of production, and realize the mode of production in the feudal society.

[4] [1], pp55-57