

China Policy Study Group

BROADSHEET

PROBLEMS OF NATIONAL LIBERATION AND SOCIALISM

Sponsors: Dr Joseph Needham FRS, Prof Cyril Offord FRS, Prof Joan Robinson, Prof George Thomson

VALEDICTORY

WITH this issue we bring to a close at least a phase in the life of BROADSHEET. Among the considerable number of letters we have received concerning this decision have been some which have expressed regret at the prospect of being deprived of our comments.

We must disclaim the praise implicit in such remarks.

We have tried to avoid hasty judgements based on inadequate data, but we have not always succeeded.

One advantage we have enjoyed is that nearly all members of our Group have had a long and fairly close connection with Chinese affairs in one way or another. In other words we have had some experience to help us. We have put this experience at the disposal of readers and even though we have made mistakes we hope that those who have read BROADSHEET for some time will have found in it a basis for their own future judgements.

We are *for* China and her policies, which, we believe, show a way forward for all peoples, whether of the third world or not. We have sometimes been taken to task by readers for refusing to justify and give our support to every single act of the Chinese Party or government. Critics have felt we were insufficiently committed. On the other hand, some have thought us a mere echo of Chinese official policy. We now think the second criticism the more serious and that it was often justified.

We have tried, though not always with success, to keep a certain distance between ourselves and day-to-day events in the People's Republic. Today many aspects of Chinese policy are being branded as revisionist, even capitalist. We think such verdicts are unhelpful now and may be regretted in the future. Criticism can be of assistance but we do not feel that we can always separate mistakes from what will one day be seen as creative development. It is unlikely that anyone outside China can do so and to think otherwise is arrogant.

Looking at the Western press (and listening to some on the 'left') one might almost be persuaded that China's

future depends on the outcome of struggles within the Central Committee of the Chinese Communist Party. We do not believe this; China's future depends on the Chinese people. We are sure such struggles take place—the outlook would be dark if they did not—but outsiders can know very little of them.

Of some things there can be no doubt:

The most populous country on earth has freed herself, by her own efforts guided by the Communist Party, from feudal and imperialist domination; the exploitation of man by man has been ended. The Chinese people are now building their own future.

The Chinese Communist Party, in its practice of the mass line, has set an unsurpassed example.

A genuine People's Army has been set up, part of and not above the people.

The farming structure created in China's countryside, whatever modifications may be made in the future, provides the framework for the continued socialisation of agriculture.

The legacy of Mao Zedong, who led the Chinese people for so long, will endure.

As a result of experience we think that when the Chinese correct mistakes they often go too far in the other direction. In fact Mao once suggested that this may be necessary. We hope it may not always remain so. Meanwhile, it is a reason to withhold hasty opinions.

The foregoing are thoughts we would like to leave with our readers. We thank them for all the moral and financial support they have given us in the past, and equally for their criticism.

The China Policy Study Group will remain in existence for the present and we are always glad to hear from friends. We wish them well.

FOLKLORE OF TRADE

THE 1950s mythology on People's China—a honeycomb of sealed-off communes with the sexes segregated in barracks and listless children reared beyond reach of their parents—is not heard of today. Nor, to be fair, are many of the later fantasies lamenting imminent starvation, economic collapse or national bankruptcy, but still there is something about Chinese socialism which propels its detractors into fantasy. A bumper harvest repeatedly becomes a 'harvest failure', a re-programming the 'scrapping of a major project' and a trade boom the

'breakdown of China's trade hopes'.

Trade with the industrialised world is probably where the new mythology of China has struck its richest seam. It is not difficult to see why. As trade grows there are not only more successful bidders around but more unsuccessful and disgruntled ones too, and this is particularly so when the geographical distribution of trade is going through marked changes.

It is absolutely true that a lot of expectations of business aroused by the over-ambitious investment plans of

1978 fell by the wayside. Some of them were never really justified by the facts, even as known at the time, but the Chinese must bear the main blame for the two years of euphoria that followed Hua Guofeng's report to the Fifth National People's Congress in February of that year. They allowed industrial ministries to open up discussions with industry and government agencies in other countries, and to go on to explore commercial possibilities in parallel with the normal foreign trade channels. A crop of 'statements of intent' and agreements about joint investigation of industrial development possibilities in China soon resulted in a heavily over-subscribed prospectus of future construction. This would have had to be rationalised fairly speedily at any time, but coinciding as it did with a pressing need to switch resources from new industrial construction to housing and community services—starved of funds for a decade or more—the flood of investment proposals forced the government to dam up all capital construction until they had sorted out priorities in a phase of 'readjustments'.

It was during this phase—readjusting, restructuring, consolidating and improving the national economy, to give it its full name—that work was halted on the 6 mn. t.p.a. Baoshan steel complex being erected near Shanghai in two stages under a series of contracts with Japan and West Germany. It was thought that the second stage would be cancelled altogether. That is not now happening, though it will be postponed for a few years while the 22 projects in the first stage go ahead in a different order. Other 'cancelled contracts' have now been revived, including the \$340m. synthetic fibre plant at Nanjing and several other large petrochemical plants also being erected by Japanese firms. Neither these reinstatements nor anything that follows them will add up to the spate of capital construction projects that led to the 1980 emergency action. Clearly they will swell the trade figures, however. Does this boost come at a time when trade is languishing or stationary? On the contrary, it will be superimposed on an existing rate of foreign trade growth that would have seemed impossible ten years ago.

Illusory scenario

The small change of bravado nowadays in business and political circles is of how the Chinese trade bubble was pricked and how it burst. Once the situation was found to be over-extended and the budget unbalanced large contracts were cancelled and credit facilities not taken up. Trade went back into its shell, say the hard-headed commentators; the gilt quickly disappeared from the gingerbread.

It might be pointed out that negotiations with Japanese manufacturers who had contracts cancelled have now resulted in compensation payments by China amounting to \$50 million. Meanwhile the Chinese have accepted loans from Japan and Western Europe totalling several hundred times that figure, but they will not be lured into a loan bonanza, as interest payments have to be met from revenue at the expense of public services.

If it were only such details as failing to mention the compensation for cancelled contracts, or failing to notice how many of them have been reinstated or rescheduled, there would be nothing out of the ordinary about all this talk and it could even be classified as business journalism. There is more to the matter than this, however. As sometimes happens in politics, but not very often in trade, those who feel cheated or discredited by the turn of events have mesmerised others into seeing night for day and mistaking a rising slope for the abyss. Even with the retrenchment and cutbacks China imported 22 per cent more last year, by value, than the year before. Allowing for inflation, that would be nearly 15 per cent more merchandise than in 1979—a year in which there had been a phenomenal rise in trade, in value well over 50 per cent (the *volume* of imports probably rose by 39 per cent that year). In 1978 and 1979 imports were rising

faster than exports. In 1980 it was the other way round (China's exports increased 30 per cent in value, probably at least 20 per cent in volume). This year, although it is already known that trade as a whole is running ahead of 1980 (\$28,700 million in the first nine months), it is not yet possible to be sure whether imports are again advancing more rapidly. They were, up to mid-year, and one conclusion that is reasonably sure is that they will be higher than last year's, and therefore once again a record total. It is not that the trade isn't being done, just that other people are getting it.

China is a country that has increased its production to an almost unimaginable extent in thirty years while keeping foreign trade rather on the sidelines. Since 1977 trade too has been allowed to take off and has more than doubled in volume (trebled in value). This is because, paradoxically, the more technology a country has amassed the larger the proportion it must in future acquire from outside. There is no sense in China being technically in the vanguard in some things and wasting the advantages of this by being technically backward in others. Another factor, now of increasing importance, is that if living standards are to be raised for *all* China's people and not just some of them, there are bound to be some crops which have to be supplemented, some industrial materials which have to be imported, while home production is being built up. The case for imports becomes a case for correspondingly increased exports, since everything has to be paid for.

There must be some mystery about all this, the lay observer cannot help thinking. If China's foreign trade is growing at such a great rate why are worldly-wise business men turning away in frustration? Is it that with the big increase in the number of national foreign trade corporations, also of the number of provincial and municipal authorities empowered to engage in foreign business, the whole scene has become too bewildering for them? For those used to dealing with a tidy and streamlined national organisation any added complication no doubt means unwelcome demands on time and manpower, possibly on business acumen too. Many companies in Britain are in no state to measure up to this, whereas the better-endowed industries of the United States are waiting for the opportunity and can certainly call on the necessary resources of finance and personnel. The larger West German conglomerates are also able to turn their advantage over competitors to good effect when a change in market conditions suddenly calls for a new scale of effort. Japan, again, is in a special position since China is next door and a main market.

British industrialists may not be in a position at present to match the thrust of United States or Japanese industry into new areas of Chinese trade but there is every reason for them to challenge competition from France and other West European countries for the kinds of business now being placed in the EEC. France has this year increased her exports to China by 60 per cent and her imports from China by 30 per cent. The suggestion of stagnation seems to be missing here. Before the present ebb of confidence British companies were also stealing Chinese contracts in some cases from under the nose of West German rivals.

'I can't interest anybody here in trade with China', said the executive of a large automotive and aerospace company whose name is a byword. The demoralisation behind this comment was not on account of past failure (the company had done many millions of pounds worth of business with China in diverse fields). It was due to lack of confidence, fear that Chinese requirements would tax available resources to excess and that the gamble would not pay off.

On present indications it is not paralysis in China, but neurosis in Britain, that feeds the mythology.

CHINA'S ROAD TO SOCIALISM

THE resolution on the History of the Chinese Communist Party (1949-1981), adopted by the Central Committee of the Party in June 1981, brings together the now familiar threads in the argument rejecting the analysis advanced by Mao Zedong, which provided the logic of the cultural revolution, that the principal contradiction in the historical period of socialism was that between the proletariat and the bourgeoisie. This, it is now held, did not correspond with the prevailing conditions in China. The principle contradiction is considered to be that between 'the growing material and cultural needs of the people and the backwardness of social production'. This definition, originally put forward by Stalin, had been criticised by Mao as the theory of 'advanced relations, backward forces'. It now provides the basis for the current line of the Party—taking economic growth as its goal, not stressing class struggle. Given economic growth as the criterion of success, the years of the First Five Year Plan (1953-1957) and the years preceding the cultural revolution (1962-1965) are now cited as the periods of China's greatest achievements. This is the final demolition of the views, which had such impact internationally, particularly in the Third World, on development thinking: that in the Great Leap Forward and the cultural revolution, despite many mistakes (which Mao was the first to point out), China had, under Mao's leadership, discovered a new road to socialism radically different from either the Stalin model implemented in the First Five Year Plan, or the 'market socialist' experiments carried out under Liu Shao-qi's direction until he was overthrown by the events of 1966.

In China, over the last two years, the ground of debate concerning the cultural revolution has shifted from criticism of the Gang of Four, to a discussion concerning the preferability of 'economic means' to 'administrative means', that is, about the role of the market in a socialist planned economy, referred to as 'observing the law of value'. That the shift simultaneously involved tarring both Mao himself and Hua Guo-feng, who had criticised only the excesses and not the basic orientation of the cultural revolution, with the same leftist brush as the Gang of Four, linking them by the same root—taking class struggle as the key link—indicated that the debate is in fact directed against the fundamental principles of Mao's development strategy. The final verdict on Mao justifies the current adoption of policies which he had vehemently opposed: taking the key to agricultural and industrial development as the mechanisation of selected areas through State funding and the re-organisation of industry into specialised corporations or trusts, determining investment on the basis of profitability.

1. 'ADMINISTRATIVE' AND 'ECONOMIC' MEANS

The issue of 'administrative' versus 'economic' means, planning versus the market, has a long history in debates concerning the nature of socialism. Recapping the history may help to throw light on the current re-assessment of Mao Zedong. The debate originated in the Soviet Union in the 1920's, when Preobrazhensky and Bukharin addressed themselves to the problem of industrialisation, and the related political question of working class leadership, in a society predominated by individual peasant farmers. It was the role of the peasantry in socialist society that was at the crux of the dispute. In Preobrazhensky's view, the peasants, as small commodity producers, were prone to capitalism. Defining socialism as state ownership of the means of production controlled by central

planning, he maintained that the task of the socialist state was to develop the production of the means of production, that is, state owned heavy industry, to provide mechanisation as the necessary means to transform the peasant economy, bringing agriculture into the scope of the socialist relations of central planning and thereby abolishing the market links between town and country which were alien to the socialist economy. In a process of 'primitive socialist accumulation' (PSA), resources would be transferred from agriculture to serve the industrialisation programme which would promote rapid development of the productive forces.

Bukharin opposed PSA, which in his view would undermine the worker-peasant alliance on which the socialist state was based, regarding commodity production as an integral part of, not alien to, the socialist planned economy.

Under pressures of the need to industrialise, Stalin, adopting Preobrazhensky's approach, launched a collectivisation campaign to realise PSA by establishing state control over the peasants and their agricultural surpluses. State funded Machine Tractor Stations, embodying the socialist relations of state ownership and planning, would act as the focal point of this economic and political control over the process of rural development.

Stalin's view of the socialist economy was that it was like a huge enterprise in which all the separate social and economic interests—agriculture and industry, producer and consumer, collective and individual, worker, peasant and manager—were taken to be united, with the same goal of increasing productive capacity through the development of state-owned heavy industry. The links in the system were co-ordinated by administration through the planning system. The plan allocated the means of production, organised production through 'material balance' so that the output of one department of the economy met the requirements of the others, and controlled enterprise production by setting targets of output.

This bureaucratic model came under criticism in the Soviet Union in the late 1950's. Administrative measures were claimed to be inefficient, wasteful and rigid. The emphasis on heavy industry, in capital allocation, tied up resources over long periods of gestation, at the expense of consumption, and caused imbalances in the economy. The co-ordination of supply and demand through centralised channels was ineffective in adapting production to consumption, leading to shortages and over-production. Above all, since the state took the surplus and bore the losses of enterprise production, workers and managers had no incentive to seek economic results. Targets were met regardless of wastage or cost. It was argued that the socialist economy did not operate as a united administrative whole, but was an organic system in which the separate interests would be linked more effectively through economic levers. In 1962 Liberman put forward a scheme giving a greater role to the consumer, co-ordinating the economy through market forces, taking profit as the measure of performance. Using profitability as the criterion of investment would ensure the rational utilisation of capital and the balanced development of agriculture, light and heavy industry. Prices reflecting scarcity would establish a direct link between supply and demand, adapting production to consumption. Tying bonuses to profits would ensure that workers had an interest in the economic performance of their enterprises. Economic means would thus achieve maximum results at minimum cost.

The debate reduced the issue of socialist transition to a matter of efficient management of the socialist economy. Observing the shifts in Soviet policy, Mao remarked: 'In the time of Stalin, there was excessive emphasis on collective interest, individual gain was neglected. The public was over-emphasised, the private under-emphasised. Now they have gone to the opposite extreme, over-emphasising material interest, neglecting collective interest.'¹ Whilst Liberman held that workers in socialist enterprises who, out of material interest, are concerned with the result of their own labour, are the motive forces developing socialist production, Mao criticised this as 'the erroneous view of taking distribution as determinative.'

2. CLASS STRUGGLE AS THE KEY LINK

For Mao, the heart of Stalin's errors was not the issue of efficiency, but politics. He 'did not trust the peasants and did not want to let go of farm machinery...' In avoiding this mistake, Mao sought a development strategy based on self-reliance, that would resolve the problem posed in the Soviet industrialisation debate, of achieving fast growth and rapid accumulation, based on the consolidation of the worker-peasant alliance. The key to Mao's strategy lay within the three-tier ownership system of the people's communes. This system enabled the peasants to transform agriculture themselves through the expansion of the small-scale new enterprises, using labour-intensive, low-capital techniques, paid for out of local savings accumulated from mobilising local resources and under-employed labour. Thus, self-reliance would achieve a fast but balanced growth through the gradual mechanisation and industrialisation of the countryside, raising the level of collective ownership step by step to that of full socialist ownership. Exchange between agriculture and industry would continue on the basis of equal values; in fact, the scope of the market would extend to cover agricultural means of production. But trade was not the determining factor in the worker-peasant alliance, which would be consolidated by rural industrialisation and the process of the transition of the ownership system. Mao claimed that the formation of the communes 'means we are on the road to the abolition of difference between the city and the countryside, between factory workers and peasants, and between mental and manual labour'.²

Self-reliance in industry meant the mobilisation of workers to take part in management and technical innovation to rehabilitate old technology and utilise waste materials and local resources in a wide range of products, raising production at minimum capital expense. Mao's strategy provided a decisive break with the 'theory of productive forces'. Mass mobilisation offered an alternative to growth based on the development of advanced technology, in an 'uninterrupted technical and cultural revolution' developing production and skills through intermediate technology.

The increase in output achieved through self-reliance would generate funds for centrally controlled, nationally based heavy industry, but industrial production was co-ordinated by flexible targets which allowed leeway for development at the local level. A necessary corollary to self-reliance was the decentralisation of decision-making to local government. Local decision-making would permit rational investment in the light of social desirability. It would also permit efficient co-ordination between local enterprises adapting production to local needs, and provide motivation in the development of the community, with enterprises involved in welfare, housing, sport and cultural and educational services. Whilst mass mobilisation formed one aspect of the self-reliant strategy, the other aspect was formed by the national objectives formulated in Mao's 'Ten Major Relationships', aimed at balancing different interests in the economy and society through decentralised local government. Mao's strategy relied upon the 'mass line'.

Mao held that neither the economic forces of profit, price or bonus, nor an administrative bureaucracy acting on behalf of the working class, could perform the task of coordination in a socialist economy. 'Politics in command' meant that neither profits nor targets but the Party's mass line was the determining factor in socialist development, which involved a process of change as well as growth, measured not only in terms of output and the increase in productive forces, but in terms of social advance and of eliminating inequalities in the transition to higher forms of social organisation. The motive force in this process was the alliance of workers and poor and lower-middle peasants. But social relations would not be transformed by class struggle alone. For Mao, material gain was integral to the aims of class struggle. Unlike the Soviet experience, both agrarian reform and collectivisation in China based the class struggle against landlords and rich peasants on the practical demonstration of an alternative organisation of agricultural production which would improve the living standards of the peasants. So too, the regulations regarding raising accounting in the communes to the brigade level, the first step in raising the level of collective ownership, involved both material and political requirements: equality in production of the teams involved and mutual consent.

The worker-peasant alliance was, however, involved in a struggle against those features of Chinese society that stood in the way of modernization, for example, the feudal disdain of manual labour and the disparity between city and countryside which led to migration. This involved a struggle against those policies, advocated by Liu Shao-qi amongst others, that reinforced the managerial attitudes which had to be transformed to unleash the productive energy and creativity of the people, and emphasised the role of private plots, limiting the full scope of commune self-reliant development, relying rather on selective mechanisation for rural advance.

3. MAO AND THE 'LAW OF VALUE'

The current official view is that China's past policies had failed in not observing the law of value. But for Mao, whilst economic or administrative means were not the key links in co-ordinating the process of all-round social development, they were secondary tools to be used according to the degree of socialisation of production and the relationships between the different social interests resulting from the division of labour. Within the context of the transition begun by the formation of the communes, Mao argued that 'commodity production will have to be greatly developed... for the solidarity of several million peasants'.³ The development of the communes would, however, transform the rural markets based on individual labour on private plots, into consumer goods markets based on collective manufacture. He argued that 'We want to destroy a part of the ideology of bourgeois right, the lordly pose, the three styles (the bureaucratic, the sectarian, the subjective) and the five airs (the officious, the arrogant, the apathetic, the extravagant and the precious)',⁴ that is, those attitudes impeding modernization. Mao accepted that payment according to work was an essential principal of distribution in the socialist economy. It was not, however, the determining force in social advance, which depended on the worker-peasant alliance. In industry, Mao was not opposed to economic accounting using rates of profitability; he argued, though, that this was not the aim of socialist production. The profit criterion might measure the rational utilisation of capital, but it could not evaluate the mobilisation of under-employed labour and resources, where the shortage of capital meant the marginal utility of these resources was zero, nor could it assess the social value of the development of community services, welfare, education, culture, control of pollution, etc.

4. ABANDONING THE PERSPECTIVE OF SOCIALIST TRANSITION

The question remains, after the evident failure of the cultural revolution: why did this strategy not produce growth? In the light of the above points a distinction must be drawn between Mao's policies in which economic forces played a role, though secondary, and those practices associated with the Gang of Four, based on the view that economic forces were a threat to the continuation of the socialist revolution and were therefore to be eliminated. The campaign against bourgeois right and the targetting of capitalist-roaders went beyond the framework of Mao's strategy for transition. Undermining material incentives, abolishing private plots, attacks on expertise and financial management, must have done much to disrupt production and damage morale.

But current policies are not limited to restoring social order, material incentives and management. Adopting Stalin's formulation of the principal contradiction does not imply the use of Stalin's methods, but it does mean shifting the debate about the nature of socialism from the issue of consolidating working class leadership to the question of how to manage a socialist economy, negating Mao's role in resolving this contradiction between economics and politics, growth and social change, by defining development and efficiency in social terms.

The Resolution states: 'We must correctly understand that there are diverse social contradictions within Chinese society which do not fall within the scope of class struggle.' These diverse interests are to be resolved through economic means. But for Mao, whilst the existence of diverse interests necessitated the use of these market mechanisms, their function was not determinative of the process of socialist transition, in which all differences

were gradually overcome, relying ultimately on the leading role of the working class. It is this perspective that the current viewpoint has abandoned in its policies. The role of the communes is subordinated to the task of mechanising selected areas, creating inequalities such that other areas in the countryside are more dependent on private plots. Specialised trusts may indeed lower costs and raise efficiency above the local level but this involves the redirection of enterprises, including those at commune and brigade level, away from the development of the community towards the criterion of profitability. Whilst individual democracy is increased with the election of enterprise managers by the work force, operational decisions are determined on the basis of the exterior forces of profit and prices.

Cadre participation in manual labour, worker participation in management, and rural industrialisation through brigade and commune enterprises are retained within current policies. But whilst these were central to self-reliance, they are now essentially secondary features in a development strategy that is not simply a corrective of past mistakes but that is fundamentally opposed to the direction of Mao's Chinese road to socialism, placing class struggle, the reliance on workers and poor and middle peasants, as the motive force in socialist transition, secondary to the question of co-ordinating the economic process through observance of the law of value.

JENNY CLEGG

¹ Mao Zedong: *A Critique of Soviet Economics*, Monthly Review Press, p.94.

² *Resolution on some questions concerning the People's Communes*, Dec. 1958.

³ Mao Zedong: *A Critique of Soviet Economics*, p.140.

⁴ Mao Zedong: *ibid.*, p.131.

AN INSIDE VIEW

Problems of new and old cadres

THERE has been much criticism of how things were done in China in the past twenty-five or thirty years. People whose suggestions were voted down at the time feel that things could have been done better their way. Since the middle sixties China has reached a turning point as a developing nation (of which the factional struggle may have been one expression) and faces major changes in the economic and social basis which do require appropriate political and administrative changes in line with those suggestions.

Let us look first at China's accomplishments up to 1973, when the last heroic national leaders were dying and smaller fry made their most desperate power grab.

The bureaucratic apparatus set up by the central government had managed to maintain the day-to-day operation of the nation—for which it must be thanked—partly because the people considered it a product of 'the Party Central Committee under the leadership of Chairman Mao'. Some charisma is helpful to keep a country of this size running smoothly.

The completion of major water control projects in the middle fifties was possibly what sparked the agglomeration of smaller farm units into communes, which by the seventies had built irrigation networks over much of the countryside, including mountain areas with reservoir and hydroelectric capacity. Highway and railway systems crisscrossed the country, and some were already being reconstructed for the increasing traffic, largely industrial, which used them. Most rural countries had five or more industries, including electricity generation, small farm machine production and repair works, while urban in-

dustries were relatively complete. During this period Beijing developed a sophisticated industrial complex. Kaifeng, a provincial capital of 400,000 population, had electricity only for government buildings in 1956, and main streets were not paved all the way to the city gates. The running water system was built by public subscription, after the irrigation sluiceway was constructed on the Yellow River. Where there were three factories employing 100 workers in 1949, there are now over 300.

Rural brigades (about 2,000 people) had grain, cotton and oil-seed processing plants; county broadcasting doubled as a telephone system (one could stand under the loudspeaker and shout back into it); electric light reached rural homes—a 15-watt bulb coming on twice a week is magic compared with a wick in an ink-bottle of paraffin. Before 1949 there was widespread famine in China. In 1973, double the population was being provided with decent nutrition, and although working clothes were shabby (not rags), all had a Sunday suit.

By 1964, the number of students entering college had increased several times over 1947, and it doubled again by 1972. Secondary school education was almost universal in cities. Most counties had five or more full secondary schools (as compared to one at most in 1949), while communes had senior secondary, and brigades seven-year schools. Quality of new schools was questionable, but many had worked up to acceptable standards. They gave children some education and a positive occupation until they entered the labour market.

Could it have been done better? Of course. Looking backward we can see problems unprepared for at the

time, and hard choices that had to be made in a complicated social, political and economic situation. Is it certain that policies which must be adopted now could easily have been instituted then?

A sharp class struggle had been going on for decades—centuries in fact—and most of China was very poor. There was a great disparity in living standards between town and country, professionals and manual workers. In 1949, China was 80 per cent illiterate. By 1957, with six hundred million population, China could boast about five million intellectuals, including school teachers. Large factories were just beginning to require elementary school graduation (6 years) in new employees.

Preparing to cross the Yangtze River in 1949, the Communists had 53,000 trained cadres available for all the local administrative work in the great south of China, and the army was pressed in to help with civilian work. Many cadres had less than six years formal schooling, which limited their ability both to interpret and apply policies, and to absorb further special training. People of this kind formed most of the lower level administrations after 1949 and set working styles among the new trainees—a military style of carrying out orders without reasoning how or why; attacking persons questioning orders, even other Party cadres; selection of protégés through whom they could work more smoothly; traditional loyalty first to one's patron; simplistic egalitarian outlook equating curtains, for instance (until everyone had them), with bourgeois ideology; looking upon educated and professional or technical people suspiciously because the very limited educational opportunities had been largely a class privilege.

From the twenties, there had been two competing approaches in China's revolutionary movement—the metropolitan and the provincial; the elitist and the universalist. In the twenties this expressed itself in the attitude toward the peasant movement. In the 1942 'Talks at the Yenan Forum on Literature and Art', Mao posed the question 'for whom?'—a small urban community or the many cadres in the rural revolutionary bases? After 1949, this question came up during argument over the line of development of the country. By overwhelming numerical advantage and their position as the fighting force which won the revolution, the provincials gained the day.

China has perhaps achieved the greatest overall progress of any of the developing nations, although others are more advanced in specific areas. In comparison with India (independent in 1950) for example, China has about half the number of college students per thousand population. But almost all have been trained in the home country and work there after graduation. And what is the comparative number of secondary school graduates?

The demands of the metropolitans were not necessarily incorrect; possibly somewhat ahead of the time. Conspicuous advantages for a minority or for a few cities in a huge nation of abject poverty would not only have left serious problems unsolved but might be unsound politically—the poor had won the mountains and rivers.

By the middle sixties, China was reaching a situation of widespread secondary education, low and middle-level technology in farm and factory, and political knowledge; secondary schools taught more political economy than factory, or even county, Party Secretaries had learned, and political participation was a regular activity. Whatever the reason for starting the cultural revolution, the widespread response to it signalled that the working styles of the old bureaucratic machine were not adaptable to the needs of China's development in the new period ahead.

This does not mean that the whole bureaucracy has to be scrapped. Some cadres have in the past thirty years raised their abilities to a quite high level. Others have simply reached a job which is beyond their competence.

Nor is all new staff experienced with management procedures or proof against the short-comings which attacked the old. Democratic selection of management personnel is necessary to break the self-perpetuating character of the bureaucracy, a game of musical chairs shifting cadres from one shambles to a new opportunity for failure because a Civil Service job is for life. But the experienced bureaucracy kept China going while heads of departments were changing like the figures in a Chinese lantern. It certainly needs streamlining now; retirement of older personnel and return of some younger ones to productive jobs is being strongly encouraged. But China will continue to need numbers of administrative and management personnel, and cannibalising her professionals is not a practical answer.

The keynote is retraining experienced cadres in techniques and working styles adapted to a period of rapid modern development. The Ministry of Agriculture is already investing heavily through the agricultural colleges in programmes for county personnel. Nothing says that a competent bureaucrat will lose a democratic election.

Today there is a wide support for 'metropolitan' policies, but they must take account of the sophisticated changes which are taking place at all levels, making far more universal application both possible and necessary.

SHIRLEY WOOD (*Kaifeng*)

North-South Dialogue HOPE DEFERRED...

THE call for a new world economic order has been heard for a long time. Aiming to break the deadlock in the North-South Dialogue, and under the stimulus of the Brandt Report, the heads of state of eight developed and fourteen developing countries met at Mexico's luxury holiday resort, Cancun, on October 22-23. The Soviet Union had been invited but refused, maintaining that the problems to be considered were legacies of colonialism—nothing to do with her. China, herself untainted by colonialism, accepted. The problems facing participants included the survival of millions facing starvation and disease in the poorest countries, trade, energy supplies and costs, agriculture, finance. Allowed only about ten minutes each to speak, the participants agreed on the urgency of solutions; that, as global problems, they can be tackled only on a global basis, not by individual countries or groups; that the interests of the industrialised countries are closely affected by the state of development of their raw material suppliers in the South.

Wide differences were exposed between the developing and at least some of the developed countries. Some, like China, urged active support for the efforts of the underdeveloped to build their national economies, to achieve economic independence on the basis of self-reliance and in accordance with their own conditions and requirements, without outside pressure. On the other hand Reagan, with Thatcher at his elbow, determined to pay out nothing, called for private investment and increased private trade, meaning further neo-colonial exploitation.

While the urgent need to find solutions was agreed, no solutions were proposed, no aid offered by the richer to the poorer to assist growth, or even to relieve starvation. The co-Chairman, Mexico's Portillo and Canadian Prime Minister Trudeau, issued a non-committal concluding communique: 'The heads of state and government confirmed the desire of supporting at the United Nations a consensus to launch global negotiations on a basis to be mutually agreed and in circumstances offering the possibility of meaningful progress with a sense of urgency.' The subject is still before the United Nations, which is a positive feature, but it is clear that much greater pressure will be needed to bring about action.

LAST NOTES TO READERS

MEETING ABOUT BROADSHEET

As we come to the last of our normal issues the matter of whether we shall continue publication in any form is still undecided. There are certain problems which we have not yet been able to solve. Some of our readers may perhaps be willing to help us by discussing them.

If there is support for this idea we will hold a small meeting—for subscribers only—in London, probably during January. If you would like to come please let us know and we will send you an invitation with details of time and place.

May 1982 issue

It is our present intention to publish a further issue of BROADSHEET in May 1982. It will probably be somewhat larger than usual. If you want a copy, and your subscription has expired, please send us 25p or its equivalent in other currency. A copy will be sent free to readers whose subscription has not expired.

Bound volumes

We shall be binding the years 1980 and 1981 as usual, in a single volume, with index, but owing to the high price we shall do it this year only to order. The price will be £10.50 for the volume, by post. If you want one please send us a remittance.

Bound volumes, 1974-5

We find we have a number of the above volumes in

stock and in order to clear them we are offering them at the price of £2.00, including postage.

Complete index, all issues

We hope to publish in the first half of 1982 a complete index to all the 18 years of BROADSHEET. It will probably cover about a dozen pages. If you would like a copy please send us 50p (or its equivalent in other currency) and we will send you a copy on publication.

Back issues

We can still supply back issues of all numbers of BROADSHEET, but after the end of February 1982 we shall no longer be able to do so. The price is 25p per copy, including postage.

Donations

Finally, we must thank those readers who have sent us donations in recent months, in spite of our announced intention to cease regular publication. Their generosity has smoothed our way and we assure them that any funds remaining next year will be put to uses of which we feel sure our readers will approve.

Our readers have given us very valued support throughout our existence, and their comments and criticism have helped us greatly in our work. Their financial help has enabled us to give a service, especially to friends in the third world, which would otherwise have been impossible. We send them all our best wishes for the future; looking forward to the world triumph of socialism.

THE CHINA POLICY STUDY GROUP

BROADSHEET 1981

Contents — Vol. 18, Nos. 1 to 12

- | | | | |
|---------------|--|----------------|---|
| 1 Jan. | Why Vietnam occupies Kampuchea, by Jitendra Mohan. | | More on Poland: Comment Past and Present, by J.S. |
| 2 Feb. | Editorial: The Beijing Trials.
Resistance or Appeasement? S-E Asian Response to Soviet-Vietnamese Aggression (to be concluded).
De-Maoisation or Bolshevism? (to be concluded), by P. Corrigan and D. Sayer. | 8 Aug. | Editorial: CPC Resolution.
China Asks: What is Socialism?
About Soong Ching Ling.
Correspondence: On revisionism from D.F. |
| 3 Mar. | Editorial: Significant Economic Milestone. Accountable to the People.
Resistance or Appeasement (concluded).
De-Maoisation or Bolshevism (concluded).
Book Review: <i>Marx, Hegel and Dialectics</i> , by R. Norman and S. Sayers. | 9 Sept. | Editorial: Chinese Balance Sheet.
Summary of CPC Resolution.
Emancipating the Mind.
Regular Publication of BROADSHEET to Cease. |
| 4 Apr. | Editorial: Aid and Comfort to Brezhnev. Taming Bureaucracy.
Polish People Spurn Soviet 'Socialism'. | 10 Oct. | Editorial: Three Anniversaries.
The World Has Changed, Problems Since 1964.
South Versus North, for a New Economic Order.
The Future of BROADSHEET. |
| 5 May | Editorial: May Day Review.
Inside China's Agriculture, by Shirley Wood.
Planned Energy Use, by O. P. Kharbanda. | 11 Nov. | Editorial: One China.
Experiments in Responsibility.
Computer Threat? by S. Sayers.
Book Review: <i>The People's Republic of China: A Documentary History of Revolutionary Change</i> , edited and with introduction by Mark Selden.
Correspondence: The Resolution on Party History. |
| 6 June | Editorial: Vietnamese-Soviet Threat to S-E Asia. | 12 Dec. | Editorial: Valedictory.
Folklore of Trade.
An Inside View, by Shirley Wood.
A Contribution to the Debate on China's Road to Socialism, by Jenny Clegg.
North-South Dialogue—Hope Deferred...
Last Notes for Readers. |
| 7 July | Soong Ching Ling, 1893-1981.
How Should the Chinese System Work?
Modernisation: Visitor's Notes.
Book Review: <i>Reconstruire la Chine. Trente Ans d'Urbanisme, 1949-1979</i> , by Leon Hua.
Revisionism: Towards a Definition, by J. Mohan. | | |

SUBJECT INDEX

The numbers refer to issues

- Africa 10
- Agriculture 5
 - Responsibility system 11
- Appeasement of Vietnam 3
- ASEAN 2, 6-7

- Baoshan Steel Complex 12
- Brandt, Willy 10, 12
- Bukharin, N. 12
- Bureaucracy 4, 12

- Cancun Conference 12
- Centralism 8
- Class struggle
 - as key link 12
- Clegg, Jenny 12
- Commodity production 12
- Communes 5, 12
- Computers 11
- Conservation 5
- Cooley, Mike
 - "Architect or bee?" 11
- Corrigan, Philip, on Mao 2, 3
- Cultural Revolution 2, 4
 - and revisionism 6-7

- Davis, G. V.
 - on modernization 6-7
- De-Maoisation 3, 12

- Economic programme 3, 12
- Education 12
- El Salvador 4
- Elitism 4
- Emancipating the mind 9
- Energy 5

- Gang of Four, trials 2, 3

- Hua Guofeng
 - 11th Central Committee 9
 - 5th National People's Congress 12

- Industry 6-7
 - policy on 12
 - Responsibility system 11

- Japan, trade with 12

- Kampuchea 1, 3
- Kharbanda, O. P.
 - on energy 5

- Laos 1, 6-7
- Law of value 12
- Lenin, V. I. 10

- Malaya News Service
 - on Vietnam 2, 3
- Mao Zedong
 - assessment of 2, 3, 12
 - legacy of 12
- Market economy 6-7
- Marx, Karl
 - on Poland 6-7
- Modernization 6-7
- Mohan, Jitendra
 - on revisionism 6-7
 - on Vietnam 1

- North-South Report 10, 12

- Poland 4, 6-7
- Preobrazhensky, Y. O. 12
- Primitive socialist accumulation 12

- Reagan, Ronald
 - foreign policy 4
- Resolution of CPC 6th Plenum 8, 12
 - letter on 11
 - summary of 9
- Responsibility system 11
- Revisionism 6-7, 8, 10
- Romich, M. F.
 - on modernisation 6-7

- Sayer, Derek
 - on Mao 2
- Sayers, Sean
 - on "Architect or bee?"
- Selden, Mark
 - review of "The People's Republic of China" 11
- Socialism
 - nature of, in China 8
- Soong Ching Ling also 6-7, 8
- Stalin, J. V. 12

- Taiwan 11
- Thailand 2
- Trade 12

- USSR
 - and revisionism 6-7
 - and Vietnam 1

- Vietnam
 - and Kampuchea 1
 - and Laos 6-7

- Wood, Shirley 12
 - An Inside View 12
 - on agriculture 5
- World Bank 10

See page 7 for information on: A meeting about BROADSHEET and a complete index of all issues of BROADSHEET.