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# ***JPRS Report***

# **China**

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**China**  
**Red Flag**  
No 16, 16 August 1987

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### **It Is Necessary To Strike Telling Blows at Illegal Publication Activities**

*HK011452 Beijing HONGQI [RED FLAG] in Chinese  
No 16, 16 Aug 87 p 2*

["Forum"]

[Text] Since the State Council issued the "Circular on Severely Striking Telling Blows at Illegal Publication Activities," many provinces, regions, and municipalities have adopted a resolute attitude, taken prompt actions and effective measures in accordance with the requirements of the circular, and achieved remarkable results, winning the applause of the masses. This is just the beginning and we should make persistent efforts to carry on the work in a thorough manner.

Illegal publication activities mean organizations or individuals other than those authorized by the state printing or reproducing at will newspapers, magazines, video tapes, and other publications and distributing and openly selling them in large quantities in the society. Most of these publications are for seeking exorbitant profits and their contents are cheap and low. They are full of pornographic, obscene, superstitious, and homicidal plots, and plots on ghosts and monsters. They are increasing in variety and quantity and are spreading on an increasingly wider scope. They are extremely harmful to the society. We emphasize strengthening the building of spiritual civilization and educating the people so that they will become educated and disciplined people with lofty ideals and moral integrity. Contrary to this, illegal publication activities only pay attention to profit-making, ignore social effects, and poison people with the cheapest and lowest spiritual products. They are a serious interference to the building of socialist spiritual civilization. Besides, most of the illegal publications are strong corrosives. Many readers, particularly teenagers whose ability of discernment is not good, are often corrupted and led astray and even commit crimes once they come into contact with these things. According to statistics of a certain province, among delinquents in custody in 1985, 40 percent had committed sexual crimes, and most had read pornographic books and magazines. Illegal publication activities also cause economic and other crimes and play the disgusting role of disturbing social order and the publication undertaking. Since illegal publication activities are so harmful, we must resolutely strike telling blows at them.

In building the four modernizations, opening to the outside world, and carrying out reform, we need a good social environment. If we let illegal publication activities go unchecked and let feudalist and bourgeois ideas run rampant, they will undoubtedly pollute our social environment, crumble the morale of the masses, and do harm to reform and opening to the outside world. They will also provide pretexts for opposing reform for a small number of people who oppose reform and opening to the outside world.

Whether we can effectively strike blows at illegal publication activities lies in leadership at various levels. If the leadership regards this work as a matter of great importance and firmly grasps it, good results can be obtained very quickly. At present, some localities have adopted a wait-and-see attitude. This is not right; they should take action at once. The party and the people have given us power to protect the interests of the people. It is dereliction of duty if what should be done is not done and instructions that should be given are not given. To do a good job in work in this respect, we must earnestly organize our strength and take measures in various aspects. We should strengthen the positive education on upholding the four cardinal principles and opposing bourgeois liberalization in a deep-going manner, expose the great harm of illegal publication activities, and call on the whole society to struggle against these illegal activities; party, government, propaganda, and public security departments and departments in charge of industry and commerce should closely coordinate with each other and seriously ban and confiscate illegal publications; we should strengthen the building of the legal system, vigorously handle major and important cases, confiscate according to law all illegal publications of lawless people, impose heavy fines on them so that they will have no more funds left, and sentence those who have committed serious crimes to imprisonment, and even long imprisonment; and we should strengthen administration and ideological education in printing houses and small bookstalls run by individuals so that workers and individuals of this trade will in future consciously resist printing and selling illegal publications and other bad books and magazines.

The work of dealing blows at illegal publication activities is very complicated and we should act strictly according to relevant policies. We should draw a clear line of demarcation between what is legal and what is not. The major targets of attack are an extremely few lawless elements who have done serious harm to the society. Regarding most of those who have taken part in these activities, we should mainly carry out positive education among them and help them realize and correct their mistakes. Regarding teenagers who have read illegal publications and other bad books, we should strengthen positive education and guidance in reading books among them, encouraging them to read good books and abandon bad ones.

### **On the Question of Raising the Leadership Level of Leading Cadres**

*HK101055 Beijing HONGQI [RED FLAG] in Chinese  
No 16, 16 Aug 87 pp 3-7, 23*

[Article by Gao Yang [7559 2254]]

[Text] Note: This article is a lecture delivered by the author on 8 July 1987 to some students, teachers, and management cadres of the CPC Central Party School.

## I. How Has the Question Been Raised?

Leading cadres, what I shall discuss here specially refers to leading cadres at the provincial (municipal and autonomous region) and ministerial levels, including cadres of enterprises, institutions, and major units at a level equivalent to the provincial one. Our current leadership structure and rules and regulations are imperfect. Party and government organizations are plagued with vague division of responsibility, foot dragging, and even low work efficiency. There are serious bureaucratic, political ailments within party and government organizations, enterprises, and institutions. Without a special drug, it will be difficult to cure the ailments, and we have not yet prescribed a special drug for the prevention and cure of bureaucratism. A considerable number of our current leading cadres have been promoted in just the last few years. They have a higher educational level but lack leadership experience. We failed to give them training and tempering in leadership posts in the past. After the "Great Cultural Revolution," in effecting the cooperation between new and old cadres and the succession of the latter by the former, we promoted them from lower leadership posts and even from non-leadership posts to important posts a bit hastily. Hence, they lacked necessary experience in leadership work. In undertaking the new tasks of how to uphold the four cardinal principles and to persist in reform, opening up to the outside world, and economic invigoration in the new situation, they more often than not discovered that their leadership ability could not match their duties. In sum, handicapped and conditioned by factors of one kind or another, the leadership level of many provincial-level leading cadres is still low. For this reason, I put forth the question of how to raise the leadership level of leading cadres.

## II. Create Preconditions for Raising the Level of Leadership—Eliminate Passivity in Work

Leading cadres in high-level organizations have greater potential to gain the initiative. Compared with leading cadres at the provincial level, leading cadres at the intermediate or lower levels, such as leading cadres at prefectural (medium-size city) and county levels, have lesser potential to do so. This holds true for major competent organizations and principal leading cadres and for their subordinate organizations and cadres holding deputy posts. Although conditions for gaining the initiative are different, there must be or there is the potential to eliminate the state of passivity. Otherwise, raising the level of leadership would be out of the question. Those who are content with things as they are and tied up with routine meetings and talks, reading documents, and making arrangements for receiving and seeing off guests and who lack motivation to take the initiative are mediocre and bureaucratic people who do not want to improve leadership methods. What I am discussing here is of no use to them.

Below are the ways I have thought of to eliminate the state of passivity.

First, establish conscientiously a system of collective leadership and of division of labor with individual responsibility. In so doing, above all else, we should curb the existing two unhealthy tendencies. One is the prevailing practice of "one person alone having the say." This phenomenon has existed in the party for many years, as it has in the provincial-level leadership. The practice of "one person alone having the say" is in violation of the Constitution and the party Constitution and contrary to the party's traditions. The practice is bound to lead to more errors and cannot unite a leading body as one in handling affairs. The other phenomenon is that members of a leading body are reluctant to or dare not take responsibility for what they should and shift many things to the principal cadre for examination and approval. If these two unhealthy tendencies are not eliminated, it will be impossible to establish the system of collective leadership and of division of labor with individual responsibility, and if we fail to establish such a system, big troubles will arise and we will necessarily find ourselves in a passive position. The combination and development of the two phenomena will give rise to the phenomenon in which what one says does not count, no matter who he is. Such a state of leadership can simply be said below average.

Second, establish an office work responsibility system so that all working personnel will have a clear delineation of duties and no one shall overstep one's power or shift responsibility onto others. Under the responsibility system, we should assess the performance of the diligent and the indolent and reward or punish them accordingly. This will help raise work efficiency and help leaders not monopolize affairs of their subordinates.

Third, eliminate the practice of "issuing an excessive number of documents and holding too many redundant meetings." The central authorities have long made explicit stipulations on this issue and the newspapers continuously criticized it and ceaselessly introduced experience in this regard, but elimination of this practice is still raised now. This means it has not yet been eliminated in real earnest. Units at the provincial level indeed have difficulties eliminating the "excessive number of documents and meetings," because some of them come from their higher-ups. Nevertheless, on your part, you can issue fewer documents, can you not? It is also permissible to suggest one's higher-up curtail the number of documents issued. You can still find time by just having a glance at and even not reading at all the unimportant documents issued by the higher-ups. Can the number of meetings you yourself hold be reduced? It can. Can the time of meetings be shortened? It can. Can the procedures of meetings be simplified? They can. So long as the persons concerned are determined and try to find solutions, it is manageable to cut the number of meetings to a minimum and to hold meetings more effectively. I have some practical experiences in this

regard. Of course, they can be considered old since they occurred 2 or 3 years ago. The third issue of the magazine *Ban Yue Tan* in 1985 carried an article of mine entitled "Leadership Modernization Seen From an Investigation and Study." The article deals with the experience in curtailing the number of meetings at the provincial level. My account is as follows:

"In the early days of my stay in Hebei, in view of the problems in the method of party and government 'one package' leadership practiced since the 'Great Cultural Revolution,' I did my utmost to propose that there be a clear delineation of duties between party and government leading bodies at the provincial, prefectural, city, and county levels and that party committees not discuss and directly participate in the government's executive work. This reform has produced desired results. In 1984, the average number of meetings held by the standing committee of the provincial committee in a month was fewer than nine, and the number of meetings varied greatly from month to month. April saw the largest number of meetings—22 in all (because we discussed the question of readjustments of leading bodies at the prefectural, city, and county levels)—and in August, only one meeting was held. Five meetings were held in September, October, November, and December. The drastic ups and downs in the number of meetings held were in correspondence with the situation in which members of the standing committee of the provincial party committee worked sometimes together and sometimes separately. We intended to do this to ensure that everyone could spend more time going down to the grass roots to find what was going on there. In the 34 days from 14 November to 18 December 1984, not a single standing committee meeting was held. During this period of time, the provincial party committee and government each left a responsible person to take charge of routine office duties, and with the exception of those who studied in the party school, let the rest either visit Fujian, Guangdong, Jiangsu, and Zhejiang Provinces, attend meetings in Beijing, or go to prefectures, cities, and counties to conduct investigations and study. This could not be done in 1983.

"Apart from standing committee meetings, more often than not, we were also pestered by other meetings and documents of all kinds coming in a continuous stream. Therefore, it is necessary to eliminate excessive meetings and redundant documents. At the beginning of 1984, the provincial party committee worked out eight-point regulations on reforming the way meetings are held. The main points are that provincial meetings should be reduced to a minimum; the number of participants at necessary meetings should mainly be limited to tens or hundreds of people; adequate preparations should be made and meeting documents written out before a meeting is held; meeting documents should be precise and accurate, each containing 5,000 to 6,000 characters at most; long, tedious, and hollow meeting speeches should be strictly avoided; each speech should take less than 30 minutes; a meeting should not last longer

than 7 days; and unnecessary and deliberate formalities of professional meetings should indiscriminately be scrapped and arrangements should be made for no provincial-level leader to attend all meetings and receive meeting participants. In that way, provincial party and government leaders will be relieved from excessive meetings and have more time to engage in social activities."

Fourth, reduce the practice of receiving and seeing off and entertaining guests. This should have been achieved in accordance with the central stipulations. People are supposed to stop entertaining guests at banquets as feasting is banned and engaging in the practice of receiving and seeing off guests as it is banned. However, this tendency has not yet been checked in reality. "A cordial reception" is always accorded to cadres from the higher levels and from other parts of the country. This has become a formal practice through long usage. Is it justified to accord "a cordial reception" to guests by violating the bans imposed by the central authorities? If a senior leading cadre lacks the creative spirit and is unwilling to or does not have the courage to implement the central documents, I say he can hardly be considered a revolutionary cadre, because his not implementing central instructions is a violation of party discipline.

### **III. Instead of Resting Content With Being an Official, Following the Philosophy of 'Regarding Being Muddleheaded as a Virtue,' and Being Content With Superficial Understanding of the Situation, We Should Gain a Clear Picture of the Various Aspects of Our Work**

The four Chinese characters meaning "it is a virtue to be muddleheaded" were handwritten by Zheng Banqiao. Some cadres have now bought photo-offset calligraphic copies of the characters and put them on the wall. This is in fact tantamount to announcing they want to be muddleheaded officials. I really do not know how to give them an appropriate name. However, since they are willing to speak out what is in their minds, they can still be considered honest people. I know that although some people do not put up such a copy on the wall and do not say they want to be muddleheaded officials, in reality, they are calculating for themselves but play the fool regarding the interests of the people. Today and in the days ahead, when the building of democracy and the legal system is being stepped up, can the party and people tolerate these people muddling along any longer?

To eliminate the state of passivity in work and to strive for ample time, we should conduct some investigations. Sometimes, investigation and study can be discussed as a whole, but sometimes, they must be discussed separately. Investigation is investigation; study is study.

The scientific method of conducting investigation is, among other things, to choose topics accurately; otherwise, the articles we present will be of no use. With this done, where should we go to write articles on the chosen topics? If we fail to choose a correct locality, we can

hardly produce good articles. After we have made a good choice in units to be investigated and the scope of investigation, we should spare no effort and time to make the investigation tasks a success. As for methods to be used, Chairman Mao taught us long ago and in the last few years, everybody has gained experiences in practice, such as holding discussions, having private talks with some people, inspecting the scenes of undertakings, and reading historical materials. Using these methods to gain thorough understanding of the situation calls for a spirit of getting to the root of a matter.

I have some sketchy experience in conducting investigations in Hebei. In the above article "Leadership Modernization Seen From an Investigation and Study," I wrote:

"Since there are too many developments and problems for leaders at the provincial level to study and solve, how should they properly use the limited time they manage to find? We used it this way: We went to the lower levels to carry out the major tasks defined by the central authorities, studied new and outstanding problems that badly needed solution but of which we lacked any clear idea, tried to discover new things, and popularized fresh experiences after investigation. We decided the places to go in accordance with different intentions. Having decided the topics of investigation and study and chosen the places to go, we also refrained from gaining a shallow understanding from a fleeting glance as far as possible and heard fewer general work reports. In November 1982, I spent 10 days in Handan City mainly studying the problems of screening and classifying the city's medium-size and small enterprises and deciding key development projects. In April 1983, I spent 7 days in Hengshui Prefecture studying the feasibility of the reform propositions for rural secondary and primary education. In August of the same year, I lived in Chengde City for 8 days to make a special study of the principles, policies, and concrete measures to be taken to develop the city's tourism industry. In May 1984, I spent 12 days in Baoding Prefecture especially inspecting and studying the development of county-run enterprises, township enterprises (including joint-household enterprises and family-run handicraft businesses), and the development of various specialized markets and the question of establishing open trade markets in cities and towns. In July and August 1984, I stayed in Zhangjiakou Prefecture for 22 days and inspected some factories in eight counties and Zhangjiakou City to study the prefecture's characteristics, thus defining on the whole the principles on speeding up the economic development of the prefecture and the city."

Since our time is limited, to achieve some thing we must sacrifice others. In other words, we should avoid hearing general work reports and had better refrain from or strive to do fewer things that have nothing to do with the topics of investigation, such as visits and receiving guests. The higher the positions of our cadres, the more eager people at the lower levels are for chances to be

received by them, to pose for photos with them, and to hear their lectures. There are many places of cultural and historic interest to see and many factories and schools to visit; however, we must visit them in a selective way. In that way, we can concentrate our effort on investigation and study. I advocated using the time in the evening and attending as few literature and art activities as possible. Since we hardly ever have a chance to visit a locality or unit, we should use evening time to talk with some comrades centering or not centering on the topic of investigation and study. This will help us gain some information of value. Most senior cadres currently at their posts are middle-aged and in the prime of life. They have not reached the point at which they can do nothing but rest at night. As I see it, we must not respond to such teachings as "work while you work and play while you play."

It will not do to just rely on individual leaders in conducting investigation and study, for this is a manner of handling the handicraft industry. This method can and must be used. However, it is not enough to rely on the ears and eyes of the individuals in comprehensively grasping all aspects of certain work. Therefore, it is still necessary to establish a scientific information feedback system. It was only natural that we used simple methods to find how things were developing, as in the past we did not have any modern means and the base areas were limited in size. Now, it will be far from inadequate for senior cadres to rely only on the past methods in grasping the considerable aspects of the situation.

In establishing an information feedback system, many organizations and personnel can be used. Our printing and telecommunications conditions can ensure relatively prompt transmission of information. Therefore, it is not difficult to form an information network; moreover, establishing the network will require limited funds. In 1984, Hebei Province initially established its information feedback system; this has been reported by the magazine *Liaowang*. At a meeting convened by the Central General Office, Comrade Xiao Feng, deputy secretary general of the Hebei Provincial CPC Committee, briefed participants on the experience.

In the last few years, senior leading cadres have gradually fostered the sense of information, but generally speaking, their sense of information is not strong enough. Although they have a certain level of education, their knowledge is relatively out of date and their work style comparatively superficial. They lack the urgency to master information. As we are building socialism with Chinese characteristics and pursuing a planned commodity economy, our fundamental task is to accelerate the development of society's productive forces. In this new situation, we are confronted with the question of how to raise efficiency in all fields of work. Take the development of planned commodity production, for example. We must participate in emulation and competition in both domestic and foreign markets. This means everyone is on the battlefield. In military terms, "know

the enemy and know yourself" and "you can fight a hundred battles without defeat." If we fail to "know the enemy" or "know it" inadequately, we will find ourselves in a difficult and dangerous position. However, now some enterprises are carrying out their operations with their minds in a haze. If we fail to "know ourselves" and to "know the enemy," can we not be defeated in battle? Although some enterprises have not yet suffered a defeat, there have been some signs of defeat. This is probably true of the electric fan, television set, and refrigerator factories, which were set up in slight haste.

#### **IV. Set Up Consulting Organizations and Base Decisionmaking on Democratic and Scientific Principles**

With the establishment of an information feedback system, we should still rely on professional personnel and experts in studying a long-term important task: To set up consulting agencies or "brain trusts," as one may term them, or "think tanks," as dubbed in foreign countries. We can choose some experts, be they withdrawn or not from their regular work (they are still at post in their work units), and assign them topics of study with enough time and funds. With all this done, we can start to accomplish the task. The success of the task depends on one's organizational work and the competence of the contingent one forms.

Senior cadres can use the experiences gained by various central departments and localities for reference, look into publications carrying such experiences, or go to some units to "learn from their experiences."

#### **V. Extensively Read Publications and Newspapers To Enhance One's Macroscopic and Microscopic Understanding**

Not only must a senior leading cadre have specialized knowledge related to his job, but he must also have knowledge in a wide range of fields. The point at present is that some comrades have inadequate knowledge in this or that field. Since one has inadequate knowledge, he must use all the time available to study assiduously. As for what to study, this is probably already known to all. Apart from studying the specialized knowledge that is developing day by day, we should conscientiously study the works of Marx and Lenin and study important central documents and keep abreast of political, economic, and cultural developments at home and abroad. It will not do to not conscientiously study Marxist-Leninist works, because they are rudimentary knowledge indispensable to senior leading cadres. As the old saying goes, "without the compasses and square, there would be no square and circle"—in other words, without using a pair of compasses and a carpenter's square, we cannot draw a square or circle. Marxism-Leninism is the "compasses" and "square" for senior leading cadres' thinking and action. As far as I know, many comrades recently promoted to important leadership posts have scanty knowledge about Marxism-Leninism. Therefore, they should

use all available opportunities to study Marxist-Leninist works conscientiously. Marxism-Leninism serves as the compasses and square, while the important documents of the central authorities are the guide to action; therefore, we should also study them conscientiously. You are going to return to your posts after graduation from this party school, so it is necessary for you to keep abreast of political, economic, and cultural developments at home and abroad. With this knowledge, the proposals or propositions put forth by a consulting agency, coupled with the deep pondering of your own jobs made after taking into account past experience and the situation that may possibly arise in the future and with your proposals for work, you can see things clearly and from a long-term point of view, like observing the panorama and human activities of the Sichuan plains from the top of a mountain and with a telescope, and can examine things carefully and see the structure of an object invisible to the naked eye like using a microscope to peep at a microscopic object.

As far as I know, although some of our senior cadres work diligently and responsibly, they have not fostered a habit of assiduous study. When on business trips, whether in hotels or on trains and planes, I seldom saw such comrades reading books seriously. Without reading, we are bound to lack knowledge. Moreover, if we are reluctant to conduct investigation and study, how can we do our work well? Some people can simply talk on and on in a flow of eloquence despite their scanty knowledge. It seems to be a law that the more unlearned one is, the more comments and reams of rubbish one will make or what are called "random and groundless assertions"—what one says does not get to the heart of the matter. In contrast, most cadres who have made outstanding achievements in reform in various fields of endeavor over the last few years, be they senior cadres or cadres at the grass-root level, study hard and have special skills and extensive knowledge.

I joined the revolution years ago. Although I made few outstanding contributions, I have not committed any major mistakes. In the previous inner-party struggles, I did not willingly drift with the tide nor did I "drift with the tide to the extent that I forgot to return." During the "Great Cultural Revolution," I was not pessimistic or disappointed about the future of the country, because I benefited much from reading. Since I have mastered no special skills and have limited knowledge and moreover, my knowledge about things in modern or ancient times, in China or elsewhere, is scanty compared with that of people of outstanding ability and profound knowledge, I feel ashamed of my inferiority. Nevertheless, I am precisely fond of reading.

If asked what systematic experience I have in reading and study, I can hardly say. I wrote two articles about my sketchy personal experience and understanding in this regard. One is "A Discussion on Strict Training," which was published on page 4 of *Renmin Ribao* on 15 August 1985. Below is part of the article:

"Poor training is not an exclusive case with youngsters. Our government cadres, middle-aged or older, even those who are in leading positions, can be considered well trained in 'class struggle' because they have gone through all sorts of training and tests in life. However, when it comes to reading books, style of conversation, writing articles (mainly drafting documents), debating with others, and conducting investigation and study, most of them lack strict training in scientific terms. Although democratic centralism has been enshrined in the state Constitution and the Communist Party Constitution as the fundamental system of founding the state and the party, its implementation is more often than not disrupted and undermined by feudal, bourgeois, and petit-bourgeois ideologies. Brazen trampling underfoot of the principle of democratic centralism in favor of feudal traditional patriarchal ways can be found almost everywhere in the grass-roots units. There are also strange democracy and strange centralism. When a certain leading body holds a discussion to make decisions on some matters in accordance with the principle of democratic centralism, very often a decision cannot be made precisely because of opposition by one or two persons to the suggestion of the majority, and this results in a long delay of what ought to be done. Sometimes, when the majority has reached a consensus in a discussion, a certain personal suggestion of the principal leader of a unit can override this consensus. If one vote carries the weight of several votes and several votes carry no weight, does this not in reality mean replacing democratic centralism with ultra-democracy and autocratic rule by a single person? We have fought for the victory of the revolution for several decades; following the victory, we have practiced democratic centralism for another several decades, but the phenomena mentioned above are still around us. Does this not amply prove that the implementation of democratic centralism still needs conducting of strict training?"

"Presently, in discussing work, more often than not, our high-level leading bodies lack a scientific approach and work style. Let us keep aside the preconditions for scientific decision making, such as that leading cadres should go deep into the realities of life and collect first-hand materials related to leadership work and that leading bodies should establish information feedback systems and organizations capable of making quick responses and rely on the consultancy services provided by brain trusts, and let us just discuss ways of discussing problems. Some of our habitual ways of discussing problems are neither scientific nor democratic. In most cases, you speak in your way and we speak in ours, and confrontation of different views is avoided. Hence, there is seldom debate. It seems that debate will hamper unity. This practice is tantamount to holding that truth can become clear without debate and the "good feelings" among comrades should simply be left unhurt. That the person who presides over a meeting freely participates in discussion and debate has also become a taboo tacitly accepted by many. If he speaks earlier or frequently, he is suspected of treading on

democracy. This is in fact tantamount to viewing the principal responsible cadre of a unit as a supervisor or an authority rather than as a member of the collective leadership group."

The other article is "Party and Government Leading Cadres Are Advised To Read Literature and Art Works With Themes on Realities," carried by *Guangming Ribao* on 28 July 1985, in which I wrote:

"Compared with what leading cadres derived from their own investigation and study, what they learned from reading literature and art works is in general more profound; moreover, it is more convenient and easier for them to learn things this way. Aside from being 'always profitable' in terms of common sense, reading literature and art works depicting typical instances of social contradictions in actual everyday life will also enable leading cadres to gain a thorough understanding of actual everyday life and further guide their work correctly. Being in leading positions for a long time and having fewer contacts with the masses of people, some comrades' feelings of sharing the comforts and hardships of the masses gradually becomes blunted. By reading some literature and art works depicting the sufferings and joys of the masses, they can wipe off the dust in their thinking or purify their own souls in literary terms. Meanwhile, through reading literature and art works, leaders can also gain an understanding of the developments of literature and art circles, reduce some difficulties in "people not in the know leading people in the know," and avoid contradictions resulting from lack of a common language with writers and artists and errors in leadership work."

In conclusion, it is my hope that senior leading cadres with lofty moral characters and without any thought for personal fame and gain who are fighting genuinely for revolutionary ideals will adopt the methods I have discussed above. I am convinced that if they are ready to work hard, they are bound to achieve fairly satisfactory results in their work.

As I mentioned above, those who rest content with being officials will find it difficult to take the trouble of using the methods I suggested. This is because under the present circumstances, one can remain an official even if he saves time and trouble. Why then should he bother taking time and much trouble? Those who talk glibly about revolution but in fact hanker after academic degrees or official rank and handsome salaries may adopt some of the methods to strive for good work performance as a means to gain promotion to higher positions. However, their opportunistic mentality always drives them to "stay clear of the enemy's main force and strike at its weak points" and to "avoid the important and dwell on the trivial." They always boast unrealistically of their work performance, either by self-praise or by means of others' flattery, and never conscientiously undertake any difficult pioneering tasks. Only people with a scientific approach can apply scientific methods. On the road of socialist revolution and construction,



those sham revolutionaries, because of their selfish class nature, can never adopt a scientific approach in establishing themselves and handling matters—namely, a spirit of dedication to the motherland and the people, and fight for the cause of the people in a down-to-earth manner. Therefore, observing the attitude of a party cadre toward work for the longer term will help us accurately judge how sound is his party spirit and whether he is a good party cadre or a person who strives for fame and gain.

**Certain Important Developments in China's Economic Theories Since Reforms Were Initiated**  
*HK140741 Beijing HONGQI [RED FLAG] in Chinese No 16, 16 Aug 87 pp 8-14*

[Article by Liu Guoguang [0491 0948 0342]]

[Text] The economic structural reform in China over the past 8 years or so has not only achieved marked results in practice, but has also made important developments in theories. The developments, which are rich in contents, have far-reaching significance and bright prospects. Here I would like to make a brief comment on four aspects, namely, economic patterns, the relationships of ownership, the operational mechanism, and the distribution system.

**I. Acknowledging the Variety of Socialist Economy Patterns Has Provided a Theoretical Basis for Overall Reform of the Economic Structure**

Over a long period of time, there has been a traditional idea in socialist political economics, namely, only the social and economic system built in accordance with the future social pattern envisaged by Marx is socialism, and only the economy organized and operated in accordance with the pattern and principles formed in the Soviet Union during the 1930's to the 1950's is a socialist economy. At that time, people believed that the more an economic system sticks to the words in classical works and the closer it is to the traditional pattern in the Soviet Union, the more socialist it is. It seems that this is the only feasible pattern of socialist economy. This traditional idea existed in China for nearly 30 years.

Since the policy of reform, opening up, and invigoration was put forth at the 3d Plenary Session of the 11th CPC Central Committee, China's economic circle has been discussing the problem of the orientation of China's economic structural reform. We have gradually realized that there is more than one way to organize and operate a socialist economy; there are many ways, and that an economic system should not be just one pattern, but can have several patterns. This is a big breakthrough in China's economic theory. It indicates that our socialist economic theory and practice have moved from the previous stage of copying others in an oversimplified way to the present stage of blazing new trails and making developments independently.

Acknowledging that the socialist economic system is not a fixed and unchanged pattern, but may have different patterns has at least the following three important consequences.

A. It can help people understand that the current economic structural reform in China is not a partial modification, but a radical transformation of patterns.

In the history of socialist economic development in China, we "improved" and "modified" our economic management system in 1958 and 1970. But the previous "improvement" and "modification" were partial revision under the circumstance of not changing the traditional structure patterns, and did not touch the basic frame and major operation principles of the original economic structure.

As seen from the practical experiences in China and some Eastern European countries, modifying and supplementing specific links of the previous structure without changing the pattern of the economic structure has many limitations. Partial changes often lead to relapses due to the serious obstruction of the traditional structure and cannot achieve the expected target. The circle of "relaxation-disorder-control-rigidity-relaxation" in previous development of China's economic structure is proof. In the past, some socialist countries avoided mentioning "reform," and only mentioned "improvement" and "modification". Although they continuously improved the traditional structure without thoroughly changing the original pattern, they could not solve such old problems as vitality, quality, efficiency, and the linking up of production and demands in economic life. Therefore, they recently raised the issue of reform again and wish to thoroughly transform the original economic structure. In order to make the reform not restricted to partial improvement but directly involved in improvement of structure pattern, it is necessary to acknowledge theoretically that the socialist structure can have various types and patterns. This is a theoretical prerequisite to the switch from one structure pattern to another, namely, an important transformation of the pattern of socialist economy.

B. It can help people to correctly view various patterns in history and to design the general plan and objective pattern for China's economic structural reform.

Should there be a general plan and tentative objective in conducting economic structural reform? We held different views on this problem in the beginning. Along with the overall development of economic reform focusing on cities, people in the theoretical circle have gradually unified their ideas and called for planning a general objective pattern and formulating a general reform plan on this basis by proceeding from China's national conditions. If we fail to understand in theory that there could be various ways to organize the socialist economy, then it will be difficult for us to select and design objective patterns and to formulate general plans for

reform. With this theoretical understanding, we can correctly treat various patterns in history and compare their strong and weak points and their respective historical roles. We will neither treat a certain pattern as a fixed one that cannot be changed, nor will we completely negate its historical value due to the need for reform resulting from subsequent changes. This demands that we, in designing objective patterns of reform, pay attention not only to the switch from one economic pattern to another, but also to maintaining the continuity of economic operation and the succession of different structure patterns. In addition, with this theoretical understanding, we can not only make our reform objective have its own characteristics and refrain from copying patterns of other countries, but also can selectively study and make use of the strong points of different patterns in foreign countries. We will not recklessly negate the rationality and effectiveness of the patterns and practices of other countries in their own economic development.

C. It can help enrich and develop Marxist theory on socialism.

As mentioned above, in the past we used to believe that only the socialism built in accordance with the future society envisaged by Marx is genuine socialism. However, things are not so simple. In fact, Marx himself did not put forth the task for designing the pattern of future socialist society. Some of his talented predictions were high abstractions of the economy in which social productive forces have developed greatly and the socialization of production has reached a very high level. But practical socialist construction is conducted under conditions quite different from Marx' theoretical abstraction. In particular, China is now in the initial stage of socialism in which the level of social production, the degree of socialization of production, and the degree of the development of commodity economy are relatively low, the organizational form and operational mechanism of the socialist economy will inevitably display different characteristics and form different patterns. Acknowledging in theory the necessity of different patterns of socialist economy is itself a pioneering work and development to Marx' theory on economy. At present, all countries are exploring patterns of development and structure suited to their own conditions. And comparing and studying different patterns of socialist economy, exploring reform patterns and switching channels suited to China's national conditions, and further developing Marxist theory on the pattern of socialist economy are important tasks confronting China's theoretical circle.

## **II. Acknowledging That the Ownership of Socialist Society Is Not One in Which the Bigger, the More Public, and the Purer the Ownership Is, the Better, but Is the Development of Various Economic Elements With Public Ownership as the Main Form**

What ownership structure should a socialist society build? This is one of the basic theoretical problems in current Marxist theory on economy, as well as an important practical problem that should particularly be solved

in building a socialist economy structure with Chinese characteristics. Before the reform, people had a lot of misunderstanding of this problem and tended to oversimplify, adding some things that now turn out to be non-socialist in the name of socialism. In the practice of reform over the past 8 years or so, we have done away with these traditional ideas and made new developments in the theory on socialist ownership.

A. Get rid of the old idea that the bigger, the more public an ownership is, the better; establish the new idea that the nature of productive forces decides the structure of ownership.

Over a considerably long period, due to "leftist" mistakes and under the influence of the idea that the bigger, the more public an ownership is, the better, people paid more attention to developing the economy owned by the whole people, and less attention to developing the economy of collective ownership; rejected individual and other non-public economy; engaged in premature "transition to a higher form of public ownership;" and forcibly combined economic units to bring about transition to a higher level, such as combining several small collective economies into a large collective economy, and upgrading large collective economy to the economy owned by the whole people, thus forming a setup of unitary development toward nationalization and making the ownership structure increasingly rigid.

The reform has changed this setup and transformed theoretical concepts. From the practice of reform of the relationships between ownerships over the past few years, we have drawn a basic experience, namely, the selection of an ownership form should not be decided by subjective pursuit of ideal, but must be decided by the level of productive forces, by the objective nature of the organizing of productive forces, and by the objective demands for developing productive forces and improving economic results. In China, there is not only modern mass production, but also backward small production, not only mechanical and automatic operations, but also plenty of manual operations. Even modernized productive forces do not move toward the unitary direction of large-scale and concentrated development, but there have appeared several trends of concentration and deconcentration. Mass production with a high degree of socialization and concentration is suitable to take the form of ownership by the whole people, but deconcentrated small production is suitable for operation by individuals. Collective ownership is a form of ownership with much compatibility, which can not only be integrated with the process of production with a relatively small scale and a low level of production forces, but can also be integrated with the process of modern production and in a relatively large scale. Therefore, we cannot simply say that small collectives are inferior to large collectives, and that the collective economy is inferior to the economy owned by the whole people. The criterion reflecting the advantages of socialist public ownership lies not in the size of the scale of public ownership or the

level of public ownership, but in whether the form of public ownership can meet the needs of the development of productive forces. The idea that "the bigger and the more public an ownership is, the better" actually runs counter to the basic tenets of Marxism that the relationship of production must be suited to the nature of productive forces. Getting rid of this wrong idea can not only make us return to the correct Marxist views, but can also provide us with a theoretical basis in correctly selecting ownership structure in accordance with the multi-tier nature of productive forces, thus vigorously promoting the development of practice and theory of reform on the relationships between ownerships in China.

B. Get rid of the old idea that the purer the socialist ownership is, the better, and establish the new idea that different ownerships may co-exist and link with each other.

Related to the idea that the bigger and more public an ownership is, the better, is the idea that the purer the socialist ownership is, the better. Socialist society must allow the existence of public ownership only, and must not allow the existence of non-public ownerships. Thus, not only was the individual economy continuously rejected and almost extinguished, but the small plots of land allocated to rural people's commune members and their household sideline production were treated as "the tail of capitalism" and cut off again and again. Another reflection of the idea that the purer the socialist ownership is, the better, is the stress on the purity and exclusiveness of the ownership forms of different economic units (enterprises). Different ownerships, including the whole-people ownership, collective ownership, and individual ownership, are isolated from each other and are therefore self-closed.

The economic structural reform over the past few years has changed the previous setup of unitary nature of public ownership economy. Individual economy has developed considerably and new combinations have emerged within collective ownership. New economic combinations and enterprise groups involving different ownerships, areas, and departments have been formed in urban and rural areas, and within the urban economy. Thus, the nature of ownership of enterprises has become more and more impure, and whole-people ownership, collective ownership, and individual ownership are no longer isolated from each other as in the past. Different ownerships have begun to infiltrate into and affect each other, and brought about combinations of whole-people ownership with whole-people ownership, collective ownership with collective ownership, whole-people ownership with collective ownership, whole-people ownership with individual ownership, collective ownership with individual ownership, and Chinese capital with foreign capital, thus resulting in various types of "jointly-operated" enterprises. The development of non-public ownership and the mutual infiltrations and ties between different ownerships under the premise of treating the

public ownership as the main body have vigorously enlivened urban and rural economic life and changed the idea on the ownership of socialist society. The coexistence and combination of different ownerships under the illumination of the "universal brilliance" of treating public ownership as the main body have given and will further give increasing vitality to the development of socialist economy in contemporary China.

C. Get rid of the old idea that the more combined the ownership and the right of management are, the better, and establish the new idea that ownership can be separated from the right of management.

There is another traditional idea on the issue of the relationships between ownerships, namely, the economy of public ownership must combine ownership and the right of management, namely, enterprises owned by the state must be operated by the state. Those holding this idea believe that the principle of "separating ownership from the right of management" applies only to the economy of private ownership, not to the economy of public ownership. Since the 3d Plenary Session of the 11th CPC Central Committee, the theoretical circle has gradually gotten rid of the old idea that "ownership and the right of management must be unified." The regulation on economic structural reform adopted at the 3d Plenary Session of the 12th CPC Central Committee clearly put forth the new idea that "ownership and the right of management can be separated properly." This is a key to solving the problem of enlivening enterprises.

In the practice of reform over the past 8 years or so, the transition from "the combination of ownership and the right of management" to the "separation of ownership from the right of management" was first conducted in rural collective ownership. Urban collective-run enterprises and small state-run enterprises have also separated ownership from the right of management in instituting the contracted and leased management. Over the past few years, we have been exploring a way to bringing about "separation of ownership from the right of management" in state-run large and medium-sized enterprises, by adopting such methods as substituting taxes for the delivery of profit and instituting the contracted management responsibility system. Although many theoretical and practical problems need to be studied and solved, the orientation of reform on the switch from the "combination of ownership and the right of management" to the "separation of ownership from the right of management" has been proved correct by practice. This is beneficial to thoroughly solving the problem of enlivening enterprises. Therefore, it should be considered as another major breakthrough in the history of development of China's socialist economic theory.

Getting rid of three old ideas and establishing three new ideas as mentioned above is only a brief summarization of the basic achievement made by China over the past 8 years or so in the theory and practice of the reform of ownership. This also indicates that the reform has

enriched and developed the theory on socialist ownership. Of course, many practical problems in the reform of ownership need to be studied continuously and probed into profoundly. The most striking problems among them are the reform of the relationships between ownerships in large and medium-sized state-run enterprises and to the seeking of an appropriate form of separating ownership from the right of management. In this respect, we have in the recent one or two years raised some tentative ideas, such as the contract system, the lease system, the capital management responsibility system, and the stock system, and have carried out pilot projects in some places and enterprises. In the preceding stage, some comrades treated the contract system, the lease system, and the stock system as private mentality and capitalist things. In fact, they are forms of separating ownership from the right of management, which can be used by capitalism as well as socialism. Provided that the state and collectives control ownership and put an end to the acts that turn large public into small public and turn public into private, it would not cause radical changes in the nature of public ownership.

### **III. Acknowledging That the Operational Mechanism of the Socialist Economy Is Not Unitary Planning Regulation, But Must Combine Planning and Market**

Before the 3d Plenary Session of the 11th CPC Central Committee in 1978, a popular view on the operational mechanism of China's economy was: A socialist economy could only be a planned economy; its operation could only be regulated by plans; and market regulation is a capitalist thing. Therefore, we treated planned economy as something against commodity economy, and planning against market. After several years of practice of reform and exploration of economic theories, the resolution adopted at the 3d Plenary Session of the 12th CPC Central Committee on reform of the economic structural reform clearly pointed out: The socialist economy "is a planned commodity economy on the basis of public ownership;" "practicing planned economy and applying the law of value, developing the commodity economy, do not reject each other, but are an entity. So it is wrong to set one against the other." This broke with the rigid views on the relationship between the planned economy and the commodity economy, between planning and market, which have been dominant for a long time, and pointed out that the target of China's economic structural reform should achieve in operational mechanism, namely, combining planning regulation with market regulation in an organic way. This is a step of epoch-making significance taken by China in developing theories on economic reform.

Acknowledging that China's socialist economy is a "planned commodity economy" has three important meanings in theory. First, it distinguishes the socialist economy from the self-supporting natural economy. In other words, it means that in practicing socialism in China, a task of prime importance is to thoroughly get

rid of the influence of the ideas on natural economy and to use the idea of socialist commodity economy to triumph over the idea of self-supporting economy and the closed-type natural economy, because the traditional force of the natural economy is a big obstacle to our development of socialist productive forces. Second, it distinguishes the socialist economy from the product economy in future society in which material supply is abundant. Under the present situation in which productive forces are not developed, goods supply is insufficient and planning technology and methods are very backward, we cannot skip the stage of the commodity economy to practice the "product economy." It is also unrealistic to think of practicing the "product economy" under the circumstance that the natural economy accounts for a large proportion. If we forcibly practice the "product economy," it can only be a kind of concentratedly planned economy with the elements of the supply system of military communism. Third, it distinguishes socialist economy from non-planned commodity economy of capitalist society. Commodity economy can be divided into two types, namely, the anarchist commodity economy and the planned commodity economy. After more than 30 years of development, China's socialist economy has accumulated much experience in planned management, and we should not treat these experiences as rigid things indiscriminately. After improvement, some of them could be useful to the establishment of the commodity economy. We must also learn the experiences of Western countries in developing commodity economy which are suited to China's conditions, but we absolutely cannot copy the Western anarchist commodity economy without making any changes. In short, while developing the commodity economy and making use of the market mechanism, our reform must strengthen planned guidance and macroeconomic control, and build the planned commodity economy with Chinese characteristics.

Putting forth the idea of the "planned commodity economy" and acknowledging that planning and market can be integrated will inevitably give rise to the problem of how to understand planning and market. In understanding planning, we used to have three ideas: 1) Planning can only be mandatory. 2) Planning includes all aspects and details of the national economy, not only macroeconomic control, but also microeconomic control. 3) The main form of planning is to introduce the objective material objective system and to practice direct planned distribution. Along with the reform of China's planning structure, the above three ideas have turned into three new ideas: 1) Planned management does not mean mandatory planning. 2) Planning cannot comprehend everything. Generally, planning should not involve particulars and details of microeconomic activities, but should mainly arrange macroeconomic balance and coordinate microeconomic activities according to the principles of market. 3) In carrying out plans, we need not adopt the planned target system, nor should we mainly rely on the objective material target system. Instead, we should apply economic policies more often

and use such economic parameters as price, taxation, interest rates, and exchange rates, to regulate economic activities. Thus, under the new concept of combining planning and market, the meaning of planning has changed and the contents of planning should also be updated gradually.

Under the concept of the "planned commodity economy," the meaning of the market is also changing. In the past, people used to believe that in socialist economy only consumer goods were commodities; in practice, only those commodities supplied without coupons were governed by the law of the market; the means of production were not commodities and could not be put on the market; and the elements of production, such as funds, technology, real estate, and labor forces, were absolutely excluded from the market. Since the reform was initiated, and along with the expansion of the scope regulated by the market under the guidance of technology, the concept of the market is also gradually expanding. Currently, not only consumer goods, but also the means of production are acknowledged as commodities, and more and more of them have now entered the market. Not only has the market of goods been acknowledged as commodities, but it has also been acknowledged that the production elements, such as funds, technology, labor forces, and real estate, can form a market. Although many problems need to be discussed on restriction on the nature and scope of the market of various production elements, putting forth the new idea of building the socialist market system including the market of commodities and the market of production elements, is undoubtedly an important development in the theory on socialist economy.

Another important theoretical problem in the relationship between planning and the market is the target pattern of the combination of the two and the transition from one to the other. Over the past few years, the economic circle has put forth several patterns about the combination of planning and the market. The first pattern is the "board and block-type combination," namely, besides the original overall planning, there is market regulation beyond "planning." The second pattern is the "infiltration-type combination," namely, the two parallel parts in the above pattern, planning and the market, infiltrate into each other. The part of planning regulation should take into consideration the demand of the law of value, while the part of market regulation should be guided and restricted by macroeconomic planning. The third pattern is the "glued-type combination." It means that planning and the market are no longer two parallel parts regulating different parts of the national economy, but combine into one in an organic way to regulate the operation of the national economy at different levels. Planning mainly regulates macroeconomic activities, while the market mainly regulates microeconomic activities. But macroeconomic balance must be based on the trend of changes in supply and demand on the market, and microeconomic activities must be guided by macroeconomic planning. All these patterns of

combining planning and the market are objectives of selection rejecting each other rather than developmental stages linking up each other. In other words, they usually develop from the overall planning pattern to the "board and block-type combination" in the initial stage of reform, then to the infiltration and overlapping of the two parts in the stage of in-depth development of reform, and finally to the organic combination of planning and the market in the whole economic field. China's reform is now in the transition period from the second to the third stage. This is of course a very simple abstract description, and the real process will be far more complicated. Exploring a channel for switching China's economic operational mechanism and designing a theoretical pattern of planned commodity economy is still an important task in studying the Marxist economic theory in current China.

#### **IV. Get Rid of the Traditional Idea That Equates Socialism With Egalitarianism, Explore a Pattern of Distribution of Income That Combines Distribution According to Work With Commodity Economy**

In the past, we added many things to socialism due to our misunderstanding of socialism. One of the added things is equalitarianism. The idea and policy of equalitarianism became rampant twice, during the "Great Leap Forward" and the "Cultural Revolution." Equalitarianism directly binds laborer enthusiasm and obstructs people from making progress. So the passive influence caused by equalitarianism on China's economic development is much more serious than that caused by other rigid traditional ideas.

Marxism opposes equalitarianism, but does not oppose equality. The equality referred to by Marxists does not mean an abstract equality, nor the equalitarianism in distribution of income, but means elimination of classes and exploitation. The cause for the existence of exploiting classes lies in private ownership of the means of production. Socialism uses public ownership of the means of production to gradually replace the private ownership of the means of production, eliminates the system of exploitation, and practices the principle of distribution according to work in the field of distribution of income, thus creating conditions for people to achieve equality in face of labor. Here, "equality means the measurement by the same yardstick—labor." (from "Selected Works of Marx and Engels", Vol 3, p 11) Meanwhile, distribution according to work acknowledges gaps in work ability and contributions of different individuals, and gaps in people's income and remuneration from labor. So distribution according to work and equalitarianism have nothing in common. Socialism calls for developing the social productive forces, but equalitarianism hinders the development of productive forces. So they reject instead of accommodate each other. In fact this is not a new theory on reform, but a reclarification of the distorted truth of Marxism.

The 3d Plenary Session of the 11th CPC Central Committee put forth the general policy of allowing some people to become rich first based on the objective of common prosperity. Implementing this policy can not only carry out the principle of distribution according to work, but also has something to do with devtboing the commodity economy. The principle of distribution according to work acknowledges the gap in people's labor and income. However, the gaps in people's labor is after all limited, so if we want to allow some people to become rich first, we must, while upholding the socialist principle of distribution according to work, adopt some supplementary forms and mechanism of distribution, and establish a setup with distribution according to work as the main form supplemented by coexistence of various distribution forms. This is precisely the setup created by the socialist commodity economy in the distribution system. The existence of the socialist commodity economy not only makes distribution according to work take the form of the commodity money, that is, to achieve the target of distribution through exchange on the market, but also provides other supplementary forms of distribution not according to work or not totally according to work. This setup of distribution of income with distribution according to work as the main form supplemented by coexistence of various distribution forms is suited to the setup with the public ownership as the main form supplemented by coexistence of various ownership and management forms. All these are objective basis for the general policy of allowing some people to become rich first based on the objective of common prosperity.

As seen from the current situation, individual incomes in China's socialist society can be divided into the following main categories: 1) Incomes from labor, including workers' wages and rural contractors and individual laborers' income from their labor. 2) Incomes from business operation, including various individual incomes related to business operation. In a certain sense, the operators' income is also a kind of income from labor. However, the size of business operation does not totally depend on the amount of labor given in business operation. The income from business operation includes some opportunity income and risk income, so distribution principle other than distribution according to work plays its role. 3) Incomes from funds and assets, including individual income of interest, dividends, bonus, and rental from money saving, granting loans, stocks, the operation of assets, and rent. The income from assets also includes some differential income resulting from the difference between the quality and geological position of the assets. That income from funds and assets does not belong to income from labor and is also decided by the distribution principles other than distribution according to work. In the final analysis, these distribution principles other than distribution according to work are decided by the principle of equal exchange of commodity economy. Just as we allow existence and development of non-socialist ownerships among various ownerships provided that they are beneficial to the development of socialist social productive forces and unharmed to the

dominant position of public ownership, we must also allow existence of some incomes that are not distributed according to the principle of distribution according to work but are decided by the rule of commodity production, provided that they are beneficial to the development of socialist social productive forces and do not change the dominant position of distribution according to work. At present, as far as individuals' income from assets is concerned, under the condition of public ownership of land, rural basic facilities, all large and medium-sized enterprises and most small enterprises in cities, the means of production possessed by individuals only account for a small proportion, and income distributed not according to work will not become the main income form. Under the present conditions, as long as this part of individual assets is gained through labor, allowing it to obtain a certain amount of income through individual business operation and competition on the market is beneficial to the development of social productive forces and will not harm the economy of public ownership. If we restrict this part of individual assets to obtain income, then the owners will turn it into individual consumption, causing invisible losses to society in the end. Likewise, we must also adopt a realistic attitude toward the income of interest and bonus of individuals from saving money, lending money (such as buying bonds), and becoming shareholders (such as buying shares). We absolutely cannot equate all these with capitalism. Especially when people's income increases and they become rich, we must actively adopt the policy of using their funds, encourage them to save money, and urge them to turn individual income into investment and turn consumption funds into accumulated funds. This is beneficial to controlling the expansion of consumption demands, to developing production, and to increasing supply. As for individuals' income from business operation, the operators ought to receive better remuneration for their complicated labor. This belongs to the category of distribution according to work. Even the opportunity income and risk income are also very necessary to stimulating the operators to bear the risk of competition on the market, to upgrading the level of decision-making in business operation, to improving business management, and to bringing up a large number of socialist entrepreneurs to meet the needs of the development of commodity economy. In short, in socialist commodity economy, we cannot seek unitary form of distribution according to work, but must allow the existence of distribution not according to work within a certain scope and at a certain degree. Reform has broken with the previous unitary form of distribution according to work in name, and established a setup with distribution according to work as the main form supplemented by coexistence of various distribution forms. It can be said that we have basically found a distribution form suited to the development of commodity economy in the initial stage of China's socialism and this is an important development in the field of distribution in the practice of theory of China's reform. However, we must notice that in China, the commodity economy is underdeveloped and the management system is unsound at present.

Under the condition of coexistence of the new and old systems, prices have been distorted and there are many loopholes. As for unreasonable gaps in people's income resulting from this, it is necessary to adopt economic, legal, and administrative measures to regulate them. In particular, it is necessary to set up and perfect the progressive income tax system to regulate them. While encouraging some people to become rich first, we must avoid the tendency of polarization of people's income and must gradually attain the target of common prosperity on the basis of developing social productive forces.

I have expounded in the above four aspects some progress made by China's economic structural reform in theoretical field and the existing problems. The theoretical and ideological causes for the previous rigid structure before the reform resulted to a large extent from the misunderstanding of socialism and capitalism. We added to socialism some non-socialist things (such as the excessively concentrated system) and treated as capitalist stuff some non-capitalist things that are very common in socialized mass production and commodity economy. If we want to develop Marxism in the practice of reform, an important task for us is to bring in some things that are not peculiar to capitalism, but are common in socialized mass production and commodity economy and can be integrated with socialism, and to discard some things that have been artificially added to socialism and have been proved harmful in practice.

### **Some Strategic Issues Concerning China's Forestry Development**

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[Text] The huge fire that occurred in Daxinganling between 6 May and 2 June 1987 was the most serious one that had ever happened in our country since the founding of the PRC. The Daxinganling fire has caused serious losses to the state and to the lives and property of the people. It generally takes 100-140 years for the larch and camphor trees in Daxinganling to grow into full timber. There are also some problems waiting to be solved in other forest areas. Therefore, when summing up our past experiences and lessons, I think that it is necessary to carry out further discussions on some strategic issues concerning our country's forestry development in terms of ecology and economics.

#### **I. Forests Do Not Only Mean "Timber"**

First of all, we must discard the one-sided view that forests only mean "timber." The timber provided by the forests is an indispensable material in the daily life of mankind. Apart from "timber," the forests consist of a large number of animal and plant elements, have complicated levels and structures, produce a lot of animals, and have a strong capability of converting materials into

energy. So, the forests are of vital importance in maintaining the ecological balance and building mankind's material and spiritual civilization. Forests provide natural resources capable of regeneration and are fundamentally different from such lifeless and non-regenerative natural resources as coal, petroleum, minerals, and so on. If we can preserve and manage the forests properly, we will be able to "preserve and make use of the forests generation after generation." If we allow some forest farm staff and workers who "only try to be model workers this year and care nothing about the future" to continue to do things in their own way, more trees will be felled and the forest area will decrease. This will in turn cause soil erosion and other chain reactions which are detrimental to the overall ecological balance.

Forests are the principal body of the land ecological system. Under certain climatic conditions, the plants in the forests absorb the water and mineral nourishment and continuously turn the solar energy into stored chemical energy which stays in the organic substance by relying on the chlorophyll inside the plants. In the forests, some animals live on the plants while other animals survive by hunting the plant-eating animals. The remains of the animals and plants will again become mineral nourishment for the soil after microorganisms assist decomposition. The mineral nourishment in the soil will again be absorbed and utilised by the trees and other plants in the forests. In the forestry ecological system, materials move in endless circles and the solar energy is being continuously turned into stored chemical energy. The living components of the forestry ecological system such as the animals, plants, and microorganisms, are constantly changing while the inanimate components of the ecological system such as the light, water, soil, gas, and heat, are also constantly changing. If we carry out tree-felling rationally and manage and maintain the forests scientifically, the animals and plants of the forests will certainly be able to grow normally and increase gradually in number so as to continuously increase and develop their reproductive capabilities. As far as the Daxinganling area is concerned, at the arbor level there are mainly larch trees whose leaves fall in winter, and a small number of evergreen camphor trees. In the primitive forests there are elk, red deer, sable, river deer, leopard, black bear, and some other precious animals, in addition to the rare hazel grouse (flying dragons) which are regarded as a delicacy at all banquets.

In the forests, there are also numerous herbal medicinal materials, such as the manshanhong [3341 1472 4767], the ciwujia [0459 0063 0502], the astragalus mongholicus, the schizandra, the paeonia lactiflora, the atractylodes chinensis, and so on, in addition to small fruit such as dushi (Dusi) [4648 2636], yageda [3660 4095 4079], shandingzhi [1472 0002 1311], and so on, which are used to brew the well-known dushi wine. So, the Daxinganling forest area is not only our country's important timber and forest products production base but is also the treasure house where our country's rich forest animal and plant resources are stored.

Certain types of forest need certain temperatures and moisture. Forest growth requires moisture while mountainous land relies on the forests to store the water. Forests are usually composed of arbor, bush, and herbs, and have a thick layer of bryophyte, decomposing leaves, and humus lining the forest floor. After heavy rain, the rainwater penetrates the crowns of the trees, bush, and humus, to a land stratum where some rainwater stops, accumulates, and then becomes a mountain spring. The forests are just like a "bank" where the rainwater is deposited, and after the rain, the rainwater will "change its form." The Daxinganling forests comprise the "green reservoir" of the Heilongjiang and the Nenjiang (the upper reaches of Songhuajiang). When I was carrying out investigations and research in Jagdaq in 1985, I was told that because of the rapid felling of the forest trees for several years running, the rivers to the south of Jagdaq were in danger of drying up. Later on I was told by the forestry bureau in charge of the new forests in that area that in the past when the forests were dense, after a heavy summer rain, the rainwater usually stayed in the forests for several days before flowing down the mountains. But now the situation was different. The water begins to flow down the mountains only 4 hours after heavy summer rain stops and the pouring rainwater turns the places where trees had been felled into ditches. The local people said: "When there were many trees on the mountains, we had enough water, but when all the trees on the mountains have been felled, we will have no water." The views of the masses showed that the forests can play an important ecological role in protecting and maintaining water resources; soil and water conservation; regulating climate; replenishing oxygen; and preventing and controlling flood, drought, wind, sand, and some other natural disasters.

In a word, forests do not only mean timber. Therefore, we must take into consideration the economic and ecological results, and the social benefits [shehui xiaoyi] of forests.

## II. The Management and Protection of Forests

From what has been discussed above people can certainly understand the importance of protecting forests. Except for a small area of naturzb reserves, protecting forests does not mean a complete stop to felling forest trees, but does mean felling the trees in a planned way. Thus, we should correctly handle the relationship between raising and protecting forests. First of all we must understand that the number of trees we fell must not exceed the number of new trees growing at the time. This means that we should protect the forests by carrying out selective and conditional felling. Efforts must be made to give equal consideration to felling and planting of forest trees. To rationally carry out forest felling and reforestation is an important link in forest protection. To fell forest trees rationally is aimed at creating desirable conditions for carrying out reforestation, while reforestation is aimed at accelerating forest recovery and

enabling the forests to provide our country with sufficient timber resources for a long time to come in the future.

Since our's is a large country with complicated natural conditions, we should adopt different measures in different regions in order to manage and protect different types of forests, and should not always use the "same measure to deal with different situations." The mountainous forests of our country can be divided into the following four categories and we should adopt suitable measures to manage and protect the forests in light of the different situations in the different regions.

1. The northeast forest zone. The northeast forest zone is situated on the upper reaches of the Heilongjiang, Songhuajiang, Yalujiang, and Tumenjiang, and is our country's major timber production base. The timber production output of the northeast forest zone accounts for more than half of the total timber production output of our country. The climate in the Daxinganling area is that of the frigid-temperatè zone. The trees growing in Daxinganling are mainly larch trees. However, there are also some camphor trees in the north of the Daxinganling area. Larch trees have a feminine and negative nature and so, generally speaking, can either be felled stretch by stretch or at selected spots. After felling, larch trees will grow again by themselves. However, we can also artificially replant larch trees to accelerate their natural reforestation. The mountainous areas of southern and eastern parts of Xiaoxinganling have a temperate climate. At the foot of the mountains in those areas lie large stretches of primitive forests where coniferous and broadleaf trees grow together. These forests possess multi-level characteristics where trees of different ages grow together, so we had better only carry out selected felling in those forests. With regard to this type of forest, we should only fell big trees and retain the medium-sized and small trees, and fell the sick and rotten trees while retaining the healthy and strong trees. We should fell the trees in an orderly fashion and leave a proper space between the lines of the trees so that we can fell these trees again in 20-30 years. Only by felling trees in this way will we be able to realize our long-term plan of felling different trees at different times. If we retain or replant some young Korean pine trees after the felling, we will be able to accelerate the speed of the natural reforestation and reduce the interval period between each felling.

2. The southwest forest zone. The southwest forest zone refers to the various forests on Yagao Mountain in the southeast of the Qinghai-Xizang Plateau, where different types of dragon spruce, fir, and pine trees grow. The timber production capacity of the southwest forest zone is much bigger than that of the northeast forest zone. The per-hectare timber production output of the southwest forest zone is much higher than the northeast forest zone. However, because the majority of the forests in the southwest forest zone are mature and over-mature forests, the proportion of rotten trees is also bigger. So it is



necessary for us to carry out felling in the southwest forest zone. This is because by carrying out felling in the southwest forest zone we will not only be able to make full use of the timber in that area but also be able to accelerate forest growth, transform the forests, and build the existing forests into much better forests. The southwest forest zone is situated on the upper reaches of several big rivers, a place where the mountains are high and the slopes are steep. Such a location is of great importance to water and soil conservation. However, we should not carry out felling in forests bordering the plateau and the grassy marshland in the highly frigid zone, otherwise we will suffer serious consequences. Generally speaking, with regard to the dragon spruce and fir forest on slopes of below 35 degrees and which are over-mature at a single level and whose natural reforestation has not gone well, each felling should be restricted to 3 hectares. With regard to single-level dragon spruce and fir forests on slopes above 35 degrees, felling should be gradually carried out at two separate times. The mother trees should be preserved so as to improve the quality of the trees, accelerate reforestation, and speed up the growth of the seedlings and young trees. With regard to the multi-level dragon spruce and fir forests, pine forests on high mountains, and other types of broadleaf tree forests, efforts should also be made to protect them and carry out artificial reforestation and selected felling.

3. The northwest forest zone. The northwest of China is a continental dry region so that the forest areas are only dispersed on cool and semi-cool slopes, and a few stretches of land on some medium-sized mountains situated some distance above sea level. The composition of these forests is simple. Most of them border pastureland and mountainous areas, therefore protecting these forests will be conducive to the development of animal husbandry. These forests can also protect and conserve the water sources of the oases at the foot of the mountains. So, we must be extremely careful and carry out felling in these forests according to the law of succession. Careless felling and mismanagement of these forests will cause a lot of difficulties to future reforestation. With regard to the small stretches of single-level dragon spruce forests on Tianshan Mountain, we can carry out small-scale felling (usually, each individual felling is limited to less than 0.5 hectare) and the felling area must be equal to the area of forest we preserve. We should only fell small and medium-sized trees in selected spots and do everything possible to protect the entire forests. With regard to the larch forests on Aertai Mountain we should carry out intensive management, otherwise the area of forest will gradually decrease and the area of grassland will continuously increase. We should mainly adopt the method of felling larch trees on a stretch of land which is dozens of meters wide and, at the same time, preserve the same area of forest so as to enable the larch nuts to fall onto bare land. This will be conducive to natural reforestation.

4. The southern forest zone. In the semi-tropical and tropical zones, there are a variety of forests whose

compositions are complicated. As a result of artificial destruction the natural forests are scattered over a large area and the area of each natural forest is small. The majority of natural forests are scattered on the slopes. Practice has proved that the method of carrying out protective felling and artificially promoting natural reforestation is suitable for this type of forest. We should pay attention to preserving young and middle-aged objective tree varieties. When felling, we should pay attention to leaving spaces in the forest which can act as skylights, in order to accelerate natural reforestation. At present, the people in a lot of the mountainous areas use the method of "smelting the mountains" to fell trees. This entails burning the forests on the mountains and then planting fir trees. This will cause water and soil erosion. As for the semi-natural masson pine trees and the artificially planted fir forests, we should fell in selected spots and in every other line of fir trees. This will be conducive to natural reforestation. In addition, efforts should also be made to plant broadleaf pine trees so as to let different types of trees grow together. This will contribute to the prevention and control of various plant diseases.

When the mountainous forests under relatively good climatic conditions are destroyed or damaged we must take immediate measures to close the hillsides in order to facilitate reforestation. We should close the hillsides where there are mother trees so as to let them have a chance to recuperate and multiply, and to enable the destroyed and damaged natural forests to recover quickly. This is also a good method of protecting and expanding the forests. At present, no artificial method can produce a natural forest which consists of a variety of plants and has a complicated and multi-level structure. In many areas, people just destroy the forests first and still cannot find proper methods to carry out reforestation. However, over the past few years many areas have achieved gratifying results in closing the hillsides to facilitate reforestation.

Preventing forest fires, preventing and controlling plant diseases, and eliminating rats are important measures in protecting forests. Apart from artificially caused forest fires, there are also a number of fires caused by lightning strikes because these forests are situated in the thunder-prone mountainous areas which are well above sea level. According to the investigations carried out in the Daxinganling area by the author of this article, in the forest areas under the jurisdiction of the Forest Bureau in charge of new forests, which is one of eight forest bureaus in the Daxinganling area, a total of 45 forest fires broke out during the eight years between 1978 and 1985. As a result, some 36,600 hectares of forest were destroyed. In the same period, more fires broke out in forests under the jurisdiction of the other seven forest bureaus, destroying a much bigger area of forest. If the state had spent enough funds on the installation of fire-prevention facilities; had made a vigorous effort to build and perfect the fire-prevention organizations in a planned way; and had paid enough attention to the

construction of observation towers, radio stations, and fire-prevention highways and to the use of vehicles, motorcycles, planes, and so on in preventing the forest fires from happening, the Daxinganling area would have been able to give timely warning to the relevant departments and immediately extinguish the forest fires so that the recent huge forest fire would not have developed to such a large scale. Scientifically and technologically speaking, we must make further efforts to study and develop new measures to extinguish forest fires, to prevent and control various types of plant diseases, and to eliminate rats.

### III. Pay Attention to Afforestation on the Eastern Plains and Southern Hilly Land

It is necessary to develop forests in the mountainous areas of our country. To develop forests in the mountainous areas of our country is also a correct state policy. However, at the same time we should not ignore the benefits we can gain by carrying out afforestation on the plain. Since the 3rd Plenary Session of the 11th CPC Central Committee, great achievements have been made in building the farmland shelter-forests in the north, northeast, and northwest. To build forests around the farmland in the oases of the northwest arid regions will shelter the farmland in those regions from the wind and the sand; help consolidate the canals; prevent the farmland from being turned into secondary salinized land; and will also enable those regions to become high-yield timber production bases. However, for many years, people have not paid enough attention to carrying out afforestation in the east where the natural conditions are superior to those in other parts of our country, and especially to afforestation on the plains. Some people have been worried that afforestation in the east will contend with agriculture for water and chemical fertilizer. Some people even thought that carrying out afforestation in that area would be detrimental to water conservancy in that area and would probably cause the death of large stretches of forests. As far as this question is concerned we should carry out concrete analysis in the light of the specific situations and should not take the views of some people as universal law. It is true that if we carry out intensive afforestation in arid areas where there is neither much rain nor much underground or irrigation water, which means that there is no agriculture in that area, the underground water level will therefore drop and a large number of trees will also die. However, on the large stretches of moist plain in the eastern part of our country, there is both sufficient rain and enough surface and underground water, and the above mentioned situation will not happen. To carry out afforestation along the road side, the river side, around villages, fields, sandy land, along the beaches, and on the hilly land in the southern part of our country will certainly provide us with a lot of advantages.

1. On the plains in the north and the hilly land in the south with their gentle slopes, the trees and plants grow rapidly, the soil is rich, thick, and moist, the temperature

is sufficient all the year round, the growing period of the trees and plants is long, and the natural conditions are much better than those in the north, northeast, and northwest. Since the trees and plants can grow rapidly on the northern plains and on the hilly land in the south we can easily reap a high timber production output in those regions. According to the Henan Province Forestry Bureau report, the size and diameter of the 7 to 8 year-old Lankao paulownia trees, the 8 to 10 year-old Shalan poplar trees and Shalan elm trees, the 15 to 18 year-old trees of heaven, and some other types of trees that grow on the plains, are the same as those of similar types of trees which have been growing for 30 to 50 years in the mountains. The Baihua paulownia trees which grow on the gently sloping red hilly land near Guilin City in Guangxi Province can grow into full timber in less than 20 years. Moreover, in that area the natural reforestation of masson pine trees can even take place on land whose surface soil has been eroded by rain.

2. To build farmland shelter-forests on the plains and build shelter-forests along the coast, that is to build a "green great wall," will not only protect the farmland and the coastal areas from the threat of the wind-blown sand and increase the crop yields, but will also solve the problems caused by the shortage of timber, fuel, forage, and so on. The dry and hot wind that blows over the North China Plain in spring every year causes a decrease in wheat production output. The shelter-forest belts built in some rural areas have helped to reduce the force of the wind that blows on the farmland so that the average surface evaporation rate has been reduced and the humidity of the air has increased. As a result the farmland is well protected from attack by the dry and hot wind by the shelter-forest belts built around it, and the crop from farmland protected by shelter-forest belts is much higher than that on the farmland not so protected. The branches and twigs of trees grown in shelter-forests can be used as fuel, thus helping local people to solve the firewood shortage problem. For instance there used to be over 2,000 hectares of drift-sand land in the coastal areas of Dongshan County in Fujian Province. Every year, between September and March the following year, a force 6 or stronger wind blew in that area for about 100 days. In 1958, afforestation began in that area. Salt-resistant Mumahuang [2606 7802 7806] were planted on the beaches and pine and eucalyptus trees, which are suitable for the damp land, were planted on the red soil. Thus a 100-line shelter-belt was built and a real "green great wall" appeared in that area. As a result, the drift sand was stabilized; the climate within the shelterbelt was improved; the cultivated area was increased by over 400 hectares; and now two or three crops are reaped each year instead one as in the past.

3. To carry out afforestation on the plains will be conducive to making full use of the land and turning unfavorable factors into favorable factors. The plains near the Huanghai and Huaihai are frequently devastated by the wind-blown sand and by salinization, drought, and excessive rain. In that area, there are large

stretches of saline-alkaline soil and sandy land which are unsuitable for growing wheat and maize, but not necessarily unsuitable for growing some woody plants. For example, the small golden jujube trees are capable of resisting salinization, drought, and excessive rain. In 1963, Changzhou Prefecture in Hebei Province suffered a big flood, but the production output of the intercropped small golden jujubes remained almost the same as that of the year before. Under normal management, if 300 small golden jujube trees are planted on one hectare of land, the production output of the jujubes is 3,000 jin. An investigation carried out in 1981 showed that under efficient management, the per hectare production output of jujubes was 7,500 jin. On the highly salinized land, false indigo trees which contain a lot of nitrogen, phosphorus, and potassium can be planted while on the solonchak, hongjing trees [4767 5427] (strange willow) can be planted. The hongjing tree wickers can be used to make baskets. On the red soil tea plantations on the gently sloping hilly land in Jiangsu Province in the south, Baihua paulownia trees can be intercropped together with some broadleaf trees. This will not only help to increase timber production output but will also help to improve the quality of the tea.

4. To carry out afforestation on the plains and the surrounding areas will be beneficial to the people's health. Afforestation will help to beautify the environment and purify the air. The trees can not only provide mankind with oxygen but can also secrete a lot of bactericide, and absorb smoke, dust, and poisonous gas. The trees can also absorb sound waves so as to reduce sound pollution caused by city traffic.

5. The forests built along the saline-alkaline fields in north China can act as the best biological drainage system and will help to improve the quality of the saline-alkaline land. To plant weeping willow, poplar, and other types of trees on low-lying land and on either side of drainage ditches around farmland will facilitate playing the role of the biological drainage system, which involves the capability to lower the underground water level and prevent the underground salt from rising to the land surface through capillary action.

#### IV. To Save and Use Forest Resources Rationally

As far as the macroscopic strategy is concerned, in order to develop our country's forestry we should make vigorous efforts to open up new forest resources and carry out afforestation on an extended scale on the basis of developing the existing forests by simultaneously carrying out felling and planting. We should also pay great attention to saving and using forest resources and reducing relevant expenditures.

First, we should foster an overall view of rationally, economically, and comprehensively using forest resources. At present, because a lot of timber is being wasted, efforts must be made to greatly save timber in order to achieve the best and most economic results by using the

fewest resources. Efforts should also be made to ban indiscriminate felling. We should carry out felling, afforestation, timber processing, and the utilization of timber in a rational way. We should also rationally strengthen management of raw timber and timber products. We should do everything we can to prevent deterioration of timber quality and lowering of timber grades, raise the timber utilization rate, extend the timber utilization period, and raise the comprehensive utilization rate of timber. We should also make continued efforts to substitute other materials for timber so as to provide enough timber products to the market. Firewood burning accounts for the largest proportion of forest resources so efforts must be made to vigorously develop fuel forests and encourage people to use branches and twigs from trees as fuel. During the recent huge Daxinganling fire we found that every household in the forest area kept a lot of good timber which provide firewood for years. This is a terrible waste of timber.

Second, we should vigorously implement the policy of "raising forests under direction" and "carrying out processing and utilization of forests under direction" by taking our country's overall situation into consideration. To build fast-growing timber forests on the plains is an important measure in increasing forest resources and easing up the contradiction between timber supply and demand. However, in some areas, the timber utilization rate is still not high. For example, because of the lack of necessary trimming and cutting, poplar trees growing in north China are not straight enough. The poplar tree branches are thin and sharp-pointed, the tree trunk diameters are small, and the utilization rate is low, so that poplar trees in north China have produced poor economic results. At present, a lot of poplar trees on the north China plains have reached felling age but have not yet been felled. The peasants there still cannot benefit from the poplar trees at present. This situation has undoubtedly dampened the peasants' enthusiasm to develop the forests. The same situation also exists in fast-growing timber forests in other parts of our country. Under such circumstances, we must closely combine forestry development with industrial development and take the market as the starting point so as to establish the following circulation: The market(demand)—the combined production of forestry and industry—the product—the market.

Third, we should foster the concept of commodity economy and raise the forest resource utilization rate. All forest areas should locally carry out the processing and comprehensive utilization of the small, thin, and rotten trees which are locally raised and felled. As far as the overall situation is concerned, this will help to save a lot of resources. When I went to Daxinganling forests in 1985, I saw that a lot of small, thin, and rotten trees that had been felled were piled on the mountains and were becoming decomposing as a result of the limited transportation capability in that area. If we can make full use of these "substandard products," make proper use of and locally process them, we will certainly be able to raise the

utilization rate of forest resources and achieve more and better economic results. Moreover, artificial planks are the major product of the comprehensive utilization of timber. Since artificial planks can be used as a substitute for timber, their production must be further greatly developed.

### **V. It Is Necessary To Formulate Correct Forestry Development Policies and Establish a Rational Forestry Management Structure**

In the light of the realistic situation and our country's existing problems we must strengthen the concept of legal system and resolutely implement the "PRC Forest Law." At the same time, we must readjust our forestry economic policies and carry out reform of the forestry administrative structure. This is the fundamental guarantee of our country's forestry development.

At present, as far as forestry development is concerned, our country is faced with a contradiction between forest resources and the increasing demand for timber and a contradiction between the ecological results and the economic results. Moreover, the ratio between forest felling and forest reserve is seriously unbalanced. This is because for a long time, people have erroneously thought of our country's forests as inexhaustible natural resources. As a result a forestry industrial system was formed as a component of our country's excavating industry in the initial stages of forestry development. At that time timber and profits were regarded as the main goals of forestry production. Since the founding of the PRC, the state has "taken" more from forestry than it has "given." Calculated according to forest prices, the total investment made by the state in the forestry over the past 38 years is less than one twentieth of the total value of forestry consumption in the same period. At present a vicious circle whereby "the more the total area of forests decreases, the more forest felling is carried out" has formed in the process of our country's forest resource development. Under such circumstances, if we do not immediately adopt countermeasures to put an end to the vicious circle, our country's forest resources will be in danger of deteriorating in both quality and quantity.

Due to the above mentioned situation affecting our country's forestry development it is necessary to readjust and perfect our country's forestry economic policies and administrative structure.

As far as forestry economic policies are concerned, the fundamental problem is to perfect the system under which forest resources are used in return for payment. This is the basic condition to prevent wasting forest resources and for arousing people's enthusiasm in building and raising forests. We should implement the system under which forest resources are used in return for payment in the commodity economy according to the exchange of equal value principle. For example, in

state-owned forest areas efforts should be made to perfect the forest pricing system. Before felling in collectively owned forests, we should leave some funds for future reforestation. Efforts should also be made to raise funds by developing tourism, charging guntsmen fees for using forest resources, and through some other measures. Moreover, the state should adopt certain preferential economic policies towards forest areas, such as reducing taxes, allowing more profit retention, increasing investment, providing more loans, and so on. At present the state still levies double taxes on collectively owned forest areas in south China by collecting both the product tax and the agricultural and special forest product tax. We should put an end to this situation. In future, all or most of the extra income gained from price readjustments of timber produced by state-owned forests and from operation and management improvements in the relevant enterprises should be retained by the forest areas concerned for the future development and construction of the forests.

Additionally in terms of forestry economic policies, efforts should be made to change the situation of only stressing investment in the forest felling and not in raising forests. Efforts should also be made to change the unreasonable situation whereby forest industry workers are paid differently from those involved in forest management. At present in many forest areas labor insurance and welfare, outdoor subsidies, and other types of welfare for workers involved in forest management are not as good as those for forest industry workers. This situation is detrimental to future afforestation work. In terms of supplies of goods and materials and of human resources, forest industry and management workers should be treated equally without discrimination. Every year, the state should allocate special funds for the installation and updating of fire prevention facilities and equipment and for forestry development. Such funds should not be diverted for any other purpose.

At present only eight economic quotas are calculated when appraising forestry bureau work. In future the quotas concerning forestry management should also be calculated when appraising forestry bureau work.

For many years our country's forestry has been developing rather slowly and the development has seriously lacked the desired vitality due to the irrational management structure, the isolation of responsibilities, powers, and interests, and the lack of connection between production, supply, and marketing. In the course of forestry development we should unify afforestation, forest raising, and forest felling, and thoroughly eliminate the "barriers" between the forest industry and forest management so as to establish unified planning and design systems for forest construction, production, and management. We should thoroughly discard the ossified system which stresses timber production while paying little attention to the overall management of the forests, and which stresses

forest felling but not forest raising. This is because the ossified system puts the cart before the horse. We should turn the past forest management structure, within which there were barriers between central and local authorities and between the labor, financial, and material managements, into a centralized and unified forestry administrative structure. Particular stress should be laid on forest resources management while great efforts should be made to establish and perfect the forestry administrative organs at all levels. The forestry policy of stressing forest development should be vigorously implemented so as to enable our country to always have green mountains and enable our country's forestry to continue to develop in the future.

### **Important Channels Through Which Farm Labor Is Shifted to Non-Farm Industries**

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[Article by Zheng Zhong [6774 6850]]

[Text]

#### **I**

There is a thought-provoking problem in the structure of our national economy. Since the 1970's, of the total national industrial and agricultural output value, industrial output value has risen from 30 percent in the period shortly after the founding of the PRC to 70 percent, and agricultural output value has dropped from 70 percent to 30 percent. In the same period, there has been no change in the ratio between urban and rural residents and the numbers of people employed in each sector. The ratio between urban and rural residents has still been maintained at 2 to 8. Agricultural workers still account for more than 70 percent of total social labor. This ratio between urban and rural residents and especially the mix of workers is obviously abnormal. In the process of industrialization in economically developed countries, more and more of the farming population have shifted to non-farm industries, with a continuous increase in industrial workers and an appropriate decrease in agricultural workers. This is a natural trend in socioeconomic development. With the development of our industry, the worker mix has shown little change. The proportion of agricultural workers has remained quite large. We must take this problem seriously and consciously try to solve it. In the process of the rural economic reform, township and town enterprises have made a spectacular showing, showing us the way to solve this problem.

Since the 3d Plenary Session of the 11th CPC Central Committee, in rural areas we have paid attention to fully exploiting the role of workers and have developed a diversified economy. There has been a major change in the rural industrial mix. There has been an initial readjustment in the composition of the planting trade, forestry, animal husbandry, sideline occupations and

fishery. A number of agricultural workers have begun to switch over to non-farm industries. Township and town industries chiefly marked by the feature of "leaving the fields but not the village" and "entering the factory but not the city" have quickly developed. In just a few years they have become the pillar of the rural economy. In 1985, the last year of the Sixth 5-Year Plan, there were about 70 million workers in township and town enterprises accounting for 19 percent of the total number of rural workers. Of them, there were more than 65 million workers in the industrial, commercial, and service industries, a figure equaling the total number of workers in state-owned industrial, commercial, and service enterprises. Total output value of township and town enterprises reached 272.8 billion yuan, or 44 percent of total rural social output value, which was equivalent to the national total industrial output value in 1968. Total rural industrial output value thereof reached 182.7 billion yuan, or about 19 percent of national total industrial output value in 1969. Outputs of certain industrial products in township and town enterprises had accounted for quite large proportions of total outputs of various given products in the whole country. For example, main building materials like bricks, tiles, lime, and so forth accounted for more than 80 percent, middle and small farm implements more than 75 percent, iron ore and the like over 40 percent, raw coal 27 percent, and gold 20 percent. Many township and town enterprise products in the light industrial, textile, garment, food and industrial art fields also accounted for a certain percentage of the country's foreign exchange earnings from exports. In 1985, township and town enterprises handed over 13.7 billion yuan in taxes to the state, with a net profit of 28.7 billion yuan. More than 2.8 billion yuan in net profits from rural enterprises at two levels (originally commune and brigade levels) alone was spent on supporting agriculture and social undertakings. The total wage payout for workers of township and town enterprises reached 47.2 billion yuan. This alone meant an increase of more than 50 yuan on the basis of the average per capita annual income of the rural population. At present, township and town enterprises have become an important force not only in the countryside but also in terms of the whole national economy.

With the further enlivening of the rural economy and the development of the commodity economy, employment prospects for surplus workers will improve. The trend of rural workers switching over from agriculture to non-farm industries will continue. According to experts' forecasts, by the end of the century, our rural population will increase from 800 million or so to 1 billion. Some of them will gradually move into cities (mainly medium and small ones). Thus, the resident rural population will still be about 800 million—450 million of them workers. Of these 450 million workers, about half will be in agriculture (including farming, forestry, animal husbandry and fishery), accounting for about 40 percent of the country's total labor force. This

would be equivalent to the average proportion that the farm workers in various countries of the world at present represent in the total number of workers in society. The remaining 200 million or so workers (including staffers and workers in existing township and town enterprises) will engage in industrial, commercial, and service trade fields. Such a pace of the shift is quite high. But even given the realization of this goal, the labor productivity in our agriculture will also remain low, with one agricultural worker only able to support five or six people. By that time, the total number of workers of township and town enterprises will exceed that of state enterprises. Township and town enterprises will become the main economic pattern in the production of more industrial products. The percentage that output value of township and town industries forms in national total industrial output value will considerably increase to form an important factor in the national economy. We should have a clear idea of this and make a correct judgment to control the development of the situation.

## II

However, people's ideas on the trend of development in rural township and town enterprises have not been unanimous. In practice, different attitudes have been assumed. One is active support. Another is marked by a passive approach and even suppression. What should be the final guideline? This requires us to make a penetrating study of the laws of the development of things in themselves, enabling our understanding, judgment and the general and specific policies adopted to fit in with objective realities.

Marx pointed out: "The less time society requires for the production of wheat, animals, and so forth the more time it gains for other production activities and for material or spiritual production." ("Collected Works of Marx and Engels," Vol 46, p 120) The proportion of agricultural workers in the total number of workers in society is a measure of a country's economic development. For an economically developed country, this proportion is small. For an undeveloped one, it is large. The long-standing situation of 80 percent of the population in our country being involved with the problem of food exactly serves to show that our countryside is relatively poor and that our country is relatively poor. With reality in mind, we must actively create conditions stimulating the shift of agricultural workers toward non-farm industries and realizing expanded reproduction of the national economy. This is a process that we must go through in realizing the "four modernizations" of our country.

There may not be much debate on the point about a shift in agricultural workers toward non-farm industries. But there are different views on the pace of the shift. The main focus of debate is whether there should be a shift to township and town enterprises. Some comrades have never set much store by township and town enterprises. At the mention of township and town enterprises, they

will say that these enterprises "compete for raw materials, resources and energy" with state enterprises and "squeeze out the advanced with the backward," "squeeze out the big with the small," and "get involved with overlapping factory construction projects."

Or they make such accusations as "disruption of resources," "a waste of land," "pollution of the environment," "promoting unhealthy trends," and so forth. There is no denying that some local township and town enterprises in the process of development really get involved with some of the above negative phenomena. This should be treated seriously and solved in a realistic way. But we must distinguish between strategic and tactical problems and cannot stress trifles to the neglect of essentials.

The road followed by the capitalist countries shows that a shift of agricultural workers toward non-farm industries with them pouring into cities spontaneously and blindly will bring various defects. We should not retrace the old path. Objective realities also do not permit us to follow this old road. Urban and rural development in the old China was extremely uneven. After national liberation, the urban population was less than 600 million, with those in employment less than 20 billion. After more than 30 years since the founding of the PRC, the urban population now stands at about 200 million, with the employed numbering 120 million, an increase of 100 million compared with 1949. Such a pace of urbanization of course cannot be considered to be quick. But the pace of urbanization is independent of people's subjective desire. The additional number of people that cities can provide employment for is restrained by various conditions. In future, our cities, mainly medium and small ones, will also absorb some of the surplus agricultural workers, with employment provided for them. But the large number of workers switching over from agriculture will mainly depend on employment opportunities being created in the countryside. During the Sixth 5-Year Plan, our township and town enterprises showed an average increase of 8 million workers per year, and an increase of 10 million workers in 1985 alone. This has provided us with great enlightenment.

The development of township and town enterprises in the countryside fits in with the realities of our country. First, this is determined by the state's financial sources. According to experience, a state enterprise's placement of a worker in a job costs an average of more than 10,000 yuan in fixed asset investment. With employment arranged for 10 million workers in the countryside in 1 year, this would require the state to invest an extra 100 billion or so in addition to the original amount of investment in capital construction. This is beyond the state's financial resources. But the placement of a worker in a township or town enterprise generally requires only 1,000 yuan or so. This is because of the different levels of technical equipment required. It is also because the peasants generally start early and leave late as they work in township and town

enterprises, with no need for an enterprise to provide amenities, or with few amenities required. Second, in the layout of enterprises, there should be a combination of concentration and dispersal. Overconcentration should be avoided. Especially when it comes to industries involving scattered resources and scattered markets, such as the farm products processing industry, the building materials industry, the construction industry, and the mining industry, and commercial undertakings serving rural production and people's life, transportation, and so forth, rural development is relatively appropriate. In the past, our country concentrated farm product processing in cities without making any distinction in all cases. By-products were hauled back to the countryside after being processed. This was a mistake. A Japanese expert said: There is no return to the countryside after Japan's farm products go to the city. Even threshed unmilled rice has to be treated before being taken to the city. Third, there must be enterprises of all sizes. Technical equipment generally must also gradually become more advanced. Township and town enterprises are relatively small. Technical equipment is also generally relatively backward. Attention should be paid to technical transformation. But at the same time, it should be noted that this is in line with the current actual conditions of our countryside. It must meet the needs of the market at different levels and help make up for what is lacking in state enterprises. Moreover, the quality of many products of township and town enterprises is actually quite good. Some even surpass those of state enterprises in quality. Fourth, the development of township and town enterprises not only adds to tax revenue for the state but also allows the adoption of the pattern of "making industry supplement agricultural production," providing effective support for the modernization of agriculture. In sum, the development of township and town enterprises helps in enlivening the rural economy, stepping up the process of our country's industrialization and stimulating the development of the national economy. The development of township and town enterprises also holds out the prospect of gradually overcoming the situation of separation of urban and rural areas, narrowing the gaps between urban and rural areas and the differences between workers and peasants, and establishing new relations between urban and rural areas and proper relations between workers and peasants. Therefore, many Sinologists on the international scene and relevant UN organizations speak highly of our development of township and town enterprises in the countryside. It is held that valuable experience is provided for the economic development of Third World countries by China, which, simultaneously with the industrial development of cities, let peasants run their own industries and transform themselves into workers in building up townships and towns to accelerate the historical process of a country's economic development.

### III

The development of township and town enterprises is based on our fundamental national conditions. One of the important strategic guidelines for the building of socialism with Chinese features is that in making macroeconomic policy decisions, we should put township and town enterprises in a proper place. Various lines and trades must, from different angles of work, actively support their development, fully exploiting their proper role in the development of the national economy.

First, we should put township and town enterprises on the orbit of the coordinated development of various lines and trades and the whole national economy. In the development programs for the products under their control, comprehensive economic management organs and administrative organs in charge of given trades should include township and town enterprises in their plans giving them overall consideration. Enterprises following various economic patterns and ways of operation should all be put on the same footing. Full play should be given to their different superior features. The previous practice of just considering the development of state enterprises and large collective enterprises must be changed. But while strengthening management, we must bear in mind the feature of township and town enterprises being fundamentally regulated by the free market in their production and operation. We must pay attention to protecting and strengthening their vitality and must give correct guidance chiefly using economic means with administrative means as a supplement and thus putting them on the orbit of the healthy development of the socialist planned commodity economy.

Second, we must take concrete measures to actively support the development of township and town enterprises. In developing township and town enterprises, we must uphold the guideline of the countryside and peasants chiefly relying on their own resources to solve the shortage of funds, technology, or the means of production. But state administrative organs in charge at various levels and people in all walks of life must also show active support. The state should allocate necessary industrial resources for the countryside. The processing of farm products, the fodder processing industry, and especially the preservation and processing of live farm products should generally be carried out in the producing areas of the countryside. Except for a small number, most products in the construction materials industry must be organized for production in the countryside, as this is relatively rational. The tailings of small and large mines should be assigned to the countryside, so that they can be tapped by township and town enterprises according to relevant government regulations. Raw materials and other items, such as rolled steel, energy of certain kinds, and so on, that township and town enterprises cannot produce or produce in inadequate quantities should be provided,

with proper arrangements made. Urban factories, colleges, institutes of higher learning and scientific research organs should do everything in their power to help township and town enterprises solve such problems as equipment and technology required, and so forth. The execution of "urgent" plans will play an important role in this respect. Railroad transportation for the products of township and town enterprises should be comprehensively arranged to meet market needs. Regarding funds needed by township and town enterprises, state banks and credit cooperatives should render active support on the basis of studies to prove the feasibility of given projects. The state's tax policy should uphold the guideline of developing sources of tax income and allow preferential treatment, with a distinction between products and between areas. On the basis of plans and designs, we must organize the building of market towns, providing a better environment for the development of rural industry, commerce and service trade.

Furthermore, in developing township and town enterprises, we should uphold the practice of their being run by towns, by villages, by joint operators and by individuals, with several wheels running at the same time. Town and village enterprises, or originally commune- and brigade-level enterprises, should be marked by the separation of government administration and enterprise management to really become mass cooperative economic organizations, so that such superior features as their democratic management, independent accounting, responsibility for profits and losses, "a small ship quick to make a turnaround," and so forth can be brought into full play. New economic combinations, specialized households, and other enterprises following economic patterns not marked by public ownership are all necessary supplements to the socialist economic structure. They should be similarly given active support. Relevant government departments should not intervene in the normal trading activities necessarily carried out by township and town enterprises to meet market needs. Township and town enterprises following various economic patterns must obey the state's policies and decrees and use natural resources rationally. In capital construction, everything possible should be done to avoid occupying or to occupy the least amount of cultivated land. We must consciously protect the ecological environment and guarantee the quality of products trying to seek legitimate interests. We must start a "double increase, double economy" campaign, running enterprises industriously and thriftily and improving economic results. Township and town enterprises must also pay attention to developing their respective superior features, developing horizontal economic combinations and actively entering into cooperation in various forms with state enterprises. For example, cooperation can assume such forms as producing parts and auxiliary equipment for state enterprises and handling the initial processing of products; operating jointly with state enterprises, with the latter providing equipment and

technology and with peasants themselves building factory premises and providing labor and some of the raw materials; and so forth. These practices also help state enterprises in changing the situation of being "comprehensive and complete," stimulating the development of enterprises in the direction of production specialization and socialization. In developing township and town enterprises, we must not only uphold the guideline of active development but also uphold the principle of seeking truth from facts and acting according to our capability. We must avoid blindly pursuing speed. To properly solve the problem of these enterprises impinging upon agriculture as has happened in some areas, we must acquire the experience created by rural southern Jiangsu in "making industry supplement agricultural production" and "making industry contribute to the building of agriculture," so that industrial and agricultural production can promote each other.

Guided by the needs of the development of production, township and town enterprises must gradually improve the degree of organization. All township and town enterprises in the same trade, following various economic patterns and operating methods should voluntarily organize joint regional and even national trade associations and other such organizations. This should help in speedily passing on information, coordinating production and operation activities in the trade, and responding to government guidance. Meanwhile, this also helps in reporting enterprise demands to relevant departments, obtaining state support and help, and creating a channel for dialogue with the state. On the basis of the needs of township and town enterprises, relevant government departments should take advantage of the situation stimulating this kind of integration and gradually organizing strong township and town enterprises. This is necessary for the healthy development of township and town enterprises and also for stimulating the development of our national economy.

#### **Statistical Data on the Achievements of 8 Years of Economic Structural Reform—Part IV**

*OW211001 Beijing HONGQI [RED FLAG] in Chinese No 16, 16 Aug 87 pp 24-25*

[Article by the State Statistical Bureau]

[Text]

#### **IV. Further Readjustment in Industrial Structure**

Under the driving force of economic structural reform, the development of China's readjustment of the industrial structure has been accelerated and is well coordinated. Primary and secondary industries have achieved continuous development, and the development has maintained a certain level. The development of tertiary industry has been accelerated and the level of development increased. The internal structure of the various categories of industry has also been readjusted.



**Distribution of Social Laborers Among Various Categories of Industry**

	Absolute number (thousand persons)		Composition (percent)	
	1978	1986	1978	1986
Social laborers	398,560	512,820	100.0	100.0
Primary industry	294,260	313,110	73.8	61.1
Secondary industry	60,740	113,560	15.2	22.1
Tertiary industry	43,560	86,150	11.0	16.8

**Total Value and Composition of Domestic Production (calculated on the basis of current prices)**

	Absolute value (billion yuan)		Composition (percent)	
	1978	1986	1978	1986
Total domestic production value	348.2	937.1	100.0	100.0
Primary industry	101.5	275.5	29.2	29.4
Secondary industry	166.6	426.9	47.8	45.6
Tertiary industry	80.1	234.7	23.0	25.0

**Total Amount and Composition of Basic Construction Investment of Production Units Owned by the Whole People**

	Absolute value (billion yuan)		Composition (percent)	
	1978	1986	1978	1986
Total basic construction investment	50.099	117.611	100.0	100.0
Primary industry	5.263	3.506	10.5	3.0
Secondary industry	29.365	55.017	58.6	46.8
Tertiary industry	15.471	59.088	30.9	50.2

**Changes in Rural Industrial Structure (calculated on the basis of current prices)**

	Unit	Absolute amount		Composition (percent)	
		1978	1986	1978	1986
1. Village labor force	1000 persons	306,378	379,898	100.0	100.0
Primary industry	1000 persons	274,882	304,679	89.7	80.2
Secondary industry	1000 persons	19,639	44,479	6.4	11.7
Tertiary industry	1000 persons	11,857	30,740	3.9	8.1
2. Total rural social production value	billion yuan	203.754	755.423	100.0	100.0
Primary industry	billion yuan	139.700	401.301	68.6	53.1
Secondary industry	billion yuan	53.124	297.272	26.0	39.3
Tertiary industry	billion yuan	10.930	56.850	5.4	7.6

**International Structural Changes in the Industrial Sector**

	Number of enterprises (1000)				Total industrial production value (billion yuan)			
			Composition (percent)				Composition (percent)	
	1978	1986	1978	1986	1978	1986	1978	1986
Total	348.4	499.3	100.0	100.0	423.1	902.8	100.0	100.0
Light industry	204.4	282.3	58.7	56.5	180.6	449.0	42.7	49.7
(1)Using agricultural products as raw materials	102.0	193.7	29.3	38.8	123.6	303.9	29.2	33.6
(2)Using nonagricultural products as raw materials	102.4	88.6	29.4	17.7	57.0	145.1	13.5	16.1
Heavy industry	144.0	217.0	41.3	43.5	242.5	453.8	57.3	50.3
(1)Mining	21.7	29.2	6.2	5.9	29.2	51.1	6.9	5.7

**International Structural Changes in the Industrial Sector**

	Number of enterprises (1000)				Total industrial production value (billion yuan)			
	Composition (percent)				Composition (percent)			
(2)Raw materials	22.8	38.1	6.5	7.6	86.1	162.4	20.3	18.0
Manufacturing	99.5	149.7	28.6	30.0	127.2	240.3	30.1	26.6

Notes: (1) The data in this table do not include village industries and industries below the village level. (2) The total industrial production value of 1978 is calculated on the basis of constant prices of 1970; that of 1986 is calculated on the basis of constant prices of 1980.

**The Beginning of the Battlefield Behind Enemy Lines—Recollections of the 8th Route Army Headquarters Moving to the North China Anti-Japanese Front**

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[Article by Fu Zhong [0265 6945]]

[Text] In August 1937 the Japanese imperialists stepped up their war of aggression against China. Endless repetitions of insults and disasters were heaped on the shoulders of the Chinese people. Tianjin was lost! Beijing was captured by the enemy! Shanghai, the largest industrial city of the country was besieged by the artillery corps of the Japanese Army! The capital city, Nanjing, was on the verge of falling to the enemy. At these crucial times, throughout the vast land inside and outside the Great Wall and to the south and north of the great river the smell of gunpowder filled the air. The people were in great distress. The enemy's invasion was intense and disaster was reaching the extreme. The Chinese people were caught in the deep throes of war, and the whole Chinese race was facing a life-and-death crisis.

Under such desperate circumstances, the CPC-led Red Army which had gone through the Long March of 25,000 li and was now concentrated along the banks of the Yellow River to prepare for direct warfare against the Japanese, abiding by the wishes of the people of the whole country, was reorganized into the 8th Route Army of the national revolutionary forces. This people's army of a new type equipped and armed with Marxism-Leninism at once proceeded to the north China front, entered deep into the enemy's rear, opened up an anti-Japanese democratic base area, developed a people's guerrilla warfare seldom seen in people's history, and set up many irradicable, historical, and meritorious deeds in the struggle for victories in racial liberation and the world antifascist war.

In these several months marking the beginning of a historical chapter of glorious accomplishments, the 8th Route Army headquarters experienced numerous incidents that moved people's heart and soul and can still be vividly remembered today.

**I. Acceptance of Order at Luochuan**

The order to reorganize the Red Army into the 8th Route Army was announced at the CPC's noted Luochuan Conference.

The Luochuan Conference was an enlarged conference of the Political Bureau convened by the CPC Central Committee after the "Lugou Qiao [Marco Polo Bridge] Incident." At the conference, the great principles, namely, "The Anti-Japanese and National Salvation Great Principles," guiding people of the whole country in prosecuting the all-out anti-Japanese war were formulated. They paved the way for the whole army to shift from civil war to national revolutionary war and from conventional warfare to people's guerrilla warfare and turned over a new page in the history of army building of our party. They carried a deep epoch-making significance in developing and strengthening the people's revolutionary strength.

The Luochuan Conference lasted for 4 days, from 22 to 25 August. The conference site was located at Fengjia village of Luochuan County on the Weibei Plateau of Shaanxi Province. At that time I was in charge of the Political Department of the Red Army's Anti-Japanese Military and Political University. After receiving the notice to attend the conference, I and five other comrades, among whom was Comrade Xiao Jingguang, went from Yan'an by car to the conference site. At the destination, we met with comrades from the Yunyang Headquarters and from the 1st, 2d and 4th Armies all of whom had come from afar, fatigued but fully anxious to proceed at once to the war front to drive the invading Japanese forces out of the country! Discussing the big problems concerning the destiny of the Chinese people in this small outlying village, the comrades all said that the conference site had been well-chosen, safe, easy for security protection and saving at least 1 to 2 days' time if the conference were to be held in Yan'an. In wartime, time is likened to the armed forces and counts for victory!

The conference site was located in a private school at the northwestern corner of the village. In the center of the school compound was a small garden on one side of which was a big mulberry tree, and directly in front were

two brick-laid cave dwellings. Comrade Mao Zedong occupied the school principal's cave dwelling as his office and his quarters. Comrades compiling and revising documents in the course of the meetings also used it as their headquarters. The other cave dwelling was originally a classroom. In the middle of the classroom there were several long, square, crudely-made, old-styled tables which, pieced together, formed an elongated table. Some 20 people crowded around it and used it as a conference table.

Attending the conference were the constituent members of the CPC Central Committee's Political Bureau: Comrades Zhang Wentian, Mao Zedong, Zhou Enlai, Bo Gu, Zhu De, Ren Bishi, and Kai Feng; also attending were the responsible persons of the Red Army Headquarters, the various route armies, and the Shaanxi, Gansu, and Ningxia border areas: Comrades Peng Dehuai, Liu Bocheng, Lin Biao, Nie Rongzhen, He Long, Guan Xiangying, Xu Xiangqian, Zhang Hao, Lin Bochu, and Xiao Jinguang. Zhang Guotao who had committed serious errors and had been relieved of his military duties but was still at the time a member of the Political Bureau was also present. At the conference Comrade Li Fuchun took charge of the recording work. All of them were my old acquaintances. On the eve of going to the front in the anti-Japanese campaign, a meeting of this kind to discuss the party's and army's major policies and guidelines seemed to have an exceptionally strong drawing power gathering people's minds together in great warmth and high spirit.

Two of the comrades at the conference I did not know so well, but by asking I soon had my queries answered: One was Comrade Zhou Jianping, one of the founders of the soviet area in northeastern Jiangxi. He had firmly engaged in guerrilla warfare along the Guangdong-Jiangxi border and arrived at northern Shaanxi only last winter. The other one was Comrade Zhang Wenbin, a graduate of Huangpu Military Academy, Class No 1, having served for many years in the 3d Army Corps. Following the Long March he arrived at northern Shaanxi and was then the responsible person of our party organ in the northeast and northwest military forces. He had done much rescue work for the captured comrades of the West Route Army and was then preparing to go to Guangdong and Hong Kong after the conference to consolidate and strengthen the party leadership in those areas and to develop the work of the anti-Japanese national united front. Bringing these two comrades to the conference, one of whom had come from the south and the other going to the south, not only demonstrated the CPC Central Committee's concern with work in southern China but also showed that the CPC Central Committee's arrangements and considerations in leading the people to prosecute the all-out anti-Japanese war were exceptionally meticulous.

The conference was convened at a time when the Japanese military was continuously increasing its forces in northern China, when the KMT forces were showing a

sign of a near collapse, and when the whole Red Army was fully equipped and awaiting orders to go to the front. Comrade Deng Xiaoping at the time stayed behind in the Yunyang Red Army headquarters to look after affairs and did not attend the conference. The 1st Front Army had already been on the move. Comrade Luo Ronghuan was then leading the forces eastward and consequently did not attend the meeting. Comrade Luosheng, who was my co-worker at the "Anti-Japanese University," also attended the conference. The university itself, true to being a big university, was indeed growing in size since the eruption of the all-out anti-Japanese war. Every day from the four corners of the country and from abroad many warm-blooded youths came to study in the university. With the armed forces going to the north China front, a large number of military and political cadres had to be continuously sent there from the rear. In allowing the responsible comrades of the university to attend the conference, the CPC Central Committee clearly demonstrated its concern with school and institutional education and its foresight of prosecuting a prolonged and sustained war.

At the conference the most outstanding figure attracting people's attention was Comrade Zhou Enlai. He was still as valiant and heroic in bearing as he had been a score of years ago in the party's branch quarters in Europe and was full of wisdom. Since the peaceful settlement of the "Sian Affair," for the sake of realizing the renewed cooperation between the CPC and the KMT and thus to form a united national front against the Japanese, since spring of the year he had traveled several times between Xian and Yenan. He had been to Hangzhou and twice to Guling to take part in repeated discussions with Jiang Jieshi and other prominent personages of the KMT. Up to the eve of the conference he had been to Nanjing in the company of Comrades Zhu De and Ye Jianying to participate in the National government's national defense conference. At the conference he clearly elucidated the important documents on our party's military views, namely, the program for "determining the whole country's anti-Japanese strategy and war plans and the principles of carrying out the war." Through his tireless efforts and rational argumentations, he eventually achieved great results in the political talks between our party and the KMT: resulting in the CPC attaining a legal status in the country and the Red Army—at the time its full name being the Chinese People's Anti-Japanese Red Army—was reorganized into the National Revolutionary Army. Since then Jiang Jieshi's door barricading the Red Army was broken through! We could converge into the vast sea of revolutionary struggles, demonstrate our capabilities in the stormy sea and sail this almost sinking boat of the Chinese race triumphantly to the opposite shore.

Comrade Zhang Wentian who was in charge of general affairs at the CPC Central Committee acted as the conference chairman. In the central soviet area and from the Zunyi Meeting to the Luochuan Conference he was always a constituent member of the Central Military

Commission. In March of the same year, as soon as domestic peace was realized, he and Comrade Mao Zedong promptly advocated that the tasks of the Red Army were "to consolidate the domestic peace and to prepare for the anti-Japanese war," and "to strengthen the domestic political and military training forces, to step up the party's citadel role in the Red Army...studying and learning the work of the populace, and to make the Red Army play an exemplary role in the anti-Japanese armed forces." Several months earlier, he and Comrades Mao Zedong and Zhu De had worked hard day and night drawing up plans and making concrete arrangements for reorganizing the Red Army and prosecuting the anti-Japanese war and in short had completed a large amount of preparation work. In the last 10 days of July, Comrades Zhu De, Peng Dehuai and Ren Bishi and other comrades presided over a political work conference of the entire army and party convened at Yunyang by the Red Army headquarters of the General Staff. This conference focused on the army's reorganization and tasks and reaffirmed the absolute leadership of the party over the army, profoundly mobilizing the cadres and preserving a high degree of ideological unanimity between the army and the party Central Committee. Early in August he and Comrade Mao Zedong jointly and clearly sponsored the principle of the Red Army prosecuting the war "independently and autonomously" and engaging in guerrilla movable warfare in "assistance of the allied forces."

From the beginning of the conference and on 24 August, Comrade Zhang Wentian made rather long speeches and reports. He was responsible for drafting the "Decision of the CPC Central Committee on the Current Situation and the Party's Tasks" that was adopted at the conference. He was also chairman when the conference passed the formal documents relating to the "CPC Central Committee's Promulgation of the 10 Anti-Japanese and National Salvation Guiding Principles." On 25 August, Comrade Mao Zedong made a summarization report in which he expertly analyzed the recent causes and the future of Japan's attack on China. In the report, he made a complete elucidation on the portion of the "10 anti-Japanese and national salvation guiding principles" concerning the party which was also the principal document discussed and adopted at the conference—"mobilizing all forces to struggle for victory in the anti-Japanese war." This was the guiding principle for the party's propagation and drumming-up efforts and also the guiding compass for the whole party and whole armed forces. Just as Comrade Zhang Wentian said, its deep and penetrating significance laid in its laying a foundation for striving for the proletariat's leadership power in the national revolutionary struggles and the "10 great guiding principles" constituted the concrete road to achieving final success in the war of resistance. Comrade Mao Zedong's slogan, which he called at the conclusion of his summarizing speech, was also: "Support the Chinese communists' 10 great guiding principles for victory in the war of resistance! Firmly carry out the Chinese communists' 10 great guiding principles for victory in

the war of resistance!" His loud and clear words resounded in the cave and represented the common wishes of nearly all the people attending the conference. As I saw it, these "10 great guiding principles" consisted of the red banner of the Red Army prosecuting the all-out national war of resistance! Raising high this banner we were able to call and unite the vast masses of the anti-Japanese armed forces and civilian people to bravely proceed along the road to victory.

The topics most fervently discussed at the conference were the important problems on the strategic tasks and guidelines and the guiding principles and arrangements for prosecuting the war. Comrade Mao Zedong said that we had already adopted the method of "scattering birds in the whole sky" and assigned a large number of cadres to various localities behind the enemy line in north China to organize the populace to carry out guerrilla warfare. Upon the arrival of our main forces in north China we should like as in a chess game to plant a few "eyes." Planting of the "eyes" must be done in a lively manner and must be done well in order to engage the enemy in a prolonged war. He especially mentioned the extremely great importance of the eastern portion of Hebei Province northeast of the mountains in the war of resistance. He clearly pointed out that the Red Army must station a branch force in Wuling Shan to establish it as a base area for developing guerrilla warfare. Comrade He Long quickly responded and soon grabbed the assignment. Unfortunately, the KMT forces at the moment had withdrawn from the Nankou area and we could not help but change this plan. But the comrades' heroic bearing of daring to proceed forward and to go deep into the enemy's rear fully demonstrated that each and every one of our soldiers had harbored the exalted spirit of going to the very frontline of the anti-Japanese war and to shed the last drop of blood in protecting the fatherland.

Comrades Zhang Wentian, Zhu De, Ren Bishi, Peng Dehuai and others all expressed important views on the problems of the long-term nature of the war of resistance, the possible twists and changes that could appear, the strategic arrangements of sending forces to north China and the work of the general public. Comrade Zhang Wentian said: We must employ our strength well. The Red Army is the party's army; resisting Japan is a drawn-out war and our eyesight must go farther. Comrade Zhu De pointed out that a sustained and drawn-out war principally called for mobilizing the masses, particularly the over 100 million people in north China and that militarily speaking in developing guerrilla warfare, even though all the allied forces had retreated we could still continue the fight in north China. Comrade Ren Bishi likewise mentioned that the war of resistance being a long-term war, the Red Army must display its special skill in fighting in hilly areas, in mobile warfare and in guerrilla tactics and that when there were advantageous conditions we should concentrate our forces and annihilate the enemy. All this had a bearing on the need of strengthening and increasing our leadership and our armed forces.

Regarding the problems of the war guidelines and the deployment of the armed forces, Comrade Mao Zedong repeatedly explained that our forces should carry out "independent and autonomous guerrilla warfare in hilly regions including, under new conditions, the annihilation of the enemy's army groups and developing guerrilla warfare on flat land." In this regard, he explained in detail: "Independently and autonomously" implied that under the whole strategic arrangements, our forces had the freedom to deploy our units according to the conditions as well as the flexible and changeable right of carrying out the joint strategic goal; we also had the freedom of mobilizing the populace, creating base areas and organizing volunteers. So-called hilly areas referred not only to topography but also to initially setting up a base area in the mountains, developing guerrilla warfare based on the hilly regions and ultimately extending the development to the plains. So-called guerrilla warfare implied dispersing to mobilize the masses and concentrating to annihilate the enemy; through the extensive guerrilla fighting, opening up a battlefield behind the enemy line, and offering aid to the central war front, the objective of defeating Japanese imperialism would then be achieved. His entire elucidation made everybody intensify their thinking. As for the disposition of the armed forces, Comrade Peng Dehuai fully concurred with Comrade Mao Zedong's views, pointing out: Dispatching the Red Army to the Heng Shan and Taihang Shan regions carried an important and strategic significance and presented great obstacles to Japan's advance southward and westward, and we must strive hard to achieve this. He further added: It was correct to move out the main forces of the Red Army, but it was also necessary to retain a portion of the forces in northern Shaanxi to serve as our strategic reserve corps; basically mobilizing and putting the Red Army on the move meant winning a battle, establishing our prestige, and developing the united frontline, since only by so doing could we raise the status of our party and our Red Army. Other comrades also expressed many good views. In short, the conference was overwhelmed with warm enthusiasm, everybody wanted to help each other, wholly united, showing an incomparably firm resolution to resist the enemy, and exhibiting an exceptionally clear-cut direction in their thinking and actions regarding the war. The conference decided on the formation of a new Central Military Commission with 11 component members: Comrades Zhu De, Peng Dehuai, Ren Bishi, Lin Biao, He Long, Liu Bocheng, Zhang Wentian, Xu Xiangqian, Mao Zedong, Zhou Enlai, and Ye Jianying. Mao Zedong was the chairman, and Zhu De and Zhou Enlai were the vice chairmen.

The most solemn moment finally arrived: The conference passed the mandates for the appointment of the chairman and vice chairmen of the Central Military Commission and promulgated the changing of the name of the Red Army to that of the National Revolutionary 8th Route Army. The front headquarters was changed into the 8th Route Army headquarters with Zhu De as the commander in chief, Peng Dehuai as the assistant

commander in chief, Ye Jianying as the chief of staff and Zhu Quan as the vice chief of staff. The General Political Department was changed into the 8th Route Army Political Department, with Ren Bishi as the chief and Deng Xiaoping as the assistant chief. The three divisions subordinate to the 8th Route Army were reorganized by taking three armies as the basis. The major leadership cadres of the divisions were: Lin Biao was the commander of the 115th Division, Nie Rongzhen was the vice commander, Zhou Kun as the chief of staff, Luo Ronghuan as the chief and Xiao Hua the assistant chief of the Political Training Department. He Long was the commander of the 120th Division, Xiao Ke the vice commander, Zhou Shidi the chief of staff, Guan Xiangying the chief, and Gan Shiji the vice chief of the Political Training Department. Liu Bocheng was the commander of the 129th Division, Xu Xiangqian the vice commander, Ni Zhiliang the chief of staff, Zhang Hao the chief, and Song Renqiong the assistant chief of the Political Training Department. At this point, although the Red Army forsook its glorious designation it had won through fire and blood, it had realized the exalted wish of directly going to war against Japan, which it had harbored and struggled for some 6 years since the "September 18 Incident." All the comrades at the conference were enthralled.

The day 25 August was the last day of the conference and also a day filled with the most tension and excitement. The conference passed in succession a number of documents including Comrades Zhu De's and Peng Dehuai's circular telegram announcing "acceptance of their assigned jobs," "wording of the oath of the 8th Route Army on the occasion of mobilizing to resist Japan," "8th Route Army's anti-Japanese three great disciplines," and "8th Route Army's eight noteworthy reminders in resisting Japan," all of which assigned to this new-styled People's Army soon going to the front a standard of action applicable to the highest commandment as well as to each and every warrior. This was an important assurance on firmly insisting on and developing the Red Army's glorious traditions and was also a forecast of the good prospects of developing and enlarging the people's revolutionary strength in the course of the struggles.

The short 4-day-long Luochuan Conference set up a grand milestone in the arduous journey of the Chinese revolution. Since then, thousands upon thousands of strong men—commanders and soldiers of the 8th Route Army—"accepting assignment at a time of the defeat of the KMT forces and on the verge of the disaster of the Chinese people," and bringing along the people's wishes, rushed to the battlefield of racial liberation to do meritorious services. It was midnight. As I stepped out of the conference site and turned my head I saw the lights of the cave dwellings under the sky in the Weibei Plateau glowing and burning like red fireballs.

## II. Oath-Taking Rally at Yunyang

During the period of the Luochuan Conference, Comrade Ren Bishi, member of the Political Bureau, represented the Central Committee and had a talk with me, asking me to take up the post of head of the civilian movements guidance bureau (briefly called the civilian movements bureau) of the General Political Department. He said that this was an extremely important bureau, specially charged with the functions of doing external propagation work and work with the residents and allied armed forces, covering a wide range of activities and including such spheres as party, political, military, and foreign affairs. I accepted this assignment unconditionally.

At the conclusion of the conference, those comrades assigned to the front no longer needed to return to Yanan but proceeded immediately to the Yunyang Headquarters and the places where the various divisions were stationed. I followed the actions of the leadership comrades Zhu De, Peng Dehuai, and Ren Bishi. Arriving at the Zhongbu County (now Huangling County), somebody cried out loudly: "Qiao Shan, Qiao Shan, we have arrived at Qiao Shan!" True, the mausoleum of our ancestor Huang Di was on yonder tree-clustered hill. Was it not lucky that we had an opportunity to see and visit it? This was a place where descendants of Huang Di both at home and abroad would like to go and to have a look. Today while all of us were going to resist the Japanese invading forces' barbarous plundering of the Chinese mainland which had been opened up by our ancestors and all had the determination not to return but to kill the enemy, we would especially like to take a look at Huang Di's mausoleum.

After the visit and descending the steps of Qiao Shan we came to the Xuan Yuan Temple. Comrade Zhu De said: In the tomb festival this year we sent messengers to bring copies of our elegiac address to Xuan Yuan Huang. Truly, on arriving at the central temple on the table below Huang Di's sculpture were many elegiac addresses and among them was that from Chairman Mao Zedong and Chief Commander Zhu De. This address was exceptionally well written. Everybody rushed over to have a look. I could not help reading it aloud:

"On this 5th day of April in the 26th year of the Republic of China, Chairman Mao Zedong of the Soviet Government and Commander Zhu De of the anti-Japanese Red Army respectfully delegated representative Lin Zuhan to carry fresh flowers and other presents as offerings to Xuan Yuan Huang Di Emperor, the first ancestor of our Chinese race, at this mausoleum.

"The supreme and earliest ancestor was founder of the Chinese nation which had extended far and wide. His wisdom and sagacity had spread light to distant barren lands. The gigantic enterprise established had reigned supreme in the Orient but changes had taken place and mishaps had been many. After several thousand years,

our powerful neighbor, lacking in virtue, had attacked our land, ransacked our cities, and extended their dominance from the Liu River to Hebei. Many were the traitors among us who subscribed to the enemy's wishes and enslaved many of our people. Recalling our ancestor's heroic accomplishments in the past and how he wielded his military might to put the nation in order, we were ashamed that as his descendants we were so weak and helpless, allowing a great nation to fall into disgrace. Though untalented, Mao Zedong and his colleagues were fully armed, willing to travel tortuous paths and offering their lives to the country. The years of hard struggles had passed through many trials but with the enemy still undefeated we had no hope of building our homes. Let the various parties and various circles of people be firmly united. Regardless of the military people or the civilians, the rich or the poor, the best way to save the country would be to resist to the end. With democracy and a republic established and everybody of one heart and soul, victory will be ours!"

Commander in Chief Zhu De said that in the 10 years since the organization and establishment of our armed forces this was yet the first time we had indicated our wishes to the earliest ancestor. Everybody praised the address as having expressed the feelings of the warriors in the whole army and manifested that we were representing the interests and the future of the whole people. The comrades also unanimously agreed that the document could well serve as our manifesto of intent in mobilizing to go to the anti-Japanese front.

On the evening of 30 August, marching on foot we arrived at Tong Guan city (now known as Tong Chuan municipality). Commander Peng Dehuai received an order to go to Xian in preparation for accompanying Vice Chairman Zhou Enlai and others to take the train, on 1 September to Taiyuan in Shanxi Province to conduct talks with Yen Xixhan, chief officer of the 2nd battle area. In their company were the responsible officers of the various divisions including Lin Biao, Xiao Ke and Xu Xiangqian. They were the earliest batch of the 8th Route Army to reach the north China front.

On arriving at Yunyang village, Commander in Chief Zhu De stayed at the "Mao Jia Da Yuan," located in Bie Jie, where the headquarters of the Red Army were also located. I followed Comrade Ren Bishi to pay a visit to Comrade Deng Xiaoping. Comrade Deng stayed at the "Wen Jia Da Yuan" in the southwest corner of the village. Comrades of the General Political Department were also located there.

Yunyang was under the jurisdiction of Jingyang County, about 60 kilometers from Xian, fronting the Jing River on the south and the Cha E hills on the north. The Xian-Lanzhou highway passed through the southern corner of the town. At that time it was already an important military station. To its west was the Red Army station at Zhen Yuan in Gansu's Dong Xi mountains, to its north was the Red Army stationed at San Yuan and

Fu Ping, all of whom were at the time concentrating and preparing to move out following the moving out of the 115th Division. Thus, for a time on this piece of national territory extending from the north to the south and the east to the west for 200 to 300 li and in the hills and along the highways and the footpaths, vehicles and horses were scurrying around and infantrymen were marching on foot. Loud bugle calls and loud singing of songs of the war of resistance resounded everywhere, shaking the heart and soul of every patriotic soldier and citizen.

Ever since 14 July when the Central Military Commission and Comrade Mao Zedong issued orders to the heads of the various front armies, army corps, armies, divisions, regiments, and military academies demanding the completion within 10 days of the preparations for moving to the anti-Japanese front, the General Political Department had printed various kinds of publications and distributed them to the various army units for frontline educational work, including "Textbook for Anti-Japanese Emergency Mobilization," "Reader for Anti-Japanese Military Personnel," materials on geographical knowledge of the four northeast provinces and the five north China provinces, books on Japan's conditions and teaching materials on the Japanese language. From the commanders of the army corps and divisions to those taking charge of the kitchens and attending to the horses, they all had to take part in the military and political training courses and the whole Red Army was virtually transformed into a large school. After the Luochuan Conference, for the sake of facilitating the moving out to the north China front, the General Political Department at once published "Pointers on Political Work in the Course of Eastward Anti-Japanese Troop Movements" and also compiled and distributed various teaching texts such as "What the 8th Route Army Servicemen Must Read," and so on.

At that time, the vast number of officers and men of the Red Army were all deeply concerned with the fall of Beijing and Tianjin, and were extremely dissatisfied with Nanjin. They demanded that they immediately move out to take part in the resistance war. Their irritations were such that the servicemen of whole battalions, whole regiments and whole divisions jointly signed their names insisting that they should not wait for orders from Nanjin. When they learned that they would be reorganized and that the Red Army's insignia would be substituted by that of the KMT forces, it was like adding oil to the flames. Some threw away their caps, some were moved to tears and some even cursed loudly. In order to pacify and solve this problem and make an ideological turnabout, leadership cadres separately went to the various army units to explain. At the same time, the General Political Department awarded to the whole armed forces medals for "Red Army's 10 years of arduous struggles." The vast number of servicemen then put aside their caps with the Red Army insignia, and took the Red Army Medal. Their ideological sentiments gradually became stabilized, meeting the demands of the new situation.

The mobilization anti-Japanese oath-taking ceremony of the 8th Route Army headquarters was held at the spacious drill ground of Yunyang city. The bugle calls of the bugler corps, the sound of the marching feet of the student corps attached to the battalions, and the sound of songs pledging a "determined fight to death with the enemy" rocked the whole town. Grand-looking contingents attired in full uniform marched into the city from all sides. Banner after banner with large Chinese characters written on them pledging support to the "Military Commission's mandates" and promising "to shed the last drop of blood in defense of the fatherland" followed the marching contingents into the drill field. On the four sides of the corps in the drill field were people and representatives of various circles carrying in their hands small banners calling for "down with Japanese imperialism" and "recover all lost land." The political power here was still in the hands of the KMT who restricted the masses and the students from entering the drill field. Even of those representatives who had managed to attend the ceremony, many had been deliberately sent by the KMT. In spite of all this, the masses' anti-Japanese sentiments and enthusiasm and their warm love for the Red Army could by no means be swept aside. People boldly surged into the ground. Some climbed on top of the nearby trees or rooftops just to have a look at the scene of this important and historical occasion. Assistant Chief Deng Xiaoping acted as chairman of the ceremony. All the servicemen followed Commander in Chief Zhu De in loudly repeating the words of the "8th Route Army's Oath To Resist Japan":

"Japanese imperialism is the archenemy of the Chinese race. It wishes to subjugate our country, eliminate our race, kill our parents and brothers, rape our mothers, wives and sisters, burn down our houses and destroy our crops, and destroy our farm tools and cattle stock. For the sake of the race, the nation, our comrades and our sons and grandsons, we can only resist to the end!

"We have come from the industries and the farms; we do not molest the populace or take from them one needle or one thread; we seek welfare for the masses; we must show affection to our allied forces and must be loyal to the revolution. If we violate the people's interests we are ready to accept punishment from the disciplinary codes and our comrades' admonitions! This is our oath."

These words were so solid and hard that if thrown to the ground they would produce a clinking sound and they came forth straight from the bosom of each and every comrade, resounding like a big clock. The spectators on all four corners of the drill ground were all greatly moved.

The contents of the "8th Route Army's Anti-Japanese Three Large Disciplinary Codes" were obviously different from those of the disciplinary codes at the time of the Red Army. The difference was that "enforcing the anti-Japanese national salvation guiding principle" was placed first. Comrade Ren Bishi solemnly announced the

"three big disciplines" and the "eight attentions" and received the enthusiastic welcome of the masses. The two sets of codes added together consisted of only 11 articles but included in them was the big rationale of fighting for the masses, effecting liaison with the allied forces and creating a model resist-Japan army. This was a basic landmark differentiating this new-style people's army of ours from other armed forces.

After the representatives from inside and outside the army had made their speeches affirming their resolution to kill the enemy and giving the 8th Route Army a warm send-off, a special commissioner of the local KMT government also said a few words. The last item of the program was a talk by an international friend. As soon as George Haitem (that is, Ma Haide) reached the rostrum, a heavy round of hand-clapping exploded. This son of an American steel refining worker made my acquaintance in 1936 when the first and fourth front armies converged their forces at Hui Ning. In February the next year he became a member of the CPC. Facing the warriors who were soon to move to the front he spoke in the Han dialect: Where are we sending the 8th Route Army? To the north China front. What is it to do there? To pull the tail of the Japanese invading forces and to strike at their "Hou Gou Tze!" "Hou Gou Tze" in Shanxi native dialect meant the back spine. Using this term made everybody feel a bit intimate, lively and a sense of humor. The spectators all burst into laughter which was followed by terrific hand-clapping, slogan-calling and sky-rocking singing of anti-Japanese songs. The atmosphere was exceedingly warm and enthusiastic.

### III. Crossing the Huang He in the East

After the main forces of the 115th Division reached the eastern bank of the Huang He, the main forces of the 120th Division left Zhuang Li town of Fu Ping County to proceed eastward. In close succession, the 8th Route Army headquarters also moved from Yunyang city. The main forces of the 129th Division were those left in the rear, but by the end of September they also departed from Zhuang Li town to go to the front in northern Shanxi.

At this time, the 8th Route Army's general rear department, headed by Xiao Jingguang had already been set up in Yan'an. It exercised unified control of the rear forces of the various divisions, being responsible for the task of protecting the Shaanxi-Gansu-Ningxia border region. On the day of the moving out of the general headquarters, it was raining slightly, and this helped to clear the road of dust. Included in our forces and set-up were, in addition to the organizations, three regiments belonging to the schools attached to the battalion, and one special regiment for the protection of the general headquarters. This large contingent of forces moved along swiftly through the Xin Chuan mainland, attracting along the route the attention of the peasants who were then doing autumn harvesting and autumn planting work. When our forces passed through the villages, the residents,

disregarding the many restrictions imposed by the KMT, surged forth to the village streets to send us tea, water, pears, peaches, and eggs. After the forces had passed by, the people's hands were filled with multicolored pamphlets, on the walls were pasted the 8th Route Army's announcements in white paper and announcements of the "10 Anti-Japanese National Salvation Guiding Principles," and from one street end to another the residents circulated narratives of the 8th Route Army's patriotism and anti-Japanese sentiments, their kind treatment of people, buying and selling in a just manner and always compensating damages to properties. Despite our regulation not to enlarge our forces on the way, many of the patriotic youngsters sought admission to our ranks one after another.

Meanwhile, disturbing news came continuously from the front. Following the fall of Nankou and of Zhangjiakou, Tian Zhen on the Beijing-Suiyuan railroad and the important city of Datong in the Yanbei area of Shanxi Province were both captured by the enemy! On the Tianjin-Pukou railway line, the Japanese forces were attacking Bozhen and Gang County; on the Beijing-Hankou railway line, Shi County fell into the hands of the Japanese forces while Baoding was in imminent danger. The KMT forces were thus continuously defeating and retreating—this dangerous situation angered people. The whole body of servicemen were burning with impatience, and all wished that they had wings to fly to the frontline and stall the enemy's advance.

On 16 September, we arrived at Han Cheng's Zhichuan city and decided to cross the Huang He there. In Sima Po southwest of Zhichuan city was a Sima Qian temple. When waiting for the ferry boats I and several comrades went there to take a look. Inside the temple, there were many tablets on which were inscribed poems and verses praising this old historian. This reminded me of his voluminous compilation "Shi Ji" comprising 130 sections from "Wu Di Shi Ji" to "Tai Shi Gong's Autobiography." In my younger days, I read each and every one of them. They were indeed like what Lu Xun said: the "peak of perfection of the historians." They represented a high accomplishment of our country's culture. Sima Qian endured humiliation to carry out an important mission and in using his pen to make contributions to the unification and development of the Chinese race he was superb and will forever live in history. But today we must use the gun and sword and our own flesh and blood to fight and to recover the land trodden by Japanese imperialism and to write a glorious chapter of the Chinese race standing aloft in the world.

I followed Commander in Chief Zhu De, Comrades Ren Bishi and Zuo Quan and others across the river in the same boat. The wooden vessel pierced the waves to sail forward. The strong physique of the boatmen in steering the vessel made people feel that they themselves had been injected with incalculable strength. That day was sunny and mild in temperature. In several days would be the 15th of the 8th moon according to the lunar calendar,



when the Chinese people celebrated the midautumn festival once every year. The weather was already slightly cold. It made people feel comfortable and refreshed. As the big boat reached the other shore, an expression of excitement and self-pride appeared on everyone's face. At last we were treading the beautiful and fertile land of Shanxi Province—the important battlefield where we would deal a heavy blow to the Japanese invading forces.

In the spring of 1936, a vanguard force of the people's Red Army with Mao Zedong as the chief political commissar, Peng Dehuai as the commander in chief, Ye Jianying as the chief of staff, and Yang Xuegong as head of the Political Department crossed the Huang He and scattered seeds of revolution in a score of counties in Shanxi Province. At that time the Red Army was following a passageway to Hebei and the northeast to fight Japan but due to the KMT's forces barricading the way, their grand wishes were not realized and had to return to Hexi. Now the Japanese Army was bearing down on the nation and with the KMT forces virtually collapsing upon contact with the enemy, the fervent hope was that the 8th Route Army would speedily move to north Shanxi to halt the attack of the Japanese forces and thus to relieve the KMT forces from their dilemma.

Meantime, our forces were advancing in the direction of Hou Ma railway station on the southern section of the Tongpu railway line, an important city in southern Shanxi Province. Our troops were marching on foot. En route the frightened appearances of the KMT military and political personnel told us that the flames of war were approaching nearer and nearer. But our forces were like a dragon approaching the sea. Valiant and heroic in bearing they rushed directly to the designation ordained by the Central Military Commission. Upon reaching Hou Ma, we found that the railway station was fully packed with people. Some small children rode on the shoulders of adults, looked up and with their mouths wide open watched the 8th Route Army get on the trains. Among the people were many refugees who had escaped from the occupied areas. They wore tattered clothing and had tears in their eyes but all hoped that the 8th Route Army would recover for them their lost homes. The local people were all praying that we could stop the Japanese bandits and prevent the war flames from stretching to their homes. Many of the people carried tea and water and other comforting articles such as sweets and moon cakes as presents to our forces. They crowded into the trains and thrust the gifts into the hands of our servicemen, to the point of even thrusting them into the mouths of our people. Last year the Red Army's visit to the east had deeply impressed the people. Now with the enemy bearing down on the territory, a reunion in times of great distress was virtually like meeting of old friends. The sight of this warm meeting between the military and the civilians as if it were a meeting of members of the same family made people eulogize from their heart that the 8th Route Army was really the people's own army!

As the train proceeded northward from the eastern slope of the Iuliang mountains and along the eastern bank of

the Fen River, along the route the stations were all crowded with welcoming people. Be they merchants, students, workers or peasants, they all crowded forward with great efforts for a look at Commander in Chief Zhu De of the Red forces' 8th Route Army. People could not well understand Commander in Chief Zhu's Sichuan dialect, but a look at this elderly personage waving to the people, dressed like all other servicemen, a little darker in complexion than other people, looking like a common hardworking peasant, simple, honest and kindly in appearance...people would speak in a pleasant and affectionate manner, expressing their feelings: The commander in chief of the 8th Route Army was not like officers of the KMT forces but could be close to the masses! This was a good beginning and appeared to be a bridge linking the 8th Route Army and the unlimited strength of the people.

After arrival at Taiyuan, the leadership comrades were doubly busy. Enthusiastic group discussion meetings and welcoming meetings were held every day and Comrade Peng Dehuai was invited to give a speech at a mass meeting; Comrades Zhou Enlai and Zhu De were getting ready to go to Tai Ho Ling to see Yan Xishan while Comrade Deng Xiaoping went to the war zone revolutionary general mobilization committee of the 2nd war area to discuss matters concerning their work. The Shanxi Provincial Sacrifice and National Salvation League (briefly called the "Sacrifice League"), the northeast students National Salvation Committee, the Chinese Race Liberation Vanguard Corps generated from the "September 12 Movement," and others all sent delegates to call at the general headquarters. As a result of the arrival in the city of the 8th Route Army headquarters, the war of resistance atmosphere of the entire city of Taiyuan suddenly rose several times. Confronting such a situation and scene, many revolutionary servicemen and patriotic youths were moved to tears.

At Cheng Cheng Middle School where the 8th Route Army set up its Shanxi office, I came across Comrades Yang Shangkun and Li Bozhao whom I had not seen for a long time. They were in plain clothes and working in the northern bureau along with Comrades Liu Shaoqi and Peng Zhen, but had not yet made public their status. Comrade Yang Shangkun told me that the northern bureau was then preparing to convene a meeting to transmit and implement the spirit of the Luochuan Conference. Comrade Liu Shaoqi advocated that the CPC members should all take off their long gowns to conduct guerrilla warfare; from then on north China's main tasks would be to organize and arm the masses to carry out guerrilla war. He asked of the CPC organs in the north China region to "expand the Red forces by another 100,000 people" within the next 3 months. This plan had Comrade Zhou Enlai's full support who also ordered that the members of the "Shanxi Youths Fight-to-Death Resist-Enemy Corps" led by Comrade Bo Yibo and the "Sacrifice League Guerrilla Corps" be included therein. By that time the "fight-to-death" corps had already expanded to four general corps (regiments). I had

met with Comrade Bo Yibo when, following the general headquarters, I passed through Ding Xiang. Soon after that, Commander in Chief Zhu commanded them to proceed to southeastern Shanxi to establish an anti-Japanese base. On the eve of their departure, some of the younger comrades came to the general headquarters. They insisted on joining the 8th Route Army and thought that wearing Yan Xishan's cap to resist Japan would not be so preferable as to serve under the banner of the 8th Route Army, which would give them speedier progress and more glory. I and several comrades of the civilian movements section of the General Political Department persuaded them to send them back to the "fight-to-death" corps. We also spoke at the send-off party and explained to them that both the "fight-to-death" corps and the 8th Route Army were vanguards of the anti-Japanese forces and that with both standing under the great banner of racial liberation both would be glorious alike! We further encouraged them to stay with their mind at ease with the "fight-to-death" corps to achieve the final victory in the war of resistance. In the summer of the following year, the fight-to-death corps expanded to four general corps (battalions). During the training session in Xilin, Pin County, Comrades Zhu De, Peng Dehuai and Zuo Quan talked to them on guerrilla tactics and I talked about political work in the armed forces. After this training and adjusting session, the forces made speedy progress. When the Japanese forces launched an attack in the autumn of 1938, Yan Xishan nervously escaped across the Huang He and concealed himself on the Qiu Lin Zhen line in Yichuan County of Shaanxi Province. Contrarily the fight-to-death corps and the sacrifice league yelled aloud their fighting slogan: "Communist members swore that they would never cross the Huang He!" Along with the 8th Route Army's main forces which had established their foothold east of the Huang He, they raised high the banner of racial liberation and stopped the Japanese forces from crossing to the western shore of the Huang He.

#### IV. First Battle in Northern Shanxi

The main forces of the 115th Division and the 120th Division which had departed earlier and reached the Yuanping line in northern Shanxi should, according to the original plans, move into the 31 counties in the Hengshan mountain range bordering the four provinces of Hebei, Chahar, Shanxi and Suiyuan, preparing to side-attack the enemy forces proceeding westward along the Beiping-Suiyuan line and southward along the Beiping-Hankou line and thus helping the KMT armed forces in their frontal actions. However, due to the KMT forces suffering continuous defeats, after the Japanese occupation of Datong, a portion of the Japanese Chahar expeditionary forces launched a swift attack on Gueisui and Baotou, opened up through traffic along the Beiping-Suiyuan railway line and thus realized their so-called target of severing the liaison between China and the Soviet Union, while the main forces followed the Tongpu railway line to proceed southward, attacking Yenmen Guan and Ruiyueh Kou. Simultaneously, a

portion of the enemy forces in north China started from Xuanhua and Huailai on the southern section of the Beiping-Suiyuan railway line, attacked the northeast of Shanxi Province, and, after occupying Guangling and Laiyuan, were attacking Ping Ying Guan.

Under such circumstances, Comrade Mao Zedong promptly issued an order altering the original arrangements. This was also an important affair which the leadership at the general headquarters had been discussing and were busy with. Comrade Mao Zedong pointed out that the enemy strategic plan was an outflanking movement on the right wing to capture Taiyuan, threaten the KMT forces along the Beijing-Hankou railway line, and finally crush them; they would then seize the territories north of the Huang He, pose a threat on the back of Henan and Shandong and ultimately seize Shandong which would help in realizing their plan of swallowing up the five provinces in north China. By so doing, the "Hengshan mountain range would certainly become the strategic center for the enemy to seize the three provinces of Hebei, Chahar and Shanxi," while with the forces of Fu Zuoyi, Yang Aiyuan, Liu Ruiming and Tang Enbo under Yan Xishan's command having already lost their stamina and sting, "we are unable to reach the conclusion that these armies would be capable, in their current positions, of basically breaking the enemy's strategic plan." Hence, if we should continue to carry out the original plan of the whole of the Red Army taking the Hengshan mountain range as the base area for guerrilla warfare, then "all of us would be in the encirclement of the enemy's strategy...and trapped in a passive state." Obviously, changes in the battlefield conditions necessarily called for changing the original arrangements.

Comrade Mao Zedong lucidly pointed out that to pose a threat to the enemy's side wing and stall their attack on Taiyuan and continuation of their progress southward so that the Shanxi and Suiyuan armies would not suffer great losses in power and our forces could extensively mobilize the masses to establish guerrilla base areas, the original plans should be changed as follows: The 120th Division should change and move to the northwest part of Shanxi Province lying on the Guan Cen Shan range; the 115th Division should, adopting a consciously passive posture, enter the southern portion of the Hengshan mountain range and carry out its activities there; the 129th Division should go to the southern tip of the Hengshan mountain range and gradually penetrate the two mountain ranges of Tai Hang and Tai Yue.

After a lapse of only several days, Comrade Mao Zedong further pointed out: "Today's Red Army cannot plan any decisive role in the problem of a decisive battle, but it can perform a talented act. This talented act can surely play a decisive role, and this is fighting a truly independent and autonomous guerrilla war in the mountainous areas (not operational warfare). To carry out this guideline, it is necessary to have strong forces poised on the enemy's flanks, necessary to take as the main task the

creation of base areas for mobilizing the masses, and to have our forces scattered and not take as the main factor concentrating the forces to fight a hard battle."

The reason Comrade Mao Zedong repeatedly asserted the CPC Central Committee's strategic guideline was because of the conversion from the conventional warfare in the last phase of the internal war to the guerrilla warfare that must be carried out then, and this constituted a new problem of leading the whole army in an extensive and new world to proceed in the right direction. The leadership in the general headquarters had a deep and thorough understanding of this strategic guideline of the CPC Central Committee and of Chairman Mao and they grasped the basic points. Thus, they led the whole army to start from reality and were able to promptly accomplish this conversion and achieved glorious results in the war.

On 22 September, the general headquarters arrived at the north Shanxi frontline and were stationed in Nanru village and Dongru village northeast of Wu Tai County city. The schools accompanying the battalion were quartered in nearby Suzibo village. Indeed a victory was won at the start. Under the command of Zhu De and Peng Dehuai the main forces of the 115th Division fought its first battle at Ping Ying Guan and annihilated 1,000 men of the enemy's crack forces. This broke the fable that the "imperial army could never be defeated," and provided powerful cooperation to the Shanxi and Suiyuan forces fighting the frontal battles, gave much encouragement to the vast masses of soldiers and civilians in the war of resistance, and established in the minds of people of the whole nation the stature of the 8th Route Army being heroic and brave fighters.

Still, the war situation was very serious. The Japanese forces along the Beijing-Hankou railway line on the east side had already occupied Baoding; the Japanese forces pressing westward along the inner Great Wall were fiercely attacking Funzhi; the enemy forces proceeding southward along the Tongpu railway line, after taking Shuo County, were pressing forward in the direction of Dai County and Yenmen Guan...

Though within the hearing of the sound of the Japanese forces' cannon fire in their attacks on all three sides and while the defeated KMT forces were fleeing to the south in utter confusion, the general headquarters remained as calm as Tai Shan and issued their orders as if nothing untoward had happened. Meanwhile, facing the Japanese advance, on our northeast side forces under the command of Yang Chengwu had fought their way to the Hebei and Chahar border; on the southeast side Wang Zhen's forces had reached Pingshan County near the strategic center Shijiazhuang; on the north side and the northwest side, main forces of the 115th and 120th Divisions were preparing for war day and night. The various units were all in high spirits, their dash and drive were unconquerable, and there were repeated reports of triumphs in battles. Soon after the conclusion of the Ping

Ying Guan battle, Commander in Chief Zhu led a number of comrades to proceed to the quarters of the 115th Division to take part in summarizing the experiences and lessons learned from this battle. The organizations in the general headquarters were kept extremely busy. Aside from giving orders to the armed forces to advance to the two flanks and rear of the enemy, every day they received numerous congratulatory telegrams and letters from various sources, entertained delegates from various circles who had come to visit and comfort the forces, met with visiting newsmen, received warm-blooded youths and intellectual elements wishing to join the forces and also met with leadership persons of anti-Japanese organs, volunteers and guerrilla units seeking guidance or asking for aid...everybody was kept busy to the extreme!

In accordance with the spirit of a series of orders from the CPC Central Committee and Chairman Mao, the 8th Route Army headquarters on 21 and 25 September successively issued to various divisions, brigades and regiments directions and orders, asking the various units to simultaneously attack in a mechanical, lively and flexible manner and destroy small enemy units, immediately take up, in places they had reached and were stationed, "independent and autonomous mass work." The orders called for the abolition in the villages, towns and cities in the war zone of all the exorbitant taxes and levies, enforce the measures of reducing rent and interest rate and of imposing rational levies, confiscate the properties of Han traitors and of Japanese imperialism, distribute them to anti-Japanese people and families of anti-Japanese servicemen, and to mobilize the masses to develop guerrilla war. The headquarters also clearly demarcated the various areas in which the various units were responsible for carrying out the mass work: The 115th Division to be responsible for the border areas of Shanxi, Chahar and Hebei Provinces to the south of Layuan and Lingqiu, to the east of Wutai and Yu County and to the west of Lingahou and Quyang; the main forces of the 120th Division to be responsible for Shanxi's northwestern areas including Zhoyun, Qingshin He, Baode, Ningwu and Pinglu and the division's 359th Brigade (one regiment) to be responsible for the areas south of Bolan Zhen and Dingxiang, north of Yu County and Jingjing and west of Pingshan County; the 129th Division to be responsible for the predetermined area south of the Chengding-Taiyuan railway line. The headquarters made a clear demand that each and every officer and man in the whole armed forces should utilize all opportunities to propagate the guiding principle of the CPC's resist-Japanese national united front and that in the work in the localities' progressive elements, particularly industrial and agricultural workers, should be absorbed into the CPC and be trained to become the backbone elements in the liaison with the mass struggles.

Comrade Ren Bishi called a meeting to transmit and make arrangements for the above-mentioned tasks. Comrades Zhu De and Peng Dehuai set the example, and upon arriving at each place would call mass meetings,

make speeches and propagate the 8th Route Army's victories and the CPC's resist-Japan guideline. They clearly pointed out the correct road to defend Shanxi and protecting north China. In Taiyuan, Comrade Peng Dehuai held a reception party for newsmen at which he distributed to them war trophies captured in the Ping Ying Guan battle as souvenirs, thus greatly expanding our army's political influences. At the mass rally in Wutai County city, Comrade Peng Dehuai made an exceedingly inspiring speech. He said: In occupying each of our cities and towns, the Japanese forces fell into the encirclement of our people. In north China each and every person not wishing to become a slave without a country would be virtually a bomb, and swallowing it the Japanese would only perish! These words stirred up the masses in taking up arms for guerrilla warfare and indeed played an important role in this regard. In only several days' time, Wutai County city established four guerrilla corps. Commander in Chief Zhu not only attended mass rallies but also talked personally with the masses. His simple and hardworking style and kindly manner were already very impressive factors. In street corners in Manru village and rice threshing depots there he was frequently found talking intimately with the masses about their family affairs. In his spare time after attending to important military affairs, he took part in the work of training young active elements to join the party and setting up CPC branch committees in the villages.

Responding to the demand of the general headquarters, the civilian movements sector of the General Political Department dispatched a number of comrades including Wang Yiqun, Hong Shui, Hu Kaiming, and Luo Yijun to proceed to the rural villages south of Fanzhi and Dai County and east of the Tongpu railway line to start and develop mass work. In company with the local CPC members Zhao Pengfei, Zhu Weihua and Li Fangan they went to various counties, districts and villages to set up war zone mobilization committees, organize self-defense corps, stretcher carrying units, and transport corps in aid of the forces at war, take care of the disorganized and scattered allied forces, protect the masses' interests and stabilize social order. They were highly praised by the populace. Subsequently, Comrade Wang Yiqun was assigned the responsibility to establish the Chinese Communist Northeast Shanxi Special Committee. A Red Army officer, Comrade Zhao Erlu, whose ancestral place was in Shanxi's Yuan Ping County was transferred to the special committee to lead two companies of the special affairs regiment of the general headquarters to organize the northeast Shanxi guerrilla commander's headquarters. The unit rapidly developed and was soon transferred to Comrade Nie Rongzhen's leadership. It participated in the great struggles of the Shanxi-Chahar-Hebei anti-Japanese democratic base area, became the subdivision of the Shanxi-Chahar-Hebei 2d Army and was linked with the Shanxi-Chahar-Hebei 1st Army's subdivision set up by Yang Chengwu's forces in Chanan and Pingxi, depending on and helping each other.

The regiment of the 359th Brigade to the west of Pingshan County was under the direct leadership of Wang Zhen. Comrade Wang Zhen was known for his cleverness and bravery in war and this time his unit's transfer to the frontline was made initiatively and bravely. As soon as his forces alighted from the train in Yuan Ping, with almost one breath they moved into the Pingshan County outside Wutai Shan. At Chairman Mao's order, the unit, after completing the headquarters' assignment of opening up work on the masses and leaving behind a number of military and political backbone elements, was transferred to northeast Shanxi and there reincorporated into the 120th Division's structure. The vast area which the unit had developed in arduous struggles north of the Cheng-tai railway line was subsequently formed into a sub-area under the 4th Army of the Shanxi-Chahar-Hebei region.

After the Ping Ying Guan battle, Comrade Luo Ronghuan led the 115th Division's Political Department to Fuping to start work on the masses. On 10 October, soon after the Japanese occupation of Shijiazhuang, our cavalry battalion captured Quyang County city. Comrade Luo Ronghuan appointed Comrade Pan Zhenwu, head of the civilian movements section, to become the county magistrate. He brought along a score of comrades of the propaganda corps. They united the patriotic elements and progressive youths, organized war zone mobilization committees and resist-enemy rear aid units, and mobilized tens of thousands of the populace to remove to Fuping a large batch of material resources which the Japanese army corps had concentrated in the Quyang military depot. During those several days the over 50-kilometer-long highway from Quyang to Fuping was congested with a huge throng of transport workers carrying loads and boxes. It was a magnificent spectacle and greatly encouraged the zeal and enthusiasm of the soldiers and civilians in the enemy's rear. Concurrently, Fuping County had organized an "anti-Japanese volunteer corps" comprising over 400 people. By the middle of October, Fuping's various districts and the nearby counties of Hangtang and Quyang had organized "anti-Japanese volunteer forces," numbering over 2,000 people. Following Comrade Nie Rongzhen's directions, the volunteers were organized into three large teams to lay the foundation for formation of a branch division for the Shanxi-Chahar-Hebei 3d Army.

During this period leadership Comrades Zhu, Peng, Ren and Deng of the general headquarters had a talk with Comrades Wang Ping and Liu Xinfeng, and in accordance with the decision of the northern bureau asked them to go with Comrade Li Baohua to Fuping to form the Shanxi-Chahar-Hebei Provisional Provincial Committee, effect a unified leadership of the work of the counties in the border areas of the provinces, and actively develop in the direction of the plain in central Hebei. Thus, within a short period after the arrival of the 8th Route Army at the front, in a vast area extending from the Pingsui railway line to the Chengtai railway line intense anti-Japanese flames were started and this large

and resolute anti-Japanese and democratic base area of Shanxi-Chahar-Hebei emerged abruptly from among the fierce flames of the war of resistance.

Prior to this, on 28 September, the general headquarters ordered the 120th Division's Song Shilun branch forces to advance in the direction of Huairen, Zuoyun, and Detung regions. They fought their first battle at Jingping Zhen and came out victorious. This enthused and encouraged the coal miners and the populace to rise and fiercely fight guerrilla war. On the western flank of the northern section of the Tongpu railway line, they opened up a battlefield which slowed the enemy's southward advance.

Our forces' successive victories scored along the borders of the four provinces of Shanxi, Chahar, Hebei, and Suiyuan, and their rapid progress, made the KMT government and Yan Xishan decide to fight the Xinkou campaign. In the course of the more than 20 days of fighting in the Xinkou campaign, the main forces of our 115th Division and 120th Division engaged in more than 40 battles along the flanks of the enemy and deep in their rear. They recaptured over 10 county cities, captured and recaptured Ping Ying Guan, Tuncheng Kou, and Yenmen Guan, ambushed the enemy's transport corps, cut the enemy's communication lines, generally disrupted the enemy's reinforcements and supply lines, and rendered effective aid to the friendly forces' frontal operations.

In the middle 10-day period of October, the 129th Division reached the frontline in northern Shanxi. Its 769th Regiment made a night attack on the Yangming Bao airfield and destroyed over 20 enemy planes. On account of the Japanese forces' extremely fierce assaults along the Zhengtai railway line, Comrade Liu Bocheng led main forces to help the friendly forces on the Liangzi Guan front. They ambushed the enemy forces many times in Qi Gen village, Huangyadi, and Guangyang south of the Zhengtai line and stifled the vigor of their attack, attaining laudable results. Wei Lihuang, frontline commander in chief of the 2nd war zone, praised the 8th Route Army as "the best troops for national rejuvenation," rendering great assistance in the Xinkou campaign. Comrades Zhu De and Ren Bishi both wrote articles highly lauding the Xinkou campaign as having annihilated over 10,000 enemy soldiers, calling it "the fiercest battle fought in the resistance war in north China" and referring to it as the "best example of concerted war efforts between our forces and the friendly forces in KMT-CPC cooperation"; the sacrifice of Generals Hao Mengling and Liu Jiaqi in the campaign and the brave and heroic fighting of many of the loyal warriors were "worthy of being forever remembered by each and every comrade."

Before the great victory in Ping Ying Guan, our forces, upon arriving at each place, were accustomed to finding and persuading the populace who had hidden in the mountains to return to their villages. During the Xinkou

campaign, the populace in the war zone was extremely enthusiastic about doing wartime logistic work. As a result, the number of stretcher-bearer teams was more than actual need. The stretchers actually did not carry any wounded combatants. Rather, they were fully loaded with trophies consisting of Japanese equipment and captured materials such as canned food, biscuits, powdered milk, cigarettes, and so forth.

On 22 October, it was time for the 8th Route Army headquarters to leave Nanru village and Dongru village. Looking around, it was found that things and the environment had changed greatly in a month. The thousands of 8th Route Army veterans had opened up their own sphere of activities on the north China front, and an unprecedented battlefield behind enemy lines was expanding daily. This historical and poetic type of accomplishment shattered the dream of Japanese imperialism to conquer China. It opened the eyes of our people inside the country and abroad to light and hope and affirmed their confidence in victory and that "China cannot be overruled."

#### V. At the Foot of Luliang Mountain

When the general headquarters departed Wutai County, they were divided into three separate groups. Comrades Zhu De and Ren Bishi led the organizations of the general headquarters, crossed the Zhengtai railway line, and on 27 October reached the Taihang Shan area and Mafang Zhen of Shun County. In another group, Comrade Peng Dehuai led a crack commandant outfit to pass through the Xinkou and Taiyuan frontline and arrived at, and stayed in, Mafang Zhen of the Taihang Shan area, converging forces with Commander in Chief Zhu De. Simultaneously, Comrade Deng Xiaoping led the general political organizations and, in company with the battalion-attached military schools under the command of Comrade Wei Guoqing, crossed the Tongpu railway line and Fen He and entered into the Fanyang and Xiaoyi areas below the Luliang Mountain to conduct mobilization of the populace and to open up a road creating an anti-Japanese base area in southwestern Shanxi. I, Wang Zhen, and comrades of the General Political Propaganda Department and civilian movements section followed this third group and, passing through Taiyuan, reached Xiaoyi County city.

These were the arrangements followed by the general headquarters in accordance with the directions made by the CPC Central Committee and Chairman Mao. In a telegram, Chairman Mao pointed out: "The guerrilla war should be conducted along the two flanks and along the rear of the enemy lines. Shanxi should be divided into four regions—northwest Shanxi, northeast Shanxi, southeast Shanxi, and southwest Shanxi." "It is not wise to be concentrated in the Wutai Shan range; concentration in any one area cannot yield us a foothold." As for the Luliang mountain range, Comrade Mao Zedong also pointed out in the course of the Xinkou campaign: "Although southwest Shanxi in the Luliang Shan range is

still far away from the enemy lines, we should still make appropriate arrangement now." As soon as Taiyuan was captured by the enemy, he further pointed out: "The Luliang Mountain Range is the principal base area of the 8th Route Army," and the 115th Division's brigade commanded by Xu Haidong, brigade commanded by Chen Guang, and headquarters should begin to move westward. Consequently, leadership Comrades Zhu, Peng, and Ren, following a military conference held on 11 November at Shiguai Zhen, Shun County, along with the generals of the friendly forces, arrived at Manu village, Hong Dong County, in between the Luliang and Taihang mountain ranges. Our group led by Comrade Deng Xiaoping proceeded at the end of December from Xiaoyi to Manu village to return to the fold of the general headquarters there.

When we passed through Taiyuan, the Shanxi and Suiyuan forces were found to be extremely nervous after their reverses. Traitors and special agents ran amok in their village activities in the city while KMT high officials were busily moving their families to places of safety. Broken electric wire posts lay in disorder in the streets, windowpanes in residential houses were broken almost without exception, the streets were filled with litter and rubbish, the shops and stores closed their doors, long wailing sounds came from the whistles of plants and factories, and above all there was a tragic sight of the populace, rushing out of the city limits when there was an air alarm.... But what gave people light and hope were the large character posters of the "Sacrifice League" and "Fight-to-Death Corps" which read: "We firmly oppose the hurried retreat and run away." There was also a poster by the war zone general mobilization committee: "Mobilize the 35 million people to defend Shanxi." Moreover, a northwest war zone service corps had just come to Taiyuan from Yan'an and its members were then giving shows on street corners and in schools. Their plays, with themes of national salvation and their songs gave people great comfort and encouragement! At the same time, a group of refugee students from Beiping, Tianjin, and the northwest were also congregating and running about yelling the slogans: "Defend north China to the death" and "Go all out to defend Shanxi." All this made people feel that after all this the city still had the will and vitality to fight.

In September when the 120th Division passed through Taiyuan, Comrade Wang Zhen tightly grasped the opportunity and asked the northern bureau to help in mobilizing the young students and intellectual elements to work in the forces. Once this news spread, countless people went to the Shanxi office of the 8th Route Army and filled in application forms. Wang Zhen personally talked with them and accepted the enlistment of over 40 male and female intellectuals. Commander He was extremely pleased. He lauded "Wang Huzhi" as having done a fine job, adding new blood to the 120th Division. He retained half of the people in the division quarters and assigned 20 others, including Comrades Liu Yasheng and Guo Xiaochuan, to the 359th Brigade. On

the occasion of our arrival at Taiyuan, we quickly posted a notice inviting applications for enrollment into the battalion-attached schools, specifying that those wishing to learn military science should apply for enrollment in the teaching corps and those wishing to study politics should apply for enrollment in the cadet or student-soldier corps. Enrollment stations were also set up at the 8th Route Army's Shanxi office and in Xiaoyi County city.

The refugees from northeast China who had congregated in Taiyuan attracted much attention. Among them were students from universities and middle schools in northeast China as well as retired officers from the northeast armed forces. Of these, the most noted and influential was Zhang Zuoxiang's son, General Zhang Tingshu. After the "Lukouqiao Incident" he proceeded from Tianjin to Nanjing in an attempt to obtain Zhang Xueliang's release, but failed. He then went to Wuhan and was told by the Northeast Salvation Association to go to Taiyuan. They and a congregation of northeast students numbered some 80 to 90 people. Enthused and encouraged by the victories of the 8th Route Army, they expressed their earnest wish to organize forces to join in the war of resistance. Comrade Zhou Enlai was deeply concerned with them, had a talk with them, and directed the general headquarters to give them aid. When we were in Taiyuan, a number of Beiping and Tianjin students who, following the party's directions, had come from Jinan and joined their ranks. They left Taiyuan and came to the headquarters of the 8th Route Army in Shiguai Zhen of Hohsun County. There Zhu and Peng had a talk with them and gave them a formal insignia—the first guerrilla column. Comrade Zhou Huan, head of the General Political Organization Department, was assigned to be the head of the column's Political Department. In the vicinity of Ying Tai among the eastern hills of the Taihang mountain range, they mobilized the masses and formed a guerrilla unit comprising over 200 people. Subsequently they were incorporated into the regiment of the 385th Brigade of the 129th Division. At the same time they absorbed and reorganized some 500 of the defeated KMT northeast army. As a result, the first guerrilla column achieved a rather great success. Comrades Gao Yang, Gu Zhuoxin, Lu Dong and Guan Shanfu were at one time the backbone elements of this column and received the vigorous baptism of war in this detachment.

Our army's military station was located in Xiguan of the Xiaoyi County city. After we arrived at Xiaoyi we had our quarters there initially, but went to the city and the office of the Sacrifice League every day to interview people applying for enrollment in the battalion affiliated schools. The young students were extremely lovable. As soon as they were accepted they resolutely said good-bye to their elderly people in their home villages and began the arduous life of a soldier. Soon after that, Cao Cheng of the Xiaoyi Sacrifice League and Li Wenjong of the Ping Yao Sacrifice League separately organized two guerrilla corps. After Ping Yao was occupied by the

Japanese forces, the two guerrilla corps were merged into the "8th Route Army West Shanxi Guerrilla Branch Corps." In consideration of the relations of the united front, Comrade Deng Xiaoping agreed to rename them as the "Sacrifice League's West Shanxi Guerrilla Branch Corps." The General Political Department and battalion affiliated schools sent a number of cadres to reinforce their work and very soon they were expanded to over 2,000 people. After the arrival of the 115th Division, they were reorganized to form the 3d Guerrilla Regiment.

After leaving Taiyuan, Comrade Deng Xiaoping first came to Lijiazhuang, west of Fenyang city, and later went to Sanchuan Zhen. He directed the battalion-attached schools in an emergency removal of the grain, cotton cloth and cotton stored in the military depots; he also made arrangements for the various working units in the localities to mobilize the masses to prevent the occurrence of disturbances, riots and robberies upon the KMT's retreat. Subsequently, he and all of us stayed in Shabao in Xiaoyi County. According to the plan of the general headquarters, Comrade Deng Xiaoping should take the Dui-jiu-yu and Da-mai-jiao line as the center and be fully responsible for guiding the work in Xiaoyi, Pingyao, Jie Xiu, Jungho, Shilou, Pu, and Daning Counties. Of those, due to Shilou and Jungho being near Shaanxi and a little far away from Xiaoyi, the work there was under the charge of Comrade Wang Zhen. In these eight counties, our local work corps, in company with the Sacrifice League organs in the localities, jointly mobilized the masses to take part in the war of resistance, to carry out the party's educational processing among the active elements of the youths, to develop and enroll more members for the party and to set up or restore party organs. On the Red Army's eastern expedition in 1936, a number of backbone elements had already been trained up here and those who had followed the armed forces to Hexi now returned here to work, thus greatly expanding and strengthening the party's leadership strength. At that time, Yan Xishan had coined a slogan calling for "elimination of bad officials, bad gentries and bad persons." We seized that slogan to pursue the work of reforming the old government, protecting the interests of the masses and arousing the people's enthusiasm for participating in the war of resistance. By the end of the year when we departed, the whole of the increased party membership roll and the party organs set up were turned over to the local party committees. In February 1938, the Japanese forces attacked southwest Shanxi and seized Jieqiu, Xiaoyi and other places. The KMT forces fled to south Shanxi and the west bank of the Huang He. The vast piece of land in the Luliang mountain range thus became the enemy's rear and the 115th Division which Yanxishan had confined to the Yuecheng and Hongdong areas obtained the opportunity to move to the Luliang mountain range and scored a succession of victories at Dujiuyi, Wucheng, and Jinggou, dealing heavy blows at the enemy. By April and May, Comrade Yang Shangkun led the "general political rear tier column" that is, the northern bureau, to Shanfang Tou and took charge of the

formation of the southwestern Shanxi CPC Regional Committee. Comrade Lin Feng was the party secretary. Comrade Mao Zedong wrote the headlines for the CPC regional committee's newspaper the "Wuri Shishi." Under the joint efforts of the party, the government, the armed forces and the populace, the base area in southwest Shanxi achieved a rapid development and made contributions to sweltering Shanxi's strength in the war of resistance and protecting the security of the river front in the Shaanxi-Gansu-Ningxia border regions.

At the end of October, on the eve of the loss of Taiyuan, following the views of Comrades Zhou Enlai and Liu Shaoqi, the General Political Department again issued orders asking the various army units to carry out work in the localities with a high degree of enthusiasm, to set up anti-Japanese democratic base areas, earnestly establish local party organs and struggle for the fulfillment of each and every mobilization program. The department further specified the work areas of the various army units. After the loss of Taiyuan, Comrade Deng Xiaoping ordered that the 120th Division's working regiment and the cadres of the war zone general mobilization committee under the charge of Comrade Zheng Zihua should develop and carry out work along the Lishi-Fenyang highway line and that the General Political Department and the battalion-attached schools should be responsible for the work in the area south of the highway. At that time:

—In the Huanshan, Wutaishan and Yenshan mountain ranges, the Shanxi-Chahar-Hebei military region organized by and under the leadership of Comrade Nie Rongzhen had victoriously crushed the Japanese forces' "8th-route attacks," and dealt blows on the enemy forces advancing westward from the Beiping-Hankou railway and the enemy forces advancing northward from the Zheng-Tai railway. This had put more than 30 counties under the jurisdiction of the border region and enlarged the armed forces to more than 20,000 men. Construction on the initial anti-Japanese democratic base area behind enemy lines had begun.

—In the Guansen Shan mountain range, Comrade Guan Xianying of the 120th Division was leading more than 700 men from the teaching and training regiment and organs directly subordinate to the division and had them scattered to various counties west of Ningwu and Shuo County to develop work; by the beginning of the following year, party organs had been established in the various counties; 11,000 youths were mobilized to join the guerrilla corps and self-defense units; mass organizations such as workers', farmers', youths' and women's national salvation associations were universally formed; the armed forces, which had initially consisted of only three regiments with 8,200 men were expanded to six regiments with 25,000 men; all these were preparing the conditions for the establishment of the northwest Shanxi, and Shanxi-Suiyuan anti-Japanese democratic base areas. In the spring the armed forces of the entire region fought heroically and bravely crushed the enemy's

"5-route circular onslaught," and followed up by besieging Kefeng and Ningwu, launching a night attack on Sanjing Zhen, pursuing and annihilating the escaping enemy forces, recapturing seven towns and driving the enemy out of the base area.

—In the Taihang Shan range, under Comrade Song Renqiong's leadership, over 3,000 cadres of the 129th Division formed a number of local working units, carried out work in the various counties in central Shanxi, southeast Shanxi and the Hebei-Suiyuan border area and similarly achieved good results. In March of the following year, the main forces launched successful attacks on the enemy's positions along the Hanzhang highway, successfully ambushed the enemy in Shentouling and Xiangtangpu, crushed the enemy's "9-route circular attack," annihilated over 4,000 enemy troops, recaptured 18 county cities, and managed to develop the base area. Subsequently, the Shanxi-Hebei-Chahar military region was established with five military subregions under it. Chief of Staff Nie Zhiliang of the 129th Division acted concurrently as the commandant and Huang Zhen was the political commissar. The main forces grew from the three regiments when the division first moved out to six regiments and six guerrilla branch companies.

By so doing the several pieces of base areas inside Shanxi Province and in the Shanxi-Chahar, Shanxi-Hebei and Shanxi-Suiyuan border areas served in the capacity of "ox-horns," helping and supporting each other and forming a vast and extensive battlefield encircling the towns and cities occupied by the enemy and the important traffic and communication lines. This battlefield served as high mountains that could not be crossed, forbidding entry to the tanks and vehicles of the Japanese imperialists and demonstrating the invincible power of the guideline of prosecuting an all-out whole-nation war of resistance firmly insisted on by the CPC.

Soon after our return to the general headquarters, in January 1938, Comrade Deng Xiaoping was transferred to the post of political commissar for the 129th Division and I was assigned to succeed him in the General Political Department. After he departed to the Taihang mountain range, in February the general headquarters was also moved to the Taihang Shan area. Our armed forces were advancing in the direction of the east where the sun rises; the battlefield behind enemy lines was likewise developing in the direction of the east, and, so far as the future of the Chinese people was concerned, it was like the rays of sunlight illuminating the east.

(This article was written for the "8th Route Army" volume of the series of books on the historical materials of the PLA. When publishing it, the editor made certain deletions.)

### Expositions on Several Important Views in the Revised and Enlarged Edition of 'Building Socialism With Chinese Characteristics'

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[Fifth part of article by the HONGQI Theoretical Education Editorial Office]

[Text]

### V. On Building Socialist Spiritual Civilization

[By Yan Ming [3601 2494]]

15. "If we do not strengthen the building of spiritual civilization, the building of material civilization will be damaged and will take detours." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 123)

This is an important judgment put forward by Comrade Deng Xiaoping after summing up the experiences and lessons of the last few years. It is aimed at some comrades who have an insufficient understanding of building spiritual civilization. We can gain a deeper understanding of this judgment through the following four points:

First, if we do not strengthen the building of socialist spiritual civilization, it will be difficult to guarantee the correct orientation of the building of material civilization. In the building of material civilization, we often encounter problems related to production aims, operational forms, and benefits distribution. The socialist system determines that in our building of material civilization we must adhere to the two basic principles of the predominance of public ownership and common prosperity. The aim is to be able to satisfy the people's daily increasing material and cultural demands. However, the corrosion and influence of decadent capitalist and feudalist ideologies can result in some people becoming one-sided in their attitude toward communist ideals, thereby interfering with the correct orientation of the building of material civilization. In the past there appeared in enterprises' production and operational activities the phenomenon whereby they one-sidedly sought "economic results" and in the process harmed consumers' interests by manufacturing things in a rough and slipshod way, using inferior materials, passing off second-class products as good ones, and arbitrarily raising prices. This demonstrates that because no attention has been paid to the building of spiritual civilization, the due unity and coordination of socialist enterprises and the spirit of having a high degree of responsibility toward consumers has been harmed in some enterprises. In addition, those phenomena of producing false and substandard products, or smuggling and even seeking and accepting bribes, and engaging in racketeering in economic activities, which have occurred repeatedly, have brought serious harm to the building of material civilization and are truly shocking. Comrade Deng Xiaoping



has repeatedly pointed out that we must make a determined effort to overcome all forces which obstruct the building of spiritual civilization. If we do not, then even economic success will be of no meaning, as there will have been degeneration in the other area, which in turn will cause the whole economy to deteriorate. As this develops, it will form a turbulent world of corruption, larceny, and bribery. This acutely points out the seriousness of the problem. For this reason it is an essential and major task that for all people we carry out education about adherence to the four cardinal principles, education in revolutionary history and revolutionary traditions, and education in the situation and in policies, so that the people can strongly withstand decadent capitalist and feudal ideologies and guarantee the correct orientation in the building of material civilization.

Second, if we do not strengthen the building of socialist spiritual civilization, we will not be able to provide a strong spiritual motivation for the development of material civilization. The building of a high degree of material civilization requires innovation and enterprise and will encounter many hardships and difficulties. In the building of material civilization, we must seriously implement the principle of distribution according to work in order to stimulate workers' enthusiasm for work. However, spiritual strength cannot be overlooked. In the last few years, under the pummeling of calamities like floods, earthquakes, fires, typhoons, and heavy snowfalls, many people have, without fearing danger, waged an all-out struggle to protect the people's lives and property as well as the achievements in the building of material civilization. In the practice of production, capital construction, and scientific research, faced with the trials of repeated difficulties and obstacles, setbacks, and defeats, many people have given their sweat, wisdom, youth, blood, and even their lives to create first class work achievements. Among these comrades, there is no lack of family difficulties or personal problems which need to be urgently resolved. They all clearly understand that sometimes maintaining determination and pressing forward requires the individual to exert a greater amount of strength and mental effort, or even to sacrifice health and life. However, they are not scared and have not drawn back. The inspirational role of common ideals and convictions is extremely obvious. Without long-range ideals, noble sentiments, and the spirit of being brave enough to engage in an arduous struggle, then it would not have been possible to complete the arduous projects of diverting water from the Luan River to Tianjin or the Dayaoshan Tunnel; it would not have been possible to extinguish, in a timely way, the huge Daxinganling forest fire; and many major achievements of scientific research centers would not have been realized. Thus we must inspire the masses' sense of responsibility as masters and their enthusiasm and creativity for building socialist material civilization through education about common ideals and socialist morality. We must strongly advocate and carry forward the revolutionary spirit and spirit of all-out struggle, the spirit of strict discipline and self-sacrifice, the spirit of concern

for the public good and putting others before oneself, the spirit of crushing all difficulties, and the spirit of adherence to revolutionary optimism and of eliminating all obstacles in striving for victory. Only in this way will we be able to unify and motivate the vast number of people and guarantee and promote the smooth carrying out of the building of material civilization.

Third, if we do not strengthen the building of socialist spiritual civilization, we will not be able to form a social environment beneficial to the building of material civilization. The smooth carrying out of the building of material civilization primarily requires a stable, ordered social environment. If we do not have this sort of social environment, nothing can be built properly. The flood of the tide of bourgeois liberalization in the latter half of last year and the fact that this led to a small number of students in over 20 cities creating a disturbance fully shows that a flood of the ideological tide of liberalization will push our undertaking into chaos. If we do not firmly strike at the various criminal activities and the decadent phenomena which seriously harm the social atmosphere, such as prostitution, gambling, engaging in superstitious vocations and activities, and spreading pornographic videos and publications, then social order will be thrown into chaos and people's ideologies will be corrupted. In production, work, and life, the masses must respect order and be subject to the restrictions of discipline. If people do not respect rules and regulations or operational rules and do not abide by work rules, neglect their duties and do not observe social morality, it may at times result in disasters and bring great losses to the building of material civilization. Thus, we need to strengthen the building of socialist spiritual civilization and widely carry out education in democracy, the legal system, morality, and discipline among all people, so that people develop the habit of conscious adherence to law and discipline. The building of material civilization also needs an environment helpful to active thought and brave exploration and requires a harmonious relationship between people where they understand each other, trust each other, and respect and support each other. Only through the building of socialist spiritual civilization can we get people to truly master the basic principles and basic methods of Marxism and thereby become people with ideals, morality, culture, and discipline. Thereby we will be gradually able to establish and develop new socialist relationships of equality, unity, fraternal love, and mutual assistance, and form noble, fine, cultured, and healthy lifestyles and social atmosphere. The smooth carrying out of the building of material civilization requires that the ideological styles and work styles of cadres at all levels are suited to this task. In some organs, there exists at present the phenomena of overlapping structures, staff being surplus to needs, sluggishness in work, the shifting of responsibility onto others, and irresponsible attitudes. Bureaucratism has become a serious obstacle to the smooth carrying out of the building of material civilization. The occurrence of the huge forest fire in May this year at Daxinganling and the incident involving serious losses in Xian city with 350,000 kilograms of imported wheat

show the existence of bureaucratism and that this can bring serious losses to the building of material civilization. The basic resolution of this problem, apart from the acceleration of political structural reform, involves the extremely important aspect of strengthening the building of socialist spiritual civilization in party and state organs.

Fourth, if we do not strengthen the building of socialist spiritual civilization, we will not be able to lay a strong scientific and cultural base for building material civilization. Facts have proven that without highly developed and continually advancing science and technology, the sustained development of the building of material civilization will not be possible. If we are not equipped with the appropriate scientific and cultural knowledge and only engage in work on the basis of zeal, the building of material civilization will achieve half the results with twice the effort. If we go against the objective laws of the development of things and persist in acting blindly, we will inevitably be subject to the punishment of objective laws, and the building of material civilization will be harmed. In this respect, we have had quite a number of lessons. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has drawn on the historical lessons; the undertakings of education, science, and culture have been paid a high degree of attention; and maintaining a strict scientific attitude and doing things in accordance with objective laws has become an important principle in the building of material civilization. For some important projects which affect the interests of the nation and the people's livelihood, specialists in the relevant areas have been organized to carry out long-term and thorough research and repeated verification from various angles. However, the situation of backwardness in our nation's educational, scientific, and cultural undertakings has not been basically changed. Illiterate or semiliterate people still form quite a proportion of the adult population. As we have insufficient scientists and technicians, many cadres still lack scientific and cultural knowledge, many major problems faced in the building of material civilization cannot be resolved well, and the effectiveness of some imported advanced technology and equipment cannot be fully brought into play. In foreign countries it sometimes occurs that losses are incurred or we are duped, "study fees" have to be repeatedly paid, and in capital construction decisionmaking, mistakes are made. This shows that if we do not quickly develop educational, scientific, and cultural undertakings, and we do not raise the scientific and cultural quality of the whole nation, it will not be possible to carry out sustained, stable, and smooth development in the building of material civilization.

From this we can see that the building of socialist spiritual civilization is clearly involved in the major issue of the success or failure of socialism. If we do not strengthen the building of spiritual civilization, then it will be difficult to avoid damage and detours in the

building of material civilization. We must deeply recognize the major role of socialist spiritual civilization in modernization and unwaveringly strengthen the building of spiritual civilization.

By Liu Ren [2692 0086]]

16. **"We need to especially educate our next generation and the succeeding generation that they must establish long-range communist ideals."** (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, pp 99-100)

This important idea of Comrade Deng Xiaoping has far-reaching strategic significance. Whether or not we can grasp well education in communist ideals for young people in accordance with this idea will have a bearing on the success or failure of socialism and whether or not there will be successors to the communist cause which was initiated by the older generation of proletarian revolutionaries.

The question of ideals is a question of orientation and a question of targets for our efforts. If a country, a nation, a class, a political party, or even a person does not have long-range ideals and does not have clear goals for struggle, then there can be no correct orientation for action. This is like a boat which has lost its bearings and does not know where it is going. From the day of its founding, our party has taken the realization of communism as its task. In the past, now, and in the future, communist ideals have been the source of strength and the spiritual mainstay of our Communist Party members and advanced elements. Our party's revolutionary practice has proven that with noble ideals it is possible to strengthen faith and engender wisdom. It is precisely through reliance on communist ideals that our party was able, in extremely difficult situations, to overcome thousands of difficulties and attain victory in the revolution. If they did not have the inspiration of communist ideals, would our party and the Red Army have been able to realize the earthshaking achievement of the 25,000-li Long March? Would it have been possible, through reliance on millet plus rifles, to achieve victory over the better-armed Japanese militarists? Today, as we build socialism with Chinese characteristics, we still need to establish long-range communist ideals.

The reasons Comrade Deng Xiaoping has stressed that young people must establish long-range communist ideals are:

First, young people are the party's and the country's hope and future. At the end of this century and at the beginning of the next century the young people of today will be in their prime. The major task of socialist modernization will historically fall on them, and the future and fate of the party and state will be in their hands. The quality of their ideology and morality will determine the continuation and development of the

great cause of communism. The realization of communist ideals cannot be achieved in one step. It will only be achieved through the continual efforts of generation after generation. Natural laws dictate that the older generation must be replaced by the new generation. If young people do not have long-range communist ideals, then our cause will be left unfinished. Thus, educating the next generation and the succeeding generation to establish long-range communist ideals is a major guarantee for the success of socialist modernization, and is a necessary condition for guaranteeing the continuity and stability of our party's line, principles, and policies.

Second, young people are in a stage of rapid growth and development. Their world view and their outlook on life are in the process of forming and they are highly impressionable. The ideas and habits formed at this stage will be a major influence all their lives. Comrade Deng Xiaoping has repeatedly stressed: "Fostering revolutionary ideals and communist morality should begin at an early age." ("Selected Works of Deng Xiaoping," p 102) This is proposed precisely because of the situation and characteristics of young people. Thus, grasping education in the youthful stage so that from a young age they form basic communist ideals will undoubtedly be of very great importance in their later formation of a correct political orientation. The present generation of young people have strong points and weak points. They are quite innocent, sensitive, good students, and accept new things quickly. However, they are also juvenile, their ability to differentiate the real and the false and assess right and wrong is poor, they easily go to extremes and are impetuous, and they are easily influenced by popular ideological tides in society. At the same time, we should recognize that communist ideology is not produced spontaneously. Rather, it is necessary to carry out inculcation and education. We must orient ourselves to the characteristics of young people in the new period, grasp the best time for them to receive education, and carry out education about communist ideals, morality, and discipline. In this way we will be able to achieve double the result with half the effort. Otherwise, if we do not place the ideological education of young people in an important position, the people we foster may become "rejects" or even become dissident forces dangerous to the communist cause. We certainly cannot treat this lightly.

Third, the "10 years of turmoil" here had serious after-effects on the ideology and morality of young people. Lin Biao and the "gang of four" instigated anarchism and extreme egoism, engaged in the so-called "socialism of poverty," and greatly affected the development of socialist construction and the improvement of the people's lives. This meant that the disparity between us and the developed countries, which had been reduced, was widened again, and that the reputation of communism was sullied and damaged. Many young people began to have doubts and mistaken understandings about communist ideals. Thus we need to expose the sham communism of Lin Biao and the "gang of four," and strongly propagate

scientific communism. We need to educate young people to understand that communism is not assumption and rash supposition and is not superstition; rather, it is established on a scientific base and is the inevitable point of return in social development. Our faith in communism is built on the basis of a deep understanding of the patterns of social development. The practice of people in the past has opened avenues for us in recognizing the truth. On the basis of the understanding of those in the past, the new generation should prove and deepen this understanding through practice. The establishment of our country's socialist system and the lively development of the cause of socialist construction has proved and will continue to prove the superiority of the socialist system. Our young people should understand China's revolutionary history and understand the arduous process of twists and turns which the Chinese people have gone through in trying to find the truth which will save the nation and save the people. They should understand that the Chinese people in revolutionary practice compared and analyzed and finally chose Marxism and communism, and understand the arduous struggle carried out and high price paid by the elder generation of revolutionaries to realize communist ideals.

Fourth, our socialist modernization is being carried out under conditions of reform, opening up, and enlivening. Thus, attacks by bourgeois social ideologies and lifestyles are difficult to avoid. Some young people, lacking the experience of social practice and not being clear about what constitutes socialism and what constitutes capitalism, when faced with the gaudy and motley social ideological trends and corrupt lifestyles of the bourgeoisie, easily lose their vigilance and even blindly accept and copy these things. Some people even begin to have doubts about the socialist system and say things like socialism is not as good as capitalism. This type of ideology is extremely erroneous. The aim of our reform, opening up, and enlivening is to create conditions for the better achievement of the goals of socialist modernization and for the realization of communist ideals. They certainly cannot diverge from the socialist orientation. Comrade Deng Xiaoping has said: "In the economic reform in which we are now engaged, we must firmly adhere to the socialist road and firmly adhere to long-range communist ideals. The younger generation must particularly understand this point." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 103) In order to resist corrosion by decadent bourgeois ideology and to strengthen young people's immunity and resistance to corrosion by decadent bourgeois ideology, we must educate the next generation and the succeeding generation to establish long-range communist ideals. This will prevent them from losing their orientation under the temptation of decadent bourgeois ideology and prevent them from becoming prisoners of decadent capitalist ideology.

Fifth, those Chinese and foreign people who are engaged in bourgeois liberalization in China always take young people as the main targets for their attacks and in trying

to win people over. Western capitalist countries always hope that we will go in for bourgeois liberalization. They place their hopes in China's young generation, vainly hoping "to foster the seeds of liberalism" in them, seeking a "force of liberalization" so they can topple, from within the country, the people's will to struggle for socialism. If we relax our education about communist ideals for the younger generation, then some young people may very likely slide into the bog of bourgeois liberalization. We must educate the next generation and succeeding generations to establish and adhere to communist convictions, consciously adhere to the four cardinal principles, and oppose bourgeois liberalization in a clear-cut way. In the historical stage of socialism, opposition to bourgeois liberalization is a long-term task. If young people do not establish long-term communist ideals, they will have no way to shoulder the historical and major task of opposing bourgeois liberalization.

The firm communist ideals and convictions shown by the older generation of proletarian revolutionaries provides a model for our next generation. Educating the next generation and the succeeding generation in long-range communist ideals is a major responsibility our veteran cadres must shoulder. Veteran cadres must employ the spirit of responsibility to the communist cause and responsibility to the succeeding generation, set an example, and provide a model for the young people in establishing communist ideals. Education workers, cultural and artistic workers, and propaganda and publishing departments, including depictive education tools and artistic forms they use such as periodicals, books, television, films, broadcasts, music, art, and dance, play a subtly influential role on young people's ideals, morality, and sentiments. All educational workers and cultural and art workers should treasure their glorious title of "engineers of the human soul" and should produce for the vast numbers of young people rich and varied, useful and healthy spiritual products. They should put communist ideology into the various spiritual products to help the young people establish long-range communist ideals. They certainly must not engage in spiritual pollution, thereby corrupting and harming young people. If they purely seek economic benefits and do not consider the social benefits of spiritual products, and if decadent spiritual products are used to harm young people, then they will be ashamed to face their children and grandchildren. The younger generation must remember well that the ardent hope and oft-repeated instruction of the older generation for us was to consciously establish long-range communist ideals and convictions and struggle to become successors to the communist cause.

[By Yang Rupeng [2799 1172 7720]]

17. **"Ideological, cultural, educational and health departments must all take social benefits as the sole criterion for all activities. Their subordinate enterprises must also take social benefits as the highest criterion."** (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 125)

This is the basic requirement and the orientation for efforts, put forward by Comrade Deng Xiaoping for our country's ideological and cultural circles. It is aimed at the tendency in recent years for social benefits to be overlooked in spiritual products.

The ideological, cultural, education, and health departments are creative spiritual production and service departments. On the one hand, they are formed and developed on a certain socioeconomic base and are, in the end, determined and conditioned by the economic base. On the other hand, they have their own development patterns and are not "passive results" of the economic base. ("Selected Works of Marx and Engels," Vol 4, p 506) Rather, they can have a major and wide-ranging influence on and role in the economic base and social politics. These influence and roles are in general not directly produced but are realized through influencing people's ideological feelings and spiritual mien. They are centrally manifested as the results and benefits produced by actions and activities of people in understanding society and in transforming society, that is, the social benefits. Different classes in different societies have different standards for measuring the social benefits of these departments. Throughout history, every class in every country has taken whether the activities accord with that class' interests as the sole criterion. If the action accorded with the interests of that class, the social benefits were considered to be good; if not, the social benefits were bad. In the socialist period, our ideological, cultural, educational, and health departments shoulder a particularly heavy historical mission. They have a completely different nature from the same sort of departments in the exploitative systems throughout history. They are not individual or collective undertakings unrelated to society and are not undertakings of the bourgeoisie or of any exploiting class. Rather, they are a component part of socialist modernization and are the major factor in the building of socialist spiritual civilization. In judging whether the work of these departments is good or bad, we can only take as the sole criterion whether or not their activities conform to the basic interests of the laboring class and the laboring people. That is to say, under the leadership of the party, they must adhere to the orientation of serving the people and serving socialism, adhere to the four cardinal principles, and adhere to reform and opening up. They must take as their task the fostering of socialist citizens with ideals, morality, culture, and discipline and the raising of the ideological and moral qualities of the Chinese people and the quality of science and culture. In short, these departments must take social benefits as the sole criterion for all activities.

There are differences in the fields, targets, characteristics, and patterns of the work of the ideological, cultural, educational, and health departments. In the building of socialist spiritual civilization, the specific responsibilities they handle are also different and there are various specific standards for assessing their respective social benefits. Ideological work departments must take as

their center the propagation of education in the four cardinal principles and reform and opening up, must study and resolve new situations and new problems which appear in ideological and theoretical areas, and must educate and guide the people to properly understand history, recognize reality, firmly trust in socialism and the party's leadership, and encourage the people to strive hard and actively push forward. The cultural departments must use good spiritual works to propagate Marxism-Leninism-Mao Zedong Thought, accumulate and spread all scientific and cultural knowledge beneficial to the socialist economy and social development, enrich the people's spiritual and cultural lives, and foster people's noble sentiments and aesthetic qualities. In accordance with the needs of socialist modernization, education departments must train large numbers of specialized personnel and skilled workers at all levels and of all types who have a correct political orientation, who have the spirit of devotion to serving the people, and who have mastered modern scientific and cultural knowledge. The health departments must supply good medical and health services, protect the people's health, and guarantee the continuity of the labor force and the fine reproduction of the nation. The work of these departments has a social nature. Taking social benefits as the sole criterion of their activities is a concrete manifestation of adherence to the Marxist concept that practice is the sole criterion of truth.

Then do socialist, ideological, cultural, educational, and health departments not need to stress economic benefits? No, this is not so. These departments must also stress economic benefits. They must aim to do the most work with the least amount of money and to achieve the greatest social benefits with the least amount of consumption. The activity mechanism of the enterprises under these departments should conform with the objective laws of the development of the commodity economy. They should establish a complete economic responsibility system, implement economic accounting, fully bring into play the roles of personnel, materials, and finances, and continually raise the level of spiritual production. These are indispensable conditions for promoting the speedy development of ideological and cultural undertakings. However, when we say that economic benefits must be stressed, it is on the precondition of paying attention to social benefits. We certainly cannot stress economic benefits which are divorced from social benefits. For a time, illegal publishing activities ran wild in society and printed materials spreading murder, sex, and superstition were found everywhere. While there were other factors, a major contributing cause was some departments solely pursuing economic benefits and being unconcerned with social benefits. We must maintain a firm stand and carry out a struggle against such activities.

In the initial stage of socialism, we are practicing a planned commodity economy on a base of socialist public ownership. Thus many spiritual products (such as books and periodicals, art works, plays, television shows,

videos, and cassettes) still enter the circulation and consumption areas through the form of commodity exchange. The medical services provided by health department enterprises are also commodities. The enterprises which produce, sell, and deal in these spiritual products (such as printing factories, distributors, book shops, theaters, movie studios, and hospitals) are inevitably subject to control by objective economic laws. At the same time, we must also see that while these enterprises have some points in common with material production department enterprises, they also differ. Their production aim is not to earn money but to create material conditions throughout society for the interflow and spread of spiritual products. Their products are a combined entity involving a certain spiritual content and a certain material form. In this entity, the spiritual content determines the material form, and the material form serves the spiritual content. In normal situations, the quality of the spiritual products is quite high, the social benefits are good, and the economic benefits are also quite good. If they are not of high quality and of good social benefits, the economic benefits will be poor. However, in these enterprises, the situation often occurs whereby social benefits are not consistent with economic benefits. Some spiritual products with good social benefits have bad economic benefits. Producing enterprises have sustained losses due to differences in the ideological, theoretical, and cultural training of people and in their appreciative abilities, and the fact that these only appeal to a narrow section of the masses. Meanwhile, some spiritual products of poor quality, unhealthy sentiments, or even mistaken ideological contents, which are nonbeneficial or harmful to society, can gain noticeable economic benefits because they pander to some people's base tastes. In this situation, if enterprises one-sidedly seek more money and are unconcerned about social benefits, it will result in some good spiritual products (for example, theoretical works of very high academic value) being neglected or unable to bring into play their due social benefits, while those things which spread mistaken tendencies will flood everywhere and bring great trouble to society. The enterprises under our socialist ideological and cultural circles must pay attention to social benefits, maintain the socialist orientation of enterprises, adhere to the principle that economic benefits are subordinate to socialist benefits, and consciously take social benefits as the highest criterion.

Taking social benefits as the sole criterion of all activities requires that ideological, cultural, educational, and health departments produce more good spiritual products and firmly curb the production, import, and propagation of bad products which corrupt people's souls. To this end, we first need to pay full attention to the nature, position, and role of these departments and guarantee their development through policies, funds and material technologies. We must also encourage all forces in society to support these departments. Second, these departments and their enterprises must center on the developmental work of raising the quality of spiritual products

and firmly guard against and overcome bourgeois liberalization and the tendency to use spiritual products purely as a means of making money. Third, we must truly implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," bring into play the guiding role of Marxism in guiding scholarship and art, abide by the special patterns of work of the ideological, cultural, educational, and health departments, and create a stable and unified environment and atmosphere of democratic harmony which is necessary for the development of ideological and cultural undertakings. Fourth, ideological, cultural, educational, and health workers must take Marxism as guidance and regularly and consciously stress the whole situation, constantly think of their own social responsibility, link with the masses, go deep into life, be brave in exploration and innovation, produce more and better good spiritual products for society, and struggle unremittently to raise socialist consciousness and cultural quality of the people, especially young people.

In the last few years, our ideological and cultural circles have done a great amount of work which has been beneficial to society, and great achievements have been realized. At the same time, there has existed to differing degrees the bad tendency of not being concerned with social benefits. Some people have used unhealthy ideas, works, and performances to pollute people's minds. In some enterprises and units, the phenomenon of "seeking money in everything" has been quite serious. Some people have even been anxious to spread bourgeois liberalization. Many facts prove that divorcing oneself from the standard whereby social benefit is the sole criterion of all activities will result in our ideological and cultural undertaking going astray. It is as Comrade Deng Xiaoping seriously pointed out: "Seen from the long term, this question has a bearing on what sort of people will take over our cause and has a bearing on the fate and future of the party and the state." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 33) Deeply understanding and correctly implementing Comrade Deng Xiaoping's directive is an important guarantee for promoting the lively development of the ideological, cultural, educational, and health undertakings along the socialist road.

### Third Lecture of Forum on Socialist Commodity Economy

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[Article by Wei Xinghua [5898 5281 5478]: The Theory of Labor Value Is the Theoretical Basis of Commodity Economy"]

[Text] The commodity economy has experienced various social ideologies and been integrated with different socio-economic theories. When it integrated with a certain kind of socio-economics, it bore characteristics of those socio-economic relations. For instance, when the

commodity economy integrated with the capitalist economy, it became the capitalist commodity economy, reflecting the characteristics of capitalism. When it integrates with the socialist economy, it becomes the socialist commodity economy, reflecting the characteristics of socialism. In any case, the original nature of commodities and the commodity economy remains unchanged. In other words, all commodities or commodity economies share common characteristics.

From this we can clearly understand two points: First, we cannot treat the commodity economy as something strictly capitalist in nature. In particular, we must not mention the commodity economy developed under the socialist conditions and capitalism in the same breath. Second, as all commodity economies share common characteristics, they all include Marxist labor value.

### I. Value Is Created by Labor.

Commodities are the unity of use value and their values. The use value is not limited to the commodity economy. Every useful article which is not a commodity also has a use value. The essential element of commodities is value. The criterion which distinguishes commodities from generally useful articles is that the former is exchanged through value relations, while the latter develops no value relations.

What is commodity value? How is it created? What determine the magnitude of value? The answer to these basic questions from Marxist economics is different from the vulgar economics of the bourgeoisie. Furthermore, within the vulgar economics of the bourgeoisie, there are various schools on the theory of value. The familiar examples in this respect are the theory of supply-demand value relations and that of effective value.

According to the theory of supply-demand value relations, the value of commodities is determined by the supply-demand relations. Such a theory mixes up the value with the price. When the supply of a certain commodity on the market exceeds the demand, the price drops. Otherwise, the price will rise. But this is just an issue in which the price fluctuates following changes in the supply-demand relations, rather than changes in the value of commodities. This simply shows that changes in the supply-demand relations are the relative change of the commodity price but not the value, in terms of absolutes. For instance, the price tag of an automobile is 50,000 yuan and that of a bicycle is 200 yuan. Changes in the supply-demand relations push the price of the automobile up above 50,000 yuan or make the price fall below 50,000 yuan. These changes also push the price of the bicycle up above or make it fall below 200 yuan. But no matter how much the price fluctuates, the price of the automobile is always higher than that of the bicycle. What determines the difference? Why is it that before the fluctuation, the selling price of the automobile was 50,000 yuan and that of the bicycle was just 200 yuan?

What determines the commodity prices under a balanced situation of supply-demand relations? The theory of supply-demand value gives no answer to these questions.

The theory of effective value holds that the value of an article is determined by its effectiveness. The so-called effectiveness refers to the use value. The use value is a material measure of value but not the source of value. It therefore cannot determine the value. Various commodities have different use values. For instance, the use value of one jin of sugar differs from that of one chi of cloth, and it is thus impossible to compare them. When comparing the values of various commodities, we must do so under the prerequisite of disregarding the difference of their use values.

Nonetheless, what determines the price? Prices are the measures which share the same quality and are comparable in terms of quantity. Therefore, the events which determine prices should also share the same quality and be comparable in terms of quantity. These events are nothing but human labor. Though commodities are in various forms and patterns, they are still products of labor and are fruits of mankind's labor. Labors for producing various products are of different natures and are in different forms. For instance, the labor of a spinner differs from that of a steel mill worker, in terms of the goals of the labor, the method of operation, the target of labor, tools and results of laboring. This kind of difference of labor is the specific labor. It is because there are different specific labors that there are various types of use value. Values of the same quality cannot be formed by the specific labor of another kind of quality. Instead, they can only be formed by the general labor of mankind which share the same quality. Regardless of the specific form of labor, all labors are but the mental and physical output of mankind. This is the general labor of mankind, the abstract labor. When mentioning the creation of value by labor, we mean the creation of value by abstract labor. The value refers to the abstract labor of mankind related to the commodities. In other words, the abstract labor is a manifestation of value whereas the value is a social form of the abstract labor.

Value is created by the labor of material production departments (such as industry, agriculture, construction industry and transport) as well as the labor directly serving these production departments. The packing, management and production of commerce are the continuation of the production process in the circulation channel, which also create value. The repair and maintenance trade and catering of the service industry also create value.

The labor of creating value is not limited to physical labor which is directly involved in production. Rather, it also includes the mental labor in and for the realm of material production, such as the labor of engineers, technicians, managers, researchers and designers.

The role of science and technology in production has become more important, but only when science and technology are applied to production can they be transformed into actual productive force. Moreover, the productive force differs from productive labor which creates value. For instance, machines are productive forces but they cannot create value. They are simply the material means of productive laborers required for the creation of value.

Marx put particular stress on the role of knowledge in the enhancement of productive forces. Not only may knowledge enhance the quality and expand the scope of labor information and labor target, but also improve the skills of laborers, the labor complexity, and the quality of workers. In other words, this will improve the labors' capability of creating wealth and value.

However, the enhancement of the development of science and technology, as well as the role of knowledge, does not negate the theory of labor value. Nai Si Bi Te [1143 2448 3024 3676] of the United States proposed in his book Da Qu Shi [1129 6395 0528] that a theory on the value of knowledge must be created to replace the theory of labor value. He contended that in an information society, the growth of value was realized through knowledge. Such use of the theory of knowledge value to negate and replace the theory of labor value is incorrect. First, when knowledge is applied to production and integrated with production and labor, the creation of value by labor includes the role played by knowledge. We cannot regard one of them as conflicting with another. Second, the sales of technology and the expansion of technological market cannot negate the theory of labor value. It is just as we said before: Labor in scientific and technological areas which serves the material production process also creates value. Technology itself is also a commodity. Technological commodities are the results of labor by scientific and technological personnel. Therefore, the value of technological commodities is also created by scientific and technological commodities is also created by scientific and technological personnel. This does not contradict the theory of labor value. Hence, how can we use the "theory of knowledge value" to replace the theory of labor value?

## **II. The Magnitude of Commodity Value Is Determined by the Labor Time Needed by Society.**

As value is created by labor and manifests the abstract labor of mankind, the magnitude of value is naturally determined by the amount of labor: whereas the amount of labor is weighted by the length of labor time.

However, laborers engaging in different kinds of commodities do not consume the same amount of actual labor time, that is the individual labor time, on the production of each commodity. Obviously, the magnitude of commodity value cannot be determined by the individual labor time. It is because if we follow this practice, the more stupid and lazy a producer will be, the

more labor time he will spend on the same kind of commodity and the greater commodity value will he create. Hence, commodities of the same kind will have different magnitudes of value. This neither conforms to the reality of economic activities nor to the law of economics.

In the commodity economy, the magnitude of value can only be determined by the labor time needed by society. The so-called labor time needed by society means "the necessary labor time for creating a particular kind of use value under the current societal conditions for normal production and under the circumstances in which society has an average labor skillfulness and labor intensity." ("Complete Works of Karl Marx and Engels," Vol 23 p 52) In commodity production, producers employ the means of production which are different in quality. Some of them use advanced technology and equipment, while some use backward tools and technology. Inevitably, this affects the amount of labor time consumed in the course of commodity production. Under the rules of the necessary labor time needed by society, however, it is necessary to "have the societal conditions for normal production." This refers to the means of production needed in the same department for the production of most commodities. Take the textile industry as an example. If most products are made from spinning machines and only a few are produced by hand-driven spinning machines, the former is made under the "conditions for normal production." If most products use standard cotton and a few use substandard cotton as raw materials, only the former is made under the "conditions for normal production."

In commodity production, the labor skill and labor intensity of various producers are also different. Within a given labor time, more skillful producers and those with greater labor intensity produce more than others. Therefore, the labor time consumed by each of these products is less. Otherwise, producers who are neither skillful nor have a greater labor intensity produce fewer products than others. Thus, the labor time consumed by each of these latter products is relatively greater. However, the labor time needed by society demands the "circumstances in which society has an average labor skillfulness and labor intensity." In other words, labor involving skill and greater intensity is considered more valuable by society; whereas labor involving neither skill nor great intensity is considered less valuable by society.

Hence, we can see that the labor time needed by society that determines the commodity value includes two areas: One is the materialized labor time needed by society, which is consumed in the course of production and exists in the form of means of production. The other is the labor time needed by society involving direct participation by the producers. This is the form of live labor. Live labor means the creation of new value, while materialized labor is just the transfer of the original value. In the

course of the labor process, a corresponding value of the means of production consumed is transferred to the new products, constituting the value of the new products.

From the above analyses we can see that the usage of the means of production affects both the value income and economic results of commodity producers in two areas. On one hand, the quality and effectiveness of the means of production are the key elements determining the labor productivity, thereby becoming the key factors affecting the individual labor time of each producer. The better the quality and the higher the effectiveness of the means of production, the less the consumption of live labor for producing each unit of commodity and the shorter the individual labor time needed for commodities will be. We may thus obtain excess value by selling according to the labor time needed by society. On the other hand, the value of the means of production itself and the amount of value transferred to the new products also affect the commodity value. Therefore, all enterprises in the commodity economy must take into account the above two areas when seeking the best economic results through the selection of the means of production. Though a particular kind of advanced technology and equipment may improve the labor productivity and reduce the consumption of live labor, it may boost the commodity value and reduce the profits if its price is too expensive. We must therefore avoid selecting such kinds of advanced technology and equipment.

The situation is different for live labor. The skillfulness, techniques, and labor intensity of a producer help reduce the individual labor consumption amount of commodities and help improve the economic results.

The contradictions between individual labor time and labor time needed by society enable commodity producers who objectively and subjectively have the advanced production conditions to get more profits. This also means that commodity producers who have backward production conditions obtain little or even no profits. This forms the driving force and pressure unique in the commodity economy. Where does the excess value (which is manifested as the superprofit in the capitalist commodity economy and the socialist commodity economy) obtained by producers whose production conditions are advanced and whose individual labor time is shorter than the labor time needed by society come from? How do we deal with this kind of excess value in the socialist commodity economy owned by the whole people?

The labor time for a commodity needed by society is, under normal circumstances, the average of the sum of all commodities' individual labor time within the same department. This tends to lead people to think in this way: The excess value obtained by advanced commodity producers or enterprises is transferred from the value obtained by backward commodity producers or enterprises. Notwithstanding the conditions of enterprises, they should create the same amount of value as long as



their actual labor consumption is identical. However, part of the value created by the backward enterprises cannot be realized but is transferred to the advanced enterprises and is manifested there as the excess value, the superprofit. This progress is incorrect.

Marx analyzed the issue in this way: "The labor of particularly high productive forces has played the role of self-promotion. In other words, the value created by it in a given time is more than the average labor of society of the same type." ("Complete Works of Karl Marx and Engels," Vol 23 p 354) As the amount of labor of an advanced enterprise in an hour equals that of an ordinary enterprises in several hours, the former can create more value within the same length of labor time. This shows that the excess value originates from the labor of the same enterprise rather than being transferred from the value obtained by backward enterprises. The fact that the backward enterprises consumed more individual labor time can only be considered less valuable by society. The remaining part of the labor is wasted and could not generate more value. When revising "An Elementary Introduction to 'Capital'" by Mo Si Te [5459 2448 3676], Marx specifically added the following statement: "Compared to the process of machine weaving, all labor additionally consumed in the process of weaving cloth by hand for the sake of producing the same quantity of commodities is wasted labor and therefore does not generate value." ("Compiled and Translated Materials of Works of Karl Marx," Vol 15 pp 4-5) This expresses the nature of the issue.

In the socialist commodity economy owned by the entire people, the labor skillfulness, technological level, and labor intensity of some enterprises are above the average level of the department, thereby creating more value and netting superprofits. Obviously, the superprofit originates from the laborers of the enterprises. Therefore, staff and workers of the enterprises should receive more income from work as they make more contributions to the state. Furthermore, staff and workers of enterprises which have inferior skills, technological level, and labor intensity should receive less income from work.

Though enterprises get the superprofit (differential income) by using the natural resources or advanced technology and equipment which are rare, inadequate, of high quality, and owned by the state, and although the superprofit is generated by the labor of staff and workers, the productivity of such labor at a higher level depends on the special means of production provided by the state. In principle, it should therefore mainly be owned by the state, which represents the increases on the essence of value and the magnitude of value, we can see that human labor is the sole source of value. The exclusive factor determining the magnitude of value is the amount of labor need by society. We must not confuse prices with values. While value is the base of price, price manifests the value in terms of currency. Price proportion of

different commodities is based on their value proportion. Of course, price fluctuation is not simply determined by value. For instances, it is also affected by changes in the supply and demand, monopolization and blockade, inflation, and so on. However, this neither changes the total value of society nor increases the wealth of society. Under the conditions in which value is constant, price fluctuation is just the redistribution of the current total value or the national income. Therefore, in the socialist commodity economy, the correct way for industrial and commercial enterprises improving their economic results and increasing profits is to reduce the individual labor consumption, to improve management and operations, and to improve the labor productivity. To seek profits by arbitrarily hiking prices is an act through which one increases his own revenue at the expense of consumers and other producers, which goes against the principles of socialism.

### Thoughts on Children's Inability To Watch 'The Dream of the Red Chamber'

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No 16, 16 Aug 87 p 47

[Article by Zhang Lanfu [1728 5695 1133]]

[Text] People have different opinions toward "The Dream of the Red Chamber," a teleplay watched by every family. My family is no exception. We also watched it. Whenever my children found something in the play that they did not understand, they would turn to me immediately. "Knowing that there is no tiger in the mountain," I acted like "a monkey regarding itself as the king," and answered their questions while I watched the teleplay.

"Why do people call Jia Baoyu master when he is so young?"

"Why do people call Sister Feng madam when she is so young?"

I had to make quite an effort before I could explain to my innocent children something about hierarchy and seniority in the feudal society. You can see how skillful Xiaohong, the slave girl, is on tongue twisting. The way she referred to "madam" when reporting to Sister Feng caused much confusion to You, a married woman. However, it happened that Sister Feng understood what she said. She liked her wit and fluency in speech, and even wanted Xiaohong to be her adopted daughter. But who could know that they made a mistake in regard to the seniority in the family—Xiaohong's mother had already taken Sister Feng as her adoptive mother. She was a member of "Lin Zhixiao's family," and, therefore, belonged in the category of "old woman." How can children reason out a conclusion that a woman over 40 years old called another woman aged 20 or so her adoptive mother? They will not be able to understand it unless the old society is shown to them.

It is an excellent thing that children cannot make heads nor tails of these strange phenomena that happened in the feudal society. This illustrates that during the 38 years since the founding of our country, the patriarchal and hierarchical concepts of the feudal society have faded from the minds of the younger generation. It will be a really miserable thing if young people still call "important people" their "master" or "madam" whenever they see them, or if people whose parents hold senior positions in the government tyrannize in every respect as though they are "masters."

However, we are still in the initial stage of socialism. It would be an exaggeration of the actual situation if we say that the old consciousness, including hierarchical concepts, has been thoroughly cleared away. In past years, I have often sighed when I discover that people are more and more confused by newspapers. When I read a certain newspaper 2 years ago, a line of extremely big characters jumped into my sight: A deed taking place in a certain county was praised far and wide—the county master did not go in for ostentation or extravagance at his daughter's wedding banquet. I was immediately shocked. When did the restoration of the county master take place? I read the details, and found that who it referred to as county master was the secretary of the county party committee. Perhaps this was done to make the description more vivid and lively, but such an equation of secretary of the county party committee as county master depressed me for quite some time. It goes without saying that no one should go in for ostentation or extravagance at either wedding or funeral ceremonies. Therefore, how can the matter in which the secretary of the county party committee did not go in for ostentation be called a deed praised far and wide? One day I read the headline in the newspaper: A Day on Which a Certain Major Lived Like an Ordinary Citizen. The article described how the city leader, in accordance with the regulations of his city, lived like an ordinary citizen once every year. He traveled by public transport and went to the market that day. It also said that it was extremely necessary for leaders to cultivate links with the masses. I cannot help querying such a report. The major only lived like an ordinary citizen once every 365 days. If this is so, doesn't it mean that he lived like a special citizen during the remaining 364 days of the year? Should the major be praised just because he traveled by public transport and went to the market? My "opposition" intensified as I read the article. I never expected that I would be absolutely exasperated when I read a certain newspaper recently. In order to make clear how he could be a "fatherly and motherly official," and to "grasp a thorough understanding of the wishes and feelings of the people at the lower level," a major of a certain city conducted a "democratic talk" with the "common people." The talk between the "fatherly and motherly official" and the "common people" was no longer conducted in the same way as in the old time. The official was not sitting at a higher level in the hall, and the common people were not kneeling on the floor. But the tone seemed to imply that there were still differences

between "the upper" and "the lower" levels, and if the "fatherly and motherly official" wanted to thoroughly understand the condition of the "lower level," the "common people" should be "greatly touched and moved," and tell him the condition of the "lower level." I really wonder who was the "master" and who the "servant"?

It seems that the people who write these articles for newspapers are no better than innocent and artless children, because their minds are full of the trash of the old society. Of course, we should not merely blame the reporters. There is an ancient saying which states: "Since Emperor Wu liked people to play swords, scars were found on many of the common people; since Emperor Chu loved slender waists, many concubines died of hunger." Why? The lower level will do what the upper level loves to do. Such reports will not be seen if our leading cadres do not behave like masters nor adopt a superior "attitude"; if they feel like they are sitting on a rug full of needles and being pierced in the back when they read such reports; and if they remind "scholars" that the way they write is like roasting them on fire and will cause estrangement between cadres and the masses, and that instead of helping, what they do will only make the situation worse. The fact that this does not happen in reality makes us grieve.

#### On 'Modesty'

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[Article by Lei Da [7191 6671]; published in RENMIN WENXUE [PEOPLE'S LITERATURE] No 5, 1987, and reprinted in XIAOSHUO XUANKAN [A COLLECTION OF NOVELS] and XIAOSHUO YUEBAO [A MONTHLY MAGAZINE OF NOVELS] No 7, 1987]

[Text] Lu Wenfu is a writer who is good at portraying serious social themes through world customs and daily lives. His novels are so compelling that you will not put them down once you start reading them. They are both appealing and interesting. "The writer has extensive knowledge" and he often leads people to taste life with an understanding smile. "Modesty," a novel that we intend to talk about here, is a new work taken from the big series of Lu's "Annals of People in an Alley." It describes the frustration of the protagonist and how he is caught in a dilemma when "seeking a spouse." It even leads us to experience how today's world is in regard to the intricate and complicated concepts of values, and leads us to think about the meaning of "modesty." Is our protagonist really that modest? Does he pretend to be modest? Or is he only modest in a half way? In short, it embodies a rather rich flavor of awakening people.

The novel focuses on the portrayal of a primary school teacher of whom the press has endlessly requested the public to take greater care. But no attention has ever been paid to people like him. He is Wang Bailing. As the eldest child in the family, he had to shoulder the heavy load of taking care of both his mother and two little

brothers when his father died, even though he was too small to do it at that time. The livelihood of the whole family was entirely maintained by his meager income. As time flew by, changes took place. The financial condition of the family greatly improved. His two brothers were very capable; they could earn more than he did. He unloaded his responsibility, but then fell into an awkward predicament. Since he was no longer young, his marriage became the main problem of the whole family. The writer describes how Wang Bailing chose his spouse. He does not confine himself only to the issue of marriage, but looks at people and matters from the context of society. Therefore, the question of whether Wang Bailing is modest or not cannot be examined without taking into consideration his situation in the whole society.

It is wrong to say that people despise or look down on Wang Bailing. On the contrary, both old and young people living in the alley respect him very much. The respect paid to him originates from both the cultural tradition and the ethical and moral principles of our race. On the one hand, the fact that both the father and son were teachers related them to the old teachings of "heaven, earth, emperor, relatives, and teachers," while Wang Bailing's righteousness, serious attitude, filial piety, love for his brothers and neighbors, earnest work style, and contribution to the alley indicate that he has all the traditional qualities of a good man. Such "respect" can be regarded as being similar to the traditional idea of "treasuring righteousness and despising profit-making" among the various concepts of values in today's world. The human beauty of the working people is woven into such respect. No matter whether Wang Bailing regards himself as modest or not, the social psychology still believes him to be really modest, and even reserves a place for him.

However, it seems that people only respect and pity such modesty. Once Wang Bailing really attempts to find a spouse, such "respect" is turned into "a promise that no one will keep." Society also displays to people the doctrine of actual interests, which is the opposite of the idea of treasuring righteousness and despising profit-making. We can understand this more by looking at Wang Bailing's "spouse seeking." It is the third time he has looked, and his targeted spouse is a bright, frank, and economy-minded girl. She calculates and measures with her eyes everything from the "Yamaha" placed in front of the door and the domestic electrical appliances in the house to the faces and smiles of every family member. In the end, her eyes do not rest on teacher Wang, but on his youngest brother (an individual household). She sits on the motorcycle which belongs to the youngest brother and says to him in a brisk manner: "Your big brother is a good man, but he's too modest. By comparison, I think we've more in common and speak the same language...." Here you can see that the word "modest" appears again. She does not really mean that he is modest, but she dislikes him for his poverty. Not only is this one of the various concepts of values in today's world, but it is a more realistic and common one. It is not at all useful to

merely blame this girl for detesting poverty and being fond of wealth. In fact, there are deep-rooted reasons. Unmarried women who work in the same profession as Wang Bailing do not want to be primary school teachers, but they have no other alternative. Thus, who is willing to marry a primary school teacher? Though there is a sense of self-contempt, there is even more so an embodiment of their deep feelings of helplessness and incapability. It is really worth some thought about the sort of position that people like Wang Bailing have in society and the hearts of people in light of these conditions and circumstances.

Of course, the novel does not merely cry out for justice and show sympathy for primary school teachers. Lu Wenfu is a worldly-wise man who has seen much of the world. He does not simplify the complexity involved in Wang Bailing's "spouse seeking." It is said that people detest him for his poverty. So why can't he be successful in "spouse seeking," even with the help of his two brothers and dressed in a suit and leather shoes, and with a renovated house? Not everyone is snobbish. The reason behind this may lie in mental differences which are beyond material life, and be found in Wang Bailing himself. Though he is an upright man, he isolates himself from others. He is always "absent minded" when he leaves the classroom and "tries to become acquainted with others" on social occasions, and talks about the issue of a "partner." He could not handle women telling him that they like to drink coffee and travel. Even if they say they love art and like to play the piano, his "whole body chills." In short, "he could do his utmost in his work, but could not fully enjoy the fun of play." It is no exaggeration of the situation if we say that he is "modest in a half way," and therefore, could hardly adapt to the changes of modern life in some respects. We can thus deduce that not only does Wang Bailing lose his youth, but his spirit and mental outlook are also affected. I think we need not worry too much about the marriage of Wang Bailing, because we believe that he will finally meet someone who understands and accepts him. What is more important is that while society goes deeper into the classroom and makes it possible that promises can be kept, people like Wang Bailing should also integrate the classroom with society and do away with such "half modesty," and be occupied with cleanliness.

#### **Reviewing the 'Embryonic Form of China's New Socialist Countryside'**

*OW211417 Beijing HONGQI [RED FLAG] in Chinese  
No 16, 16 Aug 87 inside back cover*

[Book review by Shi Yan [0670 6056]]

[Text] The party and the government have adopted a series of measures to reform the rural areas, and have created extremely favorable conditions for the rapid development of our country's rural economy. Masses of cadres and people in the rural areas have surmounted the fence of the old system, brought their creative spirit into full play, and set up a group of advanced and typical

examples of the new socialist countryside with their own individual characteristics. "The Embryonic Form of China's New Socialist Countryside," edited by the Research Section under the administration of the General Office of the State Council and published by Changzheng [7022 1767] Publishing House, is a book introducing these advanced and typical examples.

There are two distinguishing features of this book with regard to the selection of materials. One is multistrata. Some of the materials referred to in the book relate to the level of village and township, such as Doudiancun village of Beijing, Daqiuzhuang village of Tianjin, Gengchezhen and Huzhuzhen towns of Jiangsu, and Xinmoulicun village of Shandong, while some relate to the county level, such as Haiyan County of Jiangsu. The areas mentioned in the book even extend to cover regions and districts, like Sunan (including Suzhou, Wuxi, and Changzhou), Wenzhou, Fuyang, Quanzhou, and so on. The other distinguishing feature is multiperspective. Not only are there systematic investigative reports and news dispatches, but there are also theoretical articles and summaries written by leading departments.

We learn from the substantial information provided in the book that many of the districts and units which are regarded as having a certain "pattern" explore the road for the development of the socialist commodity economy in the rural areas in accordance with their own objective conditions and by drawing on the experience of other districts. In economic patterns, some of them are based on the collective economy, some on family operation, and some on the simultaneous application of four patterns—namely, township, village, joint household, and household. With the diversity in economic patterns and specific methods, the differences arising from the development of the production forces in various districts can be catered to, and thus the enthusiasm of peasants fully mobilized. The material in the book also indicates that the change in the backward outlook of the rural areas is

a protracted and difficult process. Funds, technology, operations and management experience, and so on are all accumulated step by step, and cannot be obtained all at once. Moreover, the book provides us with many invaluable materials on areas such as the way to adjust the industrial structure, expand the operational scale of land, cater to the transfer of the labor force, and so on. Even though these typical examples are still in the exploratory stage, some methods adopted are not mature enough. They have displayed to us the picture of the drastic changes in our country's rural areas during recent years, and led us to hear the footsteps of the 800 million peasants advancing toward socialist modernization.

This book has its own distinguishing characteristic as far as editing is concerned. The editor divided the book into six parts according to the type of rural economic development or the district where the development is seen. A colophon which clearly and precisely sums up the type of rural economic development or the district where the development is seen is at the end of each part. In brief, this not only affirms the positiveness of the experience, but also points out the problems and inadequacies. This helps us to sum up experience by proceeding from practical conditions. The interflow between editor and author and readers is strengthened and people are impressed by the cordiality.

There are some inadequacies. The materials available in this book are not complete; some typical examples which should be introduced to readers were not selected or compiled. The introduction and analysis of the basic conditions of certain typical examples are not comprehensive enough, and they lack theoretical distillation. Yet this book, as a whole, can still be regarded as a good one reflecting the new outlook of our socialist countryside.

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