

APPENDIX 2

SOME PROBLEMS IN ACCELERATING INDUSTRIAL DEVELOPMENT

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Following Chairman Mao's directives, the Second Plenary Session of the Tenth Central Committee of the CCP and the Fourth National People's Congress proposed the great task of developing our national economy in the next twenty-five years. The first step is to build an in-

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dependent and relatively complete industrial structure and national economic structure. This should be completed before 1980. The second step is to fully realize the modernization of agriculture, industry, national defense and science and technology within this century. This will push our national economy into the front ranks of the world. The coming ten years will be the critical period for realizing these two steps. We must be guided by Chairman Mao's revolutionary line in carrying out this struggle, so that our national economy may make a new leap forward.

A socialist industry is the leading force of our national economy. It is only through accelerating industrial development that we can better support agriculture, stimulate the development of our national economy, strengthen our national defense to prepare against a war of aggression, further strengthen the material base of the dictatorship of the proletariat and support the revolutionary struggles of the peoples of the world. Currently on the international scene, the causes of revolution and war are both on the rise. A world war is bound to break out someday. Europe remains the strategic focus of Soviet revisionism, although the USSR would still like to move against us. We must spend whatever time we have in serious and concrete work. Accelerating industrial development is a major and sharp political question. The Party and State, while diligently developing agriculture, must at the same time strive to accelerate industrial development.

1. General Programme of Work

Chairman Mao's directives concerning the study of theory to struggle and guard against revisionism, stability and unity, and raising the level of activity of our national economy, form the general programme of work for our Party, Army and Nation. To accelerate industrial development we must firmly grasp this general programme.

On the industrial front, the struggle between two classes, two roads, and two lines is very intense. The old and new bourgeoisie are madly attacking socialism by stealing, corrupting, speculating and conspiring both inside and outside the State. A small number of enterprises have serious capitalist tendencies. They are sabotaging the national plan and undertaking illegal free production and free exchange. Some Party members, cadres, and workers pursue bourgeois life styles. In some enterprises, the leadership is not in the hands of true Marxists or in the hands of the workers and masses.

Some comrades notice all these but simply ignore them. They only give lip-service to the Party's basic line. In reality, the struggle between

two classes and two roads has been pushed aside. Without grasping this principle contradiction, there can be no end to mutual attacks. A number of people are practising bourgeois factionalism, struggling for power and gain, establishing mountain tops, and creating splits. They have caused great confusion in the enterprises, local regions and in the Party. Class enemies have taken advantage of this confusion for private gain, some have even usurped leadership positions. They struggle for restoring the past under the banner of anti-tradition. They struggle for revisionism under the banner of anti-revisionism. They sabotage revolution and production, pull down good cadres, attack model workers and model collectives. Bad people are in power, while good people suffer. In these localities and enterprises, management is in chaos, production has suffered prolonged stagnation, some of the enterprises have actually changed in nature.

In all these localities, bureaus, and enterprises, Chairman Mao's three directives must be thoroughly and persistently implemented. We must organize the cadres and masses to study seriously and to relate to concrete practice, so as to clarify the question of how to strengthen the dictatorship of the proletariat. We must use the Marxist position, viewpoint, and method to analyze the complicated situation of class struggle today. We must proceed from the outward phenomena to the substructure, and to expose it. We must stringently differentiate and properly handle the two different types of contradiction, pursue the Party's basic line in criticizing the revisionist line, capitalist tendencies and bourgeois factionalism. We must resolutely smash the sabotage activities of the class enemies, pay attention to rectifying our work in industry, adopt practical and effective measures, solve the problems of confusion and slackness in industrial and enterprise management, deepen the mass movement of learning from Taching and raise the level of production and construction.

2. Party Leadership

Whether Chairman Mao's three directives can be truly carried out depends a great deal upon the Party's leadership.

Currently, Party leadership of the enterprises falls into four categories:

1. There are those who loyally carry out the Party's line, direction and policy, who dare to lead and to accept responsibility, pursue unity, and perform a good job of grasping revolution and production.

2. Others whose leadership is characterised by varying degrees of "softness, looseness and slackness." These leadership units are frightened, they do not dare to stick to the principles. The good things

are not praised, the bad things are not criticised. Consequently, the Party organisation is weak and ineffective. Some of them are divided and practice bourgeois factionalism, each blowing its own horn and singing its own tune, so that a core group cannot be formed. Some of them show a softening of their revolutionary will, they let things pass, a little sickness is exaggerated. They moan when all is well and conservatively stick to old rules. Nothing is being accomplished.

3. Unreformed intellectuals and "bold elements" are in power. These people are politically ignorant and unexperienced in production. Yet, they make the most noise, pointing their fingers and calling the shots, accusing people and singing a high sounding tune, but never working out concrete problems. All the time they label people as "reviving tradition," "falling backward," "conservative forces," "pulling the cart without looking at the road" or "suppressing the revolutionary zeal of the cadres and the broad masses."

4. Bad people are in power. These elements steal and corrupt, speculate and cheat. Some of them are anti-Party and anti-socialist rightists. They use their positions of power to do bad things. On the one hand, they take in some people and corrupt them in order to develop their power base. On the other hand, they attack and accuse good revolutionary cadres and workers in order to realize the dictatorship of the bourgeoisie, to revive tradition and to move backward.

The third and fourth types are only a handful, but they are very dangerous. The reason why there is a prolonged lack of change in the situation in these units is that there is somebody backing them up.

To rectify these enterprises, the Party leadership must first be rectified. The Party Committees of the ministries, provinces, cities and autonomous regions must analyse the individual situation in each of its subordinate units, separate out different situations, employing corrective measures in several stages, so that within one year the leadership of these enterprises, including those that are state-owned and collectively-owned may be rectified. Grasp first the key enterprises and then proceed to the general ones. Particularly, the first and second posts on the Party Committees of the enterprises must be filled by comrades who have a strong sense of Party discipline, good attitudes, and can unite people.

After rectification, the situation in those leadership bodies that are "soft, loose and slack" must be changed. Those leadership bodies that contain unreformed intellectuals and "bold elements" must be reshuffled. The power that has been usurped by bad elements must be restored to the control of true Marxists and the workers and masses.

All enterprises must implement thoroughly the principle of "the old-middle-aged-young three-in-one combinations," to build a leadership

that is trim and effective, not swollen and ineffective; strong and vigorous, not weak and loose; can stand a hard battle and will not crumble upon the first attack. Enterprises are the first line of the battle, all leadership cadres must direct the battle on the front line. Experienced cadres who are old and weak may remain in the enterprises and the industrial departments as consultants.

All work relating to the enterprises, all political movements must be placed under the central leadership of the Party Committees. Revolutionary Committees, workers' unions, and youth regiments must all work under the central guidance of the Party Committees, and no individual or organisation may stand above it. All tendencies that weaken the leading role of the Party must be fought against.

3. Relying on the Working Class

Who shall we rely on in the management of enterprises, is a question of class and line.

Chairman Mao has long pointed out: "We must rely completely and whole-heartedly on the working class." Today there are localities and units that are not following this policy. They do not rely on the working class, but rather on this or that backer. They do not undertake class analysis, but blindly follow the "rebel factions" and "go-against-the-tide elements." As a result, they split the working class and lose touch with the workers and broad masses.

It has been nine years since the Cultural Revolution. To continue categorizing the working class into conservatives and rebels is erroneous. The correct thing to do is to differentiate them into progressive, centre, and backward, according to their present concrete performance in socialist revolution and socialist reconstruction. By taking the progressive ones as the backbone, mobilizing the centre, helping and educating the backward, we can continually strengthen revolutionary unity of the entire working class.

As for rebelling and going against the tide, a concrete analysis must be made to see which class is rebelled against and what kind of tide is being fought against. The correct ones must be supported, the erroneous ones must be criticised. The reactionary ones must be firmly stemmed, investigated and then criticised. We must be particularly alert against a handful of bad people sabotaging the work under the banner of "rebellion" and "going against the tide." Leading cadres must uphold the principles at all times and not bend in the wind. They must not be seduced by beautiful phrases or frightened into submission by labels, and thereupon lay down the arms of revolutionary thought and even hand over the power to others.

In drawing the lines between the rebels, the going-against-the-tiders, and the progressive elements of the working class, the criterion must not be that anyone who had once participated in rebellion and going against the tide is a progressive element of the working class. All those who attempt to use "rebel" and "going against the tide" as assets to obtain favours from the Party, and want to become Party members and officials, must not be granted their requests. Not only shall their requests not be granted, they must be criticised too.

A persistent and sharp tit-for-tat struggle must be waged against bourgeois factionalism. To continue practicing bourgeois factionalism now is to practice revisionism and capitalism. Those who do not change after continual reeducation must be dealt with severely. Party members are not allowed to undertake factionalist activity. If they insist on doing so, they will be expelled from the Party.

Implement the Party's policy. Workers, technicians, and ordinary cadres who have been labelled as "conservatives" and "wrong sides," must be cleared. Relevant files must be returned to them personally or destroyed. We must unite over ninety-five per cent of the cadres and the masses, mobilize all positive factors, and develop fully the enthusiasm, intelligence and creativity of the workers and masses to improve the revolution and production in the enterprises.

4. Rectify Enterprise Management

Since the Great Proletarian Cultural Revolution, many enterprises have persisted in the line laid down by Anshan Steel Mill, they have freely mobilized the masses and improved enterprise management and all areas of work have developed well. But a substantial number of enterprises are weak in political and ideological work, management is in chaos, work productivity is low, product quality is poor, maintenance is expensive, costs are high and breakdowns are frequent, causing serious loss to the country and the people. These enterprises, while rectifying and strengthening the leadership, must simultaneously rectify enterprise management practice and lay down rules of operation.

We must continue to deepen the criticism of the revisionist line in enterprise management, we must not be slack in this. The purpose of this is to strengthen, not weaken, socialist enterprise management, production management and operation rules. This is required at all times for ten thousand years. The question is which line to take and whom to rely on to carry it out. Opposition to enterprise management and operation rules will inevitably lead to anarchy. "An anarchist situation is not in accordance with the interest and needs of the people."

All enterprises must stick to the principle of putting proletarian

politics in command, and place political and ideological work in the first priority. We must grasp well the building of the Party organisation and leadership at the grass-roots level, let the party branches play the role of bastions of battle and Party members vanguard models, organize well the theoretical studies of the workers, as well as education in class struggles, the overall political situation and revolutionary tradition. All this must be done in relation to practice. All political movements in the enterprises must be conducted while maintaining production. Abandoning production in order to make revolution must not be allowed.

All work in the enterprises must stick to the mass line. Start mass movements and take a free hand in mobilizing the masses to conduct them. Do not let a few people do it in isolation. We must start socialist labor competitions. Cadres of all levels in the enterprises must participate in the system of collective production work, frequently come together with the masses and discard special privileges. Workers must participate in enterprise management. Broadly implement the three-in-one combination of leading cadres, workers and technicians.

Under the central leadership of the Party Committee, all enterprises must include a strong and independent system of management and production control that will supervise daily production and handle problems arising from production, in order to guarantee the smooth functioning of production. The Party Committee need not handle all problems large and small, thus permitting the Party Committee to concentrate on grasping major issues. Trimmed down functional organs should be created on the basis of production requirements and simplified structures. These organs must face the masses, the grass-roots level, and the front line of production. They must unite closely with the masses, improve the management of planning, techniques, labour and financial accounting.

All enterprises must grasp the following major economic and technical targets: (1) production targets, (2) variety targets, (3) quality targets, (4) materials, fuels, and power consumption targets, (5) work productivity targets, (6) cost targets, (7) profit targets, (8) circulating capital share targets, etc. Units who do not fulfill these targets in quantity, quality and on schedule, cannot be considered as having fulfilled the national plan. Prolonged failure in fulfilling the national plan is the responsibility of the leadership. All enterprises should take pride in achieving large quantities, high quality, low cost, and more fund accumulation. All enterprises should be ashamed of getting small quantities, poor quality, large expenses, and losses (except losses permitted by policy). Those who have not yet reached prevailing standards, must try to reach them as soon as possible. Those who have reached such

standards must try to surpass the national and international standards.

Quality, variety, and requirements must be given first priority. Those products that do not meet the standard must not leave the factories. Departments are allowed to refuse products that cannot be used. Those that have left the factories should be guaranteed maintenance, compensation and replacements.

Production and cutting expenses must be equally emphasised. Try to reduce the consumption quotas on material, fuel, and power. Constant clearing of warehouses is necessary for maintenance purposes, reducing inventories, damages, and losses. Expenses not to be counted as costs should not be included in costs. Unauthorized assignment of tasks to enterprises, removing of products, capital, labour, plants, and materials must be resisted by the enterprises.

Production organization must be improved to assure proper work load and job category assignment. Reduce the number of non-production and off-production workers. Raise work time efficiency. Activities to be performed on overtime schedules must not be undertaken during worktime. Today many enterprises have established a substantial number of sports teams, literary propaganda teams, militia, writing committees, and many other types of similar groups, thus resulting in a substantial number of young workers going off production, especially in the front line. The size of nonproduction workers in enterprise has risen to thirty to forty per cent. All these off-production specialized teams must be discarded. All those who should not go off production must return to their work stations.

All enterprises must rely on the masses. Based on concrete practice, they must build and improve the following production management system: (1) system of responsible work stations; (2) system for evaluating performance; (3) technical operation procedures; (4) quality control; (5) facility management and maintenance; (6) production safety measures; (7) accounting system, etc. The specific content of these systems should vary according to changing objective conditions and should be gradually improved, but they must exist and must be strictly implemented. Abolishing or weakening these systems at will must not be allowed under any circumstances.

A system of responsibility is the core of the system of operational rules in an enterprise. Without a system of tight responsibility, production can only be a battle of chaos. Building a system of responsibility is a crucial aspect of rectifying enterprise management. Each job and each station must have a responsible person. Each cadre, worker, and technician must be assigned a specific job responsibility. Such a system must be well-coordinated with the mass movement. Strengthen political and ideological work so that observing operation procedures becomes a

conscious part of the masses.

5. Two Positive Factors

Since 1970, changes in the system of industrial management have resulted in local management of the vast majority of the enterprises. This has strengthened the centralized leadership of the local Party Committees in economic work, and has significantly increased industrial development and industrial aid to agriculture. The facts have clearly shown that "two positive factors are much better than one." We must maintain this type of management.

Decentralization of enterprise management must continue down to the localities. Railways, postal service, inland water transport, civil air transport, oil pipes, shipping lines that cut across provinces, and large oilfields, selected industries, special construction projects, and specialized work teams, shall remain under central management. Other enterprises which have not been decentralized or are temporarily under central management must be gradually decentralized as objective conditions allow, or they may be put under joint management by the central and local leadership, with the latter assuming the major role.

Local Party Committees must strengthen their leadership in industry. Decentralized enterprises and large and medium local enterprises are in principle under the direct supervision of provincial, municipal, and autonomous regional leadership. The major responsibility for management and leadership resides with the provincial and municipal levels. Further decentralization must not be allowed. Currently, many local enterprises do not possess a complete management organisation, staff members are insufficient, and they have difficulty in adjusting to decentralization. Many problems go unattended, and production is not well managed. This impedes the development of production. In these places, the rapid building up of a complete management organisation is required to firmly develop production.

The central and local leadership must make a joint effort to improve the management of and transition to decentralization. They must pay attention to this. Our present task is the building of a national industrial structure, and at the same time to gradually build up an industrial system of mutually supporting regions. It is not yet time to make each province or area an independent system in itself. Therefore, these enterprises that affect the overall national economy are placed under double leadership, and those large scale local enterprises are still placed under central supervision. This is not only with regard to direction, policy, and planning, but also product distribution and the supply of essential materials that cannot be solved by the locality. In these

enterprises, the local authorities must discuss with the central departments on matters of reassigning positions for important leading cadres. The local leadership must first guarantee the fulfillment of the enterprise plan.

Decentralization of enterprises must be accompanied by hierarchical management. Central control must not be weakened. What should be centralized must be centralized, and not divided. The following must be placed under central supervision, and no locality or ministry may do whatever they please: (1) the direction and policy of the national economy; (2) major production targets in industry and agriculture; (3) investment in basic construction and major projects; (4) allocation of essential materials; (5) purchasing and distribution of essential products; (6) national fiscal budget and the supply of money; (7) increases of staff and workers and wages; (8) pricing of essential industrial and agricultural products. Currently, some localities and units ignore the national interest and the plans laid down by the central leadership, changing established policy at will, breaking the national plan, reformulating the production directions of the decentralized enterprises, refusing to co-operate with other units, failing to fulfill product supply quotas, confusing basic construction and expansion, wasting materials and capital funds. They even increase staff, raise the wage bill and change the pricing of products at will. This is not to be allowed.

6. Unified Planning

To guarantee the balanced and rapid growth of industry and the national economy and to realize the target for the coming ten years, it is necessary to strengthen the unified national plan. This must take place both at the central and local level, and in the nationally owned and collectively owned units. Production, construction, and all other major economic activities including work, wages, materials, and accounting, must be approved and balanced at each level, to be incorporated into the national plan, so that the whole nation will be like one chess board. The absence or the destruction of a unified plan will result in blind manoeuvring, thus creating conditions for the spread of capitalism. The end result will be the breakdown of socialism. As for collectively-owned enterprises, leadership must be strengthened to develop the positive factors and avoid unplanned work.

A balanced synthesis of the national plan must be arrived at on the basis of the Party's line, direction and policy, as well as the task and target of the national economic plan and the objective possibilities. Special emphasis must be placed on the balancing ratios of agriculture, light and heavy industries; raw materials industries and manufacturing

industries; accumulation and consumption; economic construction and national defense; production maintenance and the material and facility requirements of basic construction; "skeleton" and "meat," etc.

The formation of a plan must be based on a total mobilization of the masses and broad consultation with the units at the grass roots level. The method of "from low to high, unity of low and high, decentralization as the base, unity in centralization" must be adopted, with balancing on each level, to arrive at a unified national plan.

The formation of a plan must be based on objective evidence, so that it may be both positive and reliable, with sufficient leeway for adjustments.

The plan must be taken seriously. After the central has approved the plan, all ministries and localities must insist on fulfillment. Lack of concern for the overall situation, ignoring the national plan, and working according to private desires must be opposed. Modification of plan must be made through standard procedures, and subject to approval.

Strengthen the planning and accounting bureaus, so that such work will be improved. Statistics must reflect actual situations, all attempts at faking figures must be opposed.

7. Taking Agriculture as the Base

Agriculture is the base of the national economic plan. Without agricultural development there can be no industrial development. All industrial ministries must firmly establish the idea of taking agriculture as the base, so as to better serve agriculture, and strengthen the worker-peasant alliance.

The national economic plan, whether it be national or local, must stick to the agriculture—light industry—heavy industry ordering, with first priority given to agriculture. As industry develops, its share will grow, and the more crucial it will be to place special emphasis on agriculture. This major law of development has been borne out by both positive and negative experiences.

Each ministry must grasp the requirements of agriculture, and make the aiding of agricultural modernization their own major task. Every effort must be made to provide agriculture with machinery, chemical fertilizers, fuel, power, construction materials, transport facilities, etc., in order to further increase the contribution of agricultural production. At the same time, more positive efforts must be made to assist the supply of materials for rural light industries. This will increase exchange flows between the cities and the countryside.

The cities must mobilize the countryside. Each industrial city must act according to its means, mobilize one or more counties, and assist

them in developing agriculture, forestry, animal husbandry, secondary industries, fisheries, and small scale industries. This will increase the income of the communes and the brigades, and improve the supplies to the cities. These matters must be included in the plans of the industrial cities, with special bureaus in charge. Mining enterprises like Taching with sufficient conditions must learn from Taching to implement the policy of the worker-peasant alliance, and to strengthen co-operation between the city and countryside. They should develop secondary agricultural production in order to raise the level of self-sufficiency in grain and secondary food products. Where there is no possibility of opening up new lands for cultivation, but with a village nearby, then under the unified leadership of the local Party Committee arrangements for bringing one or two communes into enterprise supervision could be made. This could help them develop secondary agricultural products, and become a base for providing mining and industrial enterprises with vegetables, meats, and other secondary food products.

Take initiative in educating the workers on worker-peasant alliance, so as to improve worker-peasant relations.

8. Wage a Major Campaign in Mining

The most serious problem in industry now is that the raw materials, fuel, and power industries are lagging behind the manufacturing industries, particularly the steel industry. Within the steel industry and the entire materials industry, the weakest link is the mining industry. To speed up industrial development it is absolutely necessary to implement the directive of "taking steel as the key link." "Developing manufacturing industries without materials, is like cooking without rice."

Leadership on all levels must attach great importance to mining construction. They must assign competent cadres to supervise mining work, so that the best forces will be gathered to solve the problems of mining and steel production. Independent mining enterprises should be established at sites where there are rich deposits of iron ores.

Machinery production industries must vigorously develop large and advanced mining facilities, transport facilities, and other mining equipment. At the same time some crucial advanced mining technology should be imported.

To implement the coordinated development and utilization of mining resources, the practice of "one on one" must be opposed. Planning committees of each level must take up the task of supervision and management.

While mining development is underway, the problems of production

and manufacturing must be simultaneously solved, so that coordinated development of various industrial ministries can be arranged.

9. Develop Hidden Potentials, Make Improvements and Changes

Our national industry has already developed a corresponding base, with well laid out planning. . . The present problem is to fully utilize this industrial base via improvements and changes in technology, reasonable organisation and the coordination of work efforts, so that it may continue to grow and develop. These methods are more advantageous terms of investment savings, quicker and greater results than in construction of new projects. Future industrial development must rely on developing the potentials of existing enterprises and not by developing new projects. This is an important direction that must be followed.

Each enterprise must take a free hand in mobilizing the masses, to wage a people's war in developing hidden potentials, improving and changing existing enterprises. The tendency to develop new projects all the time and to refuse to fully utilize the existing base and develop its hidden resources must be criticised.

The barriers between enterprises and between localities must be broken to improve socialist cooperation. Management bureaus of each level of industry must fully grasp this task.

The communist attitude must be exalted. The conveniences should be passed to others while the difficulties should be kept for oneself. The attitude of treating factors of production under state ownership as belonging to one's own ministry, locality, or enterprise must be opposed. Otherwise many facilities will become idle rather than participating in cooperative work. The erroneous attitude of starting everything anew by oneself, without relying on anybody else must be opposed.

Improvements, changes, and organisational cooperation must be placed under the supervision of a unified leadership with coordinated planning. Priority should be given to increasing raw materials, fuel, and short process products, as well as increasing the level of coordinated utilization and of systematic production. Those manufacturing enterprises with excess production capacity, should organize part of their facilities into producing short process products. Those that already have transformation and improvement capital should spend efforts in planning and spending. Special priority should be given to innovation and modification in industrial planning and allocation of materials, facilities, and capital funds.

10. Carry Through Basic Construction

Take decisive steps and employ a tight management scheme to solve these problems.

1. All ministries whether central or local, while arranging investments in basic construction and development of construction projects, must take as their target the basic economic goals of the coming five to ten years. Initiatives that depart from this basic goal must not be allowed. Development should be made according to the limits imposed by resources, finances, and manpower. These limits must not be surpassed. Due consideration must be given to priorities, to avoid undifferentiated development speeds in all areas. A balanced development of large, medium, and small must be concretely implemented, with balanced use of native and foreign skills. This basic direction must not be disregarded in favour of adopting only large, foreign, and complete technologies.

2. Beginning with 1976, the annual work on large and medium scale projects should be firmly placed under the supervision and management of . . . , the annual set up of new projects must guarantee the inclusion of . . . to . . . , to reduce the current building cycle of . . . years to . . . years. The new projects must be separately investigated and firm control must be exercised on those that are on-going, those that are not absolutely required or whose requirements cannot be met should be stopped or slowed down.

3. In all basic construction, including self-accumulated capital by ministries and localities, production must be brought into the national plan. Large and medium scale projects must be approved by the state, small-scale projects must be approved by the province, municipal city, or autonomous regions. No locality, ministry, or unit may initiate, expand, raise the targets of basic construction projects without approval. No person may change the speed of development or take the materials, facilities and capital funds belonging to the state to initiate new projects at will.

4. Rectify the flow of capital funds. Basic maintenance funds, circulating production capital, allowances on depreciation of basic enterprise facilities, state profits and taxes of enterprises and deposits in banks must not be taken away in order to start basic construction projects. Distributing funds to enterprises and communes for undertaking basic construction projects must not be allowed. Basic construction banks with the responsibility for unified management of funds for basic construction should be established to improve the work of supervision. All projects that are in variance with the national plan should not be funded.

5. All construction work must proceed along lines strictly in accordance with established procedures. Projects without prior planning and facility arrangements must not be incorporated into the annual plan and must not be undertaken. All large and medium scale projects must have prior arrangements, and should be adequately supplied as work progresses. These tasks should be the responsibility of special bureaus.

6. Rectify the management of basic construction. Beginning with on the site investigation, everything from design to actual work must be checked. A tight system of operation rules and job responsibility must be established. We must raise the productivity of construction teams, speed up construction, guarantee construction quality, lower construction expenses, raise investment effectiveness, and overcome serious wastage problems.

11. Adopt Advanced Techniques

For an industrially backward country to catch up with an industrially advanced country, it must adopt advanced technology. We must do the same. Each ministry and enterprise must know the advanced standards of the world, and establish plans and procedures to catch up and surpass them.

A great effort must be made to mobilize the masses in improving technology and conducting scientific experiments. Respect the creativeness of the masses. Pay attention to summarizing, raising, and spreading the results of the improvements made by the masses. Develop the strategic positions of research institutions and research teams, so that they may be closely aligned with the masses in solving and developing major and crucial scientific and technological problems. The scientific research units of the Academy of Science and the various ministries that have responsibility at the state level, must implement the system of leadership by the Science Academy and the various ministries. Those that have been decentralized must be brought back. Scientific research and technical management in the mining enterprises must be strengthened. Large and medium scale enterprises must have their own research and experiment organisations. Some enterprises must even establish medium sized test laboratories and factories. Small scale enterprises must have laboratories for research and experiment, either within the limits of the city or in cooperation with other enterprises. Technical personnel within the enterprises must be part of the production staff, they must not go off production. Advanced institutes and universities must fully utilize their scientific research capabilities to implement the policy of "let a hundred flowers bloom and let a hundred schools contend," thus enriching our science and technology.

Persist along the direction of unity in learning and creation. It is necessary to learn humbly from foreign experience and to selectively import advanced technologies from abroad for our purposes. This will speed up the development of our national economy. We must stick to the principle of independence and self-reliance, and oppose the philosophy of slavishly learning from abroad and crawling slowly behind. But we must not be conceited and close our doors to everything and refuse to learn at all from abroad. All industrial ministries and science research units must firmly grasp the favourable opportunity that has been created by the success of Chairman Mao's revolutionary line in foreign policy line, and try to learn as fast as possible the new technologies which we need.

We must train a sufficient technical force to grasp quickly the foreign technologies which we have imported. The principle of "one use, two criticize, three change, four create" must be followed. Through utilization we shall become familiar with it and we can then change it and develop it. We must oppose the practice of copying everything, as well as the practice of changing and adjusting things before learning and mastering new techniques.

New technologies and new creations should be subjected to a system of security, to some extent. However, such information should not be withheld from other ministries and enterprises.

12. Increase the Export of Industrial and Mining Products

To increase the importation of advanced foreign technologies, exports must be increased. Hence, the share of industrial and mining products in exports must be increased as soon as possible.

Each industrial ministry must study the demands on the international market, and actively seek to increase the production of products that can earn foreign exchange. Production must be rapidly increased, and so must exports. It is not sufficient to consider only the import side without giving due consideration to the export side. The domestic market is the basis of our country, the foreign market is only supplementary. But the foreign market is also important and should not be overlooked.

To speed up the development of coal and oil in our country, we may consider the adoption of certain practices in international transactions, like long-term credits and contracts, under conditions of equality and mutual benefit. In certain areas of production, we may import from foreign countries entire sets of modern facilities, to be paid back by our production of oil and coal.

13. From Each According to His Means, to Each According to His Contribution

On the problem of wages, the long standing policy of our Party is to oppose great disparities in wages, as well as to oppose egalitarianism.

We must restrict bourgeois rights, oppose enlarging disparities and material incentives. If this is not done we will stimulate the growth of capitalism and endanger the dictatorship of the proletariat.

While restricting bourgeois rights, we must be mindful of the material and moral conditions that are presently in existence. We must not negate the principle of distribution according to contribution. We must not deny the necessity of the existence of disparities and pursue egalitarianism. Egalitarianism is not only impossible now, it is also impossible in the future.

From each according to his means, to each according to his contribution; those who do not work will have nothing to eat. These are the basic principles of socialism. At the present stage, this is in accordance with the requirements of the productive forces, and must be implemented. An egalitarian distribution that does not distinguish between differences in the intensities of work, standards of ability, and magnitude of contribution, is not conducive to the mobilization of the masses for building socialism.

The wages of low-wage workers must be raised, so as to gradually reduce the disparities in wages.

A regular system of promotion should be implemented, using as criteria the attitude towards work, technical and administrative skills, contribution in work and labour. All this must be implemented in accordance with the rules of the national plan, and must be discussed thoroughly among the masses and approved by the leadership. The wages of part of the workforce must be increased every one or two years.

Those with jobs in which work conditions are severe and intense, such as in high temperatures, underground, high above ground, in the wilderness, and in hazardous surroundings, should be further supplemented in wages.

On the basis of investigation and experience, the present wage system must be gradually improved.

All enterprises must insist on letting politics take command and educate the workers on the purposes of building a strong socialist country and supporting the world revolution, as well as the establishment of a communist work attitude, to properly handle the relationship between private and communal interest, short term and long term interest. The issue of each according to his means must not be disassociated from

that of each according to his contribution. We must explain to the masses that we are still a developing country, the standard of living can only be raised on the basis of developing production and increasing productivity, and as such we must continue the excellent tradition of hard work and severe struggle.

14. Concern for the Livelihood of the Workers

Leadership at all levels must be concerned with both the working conditions and living conditions of the workers. The problems in the livelihood of the masses must be brought onto the agenda and discussed. Problems that are solvable must be solved by mobilizing the masses, so that they may actively participate in resolving their own problems. Indifference to the problems of the livelihood of the masses is a totally erroneous attitude, and must not be adopted. The Party committee of each enterprise must include a comrade responsible for handling the problems of livelihood.

A planned increase of workers quarters and construction of public utilities in cities must be undertaken. Funds allocated by the state for such purposes should not be appropriated for other uses. Localities should allocate a greater share of their self-accumulated funds for this purpose.

Actively improve canteen facilities, day-care centres, health and medical clinics and similar collective social welfare projects. Improve the organisation of educational, cultural, and sports activities. Improve family planning.

Make an effort at improving the supply of secondary food products to cities and mining enterprises. Large and medium-sized cities must build their own bases of supply of secondary food products, and take steps towards establishing large scale pig and poultry farms.

Effective procedures must be taken to solve the problem of married couples being separated for long periods of time, resulting from differences in geographic job locations.

Qualified children may be allowed to continue the work of their parents who are either retired or deceased.

Work safety and protection must be improved, particularly for female workers.

Insist on terminating the "three pollutions—matter, gas, and water." Protect the environment and the health conditions of the workers. New construction projects that have not solved the problems of the "three pollutions" must not be initiated. Old cities and existing enterprises must systematically solve the problems of pollution.

Pay attention to the issue of the combination of labour and leisure.

15. Both Red and Expert

For the great historic task of building our country into a strong modern socialist state, we must have great numbers of personnel with political consciousness, technical and administrative skill.

Chairman Mao long ago pointed out: "In the relationship between politics and administrative work, politics takes precedence and is in the first position. The tendency to ignore politics must be opposed, but to be ignorant in technical and administrative matters must also be opposed. Our comrades, whether they be involved in industry, agriculture, commerce, cultural or educational work, must learn something about technical and administrative matters, so that they can become an insider and be both red and expert." All cadres must respond to Chairman Mao's words through concrete action in leading the workers, scientific and technical personnel, along the path to becoming both red and expert.

The workers must arm themselves with Marxism-Leninism and Mao Tsetung Thought. They must learn and grasp the technical skills of production, so as to transform themselves into workers with acute class consciousness, strong organisational discipline, and well mastered techniques. As such they will become the main force in the three great revolutionary movements.

Scientific and technical personnel must persist in uniting with the workers and peasants. They must undertake to transform their world view, and dedicate themselves fully to serving the people. They must undertake research in science and technology and be well versed in technical matters. All those who truly wish to serve the cause of socialism must be trusted and must be given help in solving problems that have to be solved, so that they may concentrate on research matters and utilize their skills to make positive contributions. Their results and achievements should be acknowledged. As for their weaknesses, we must give them enthusiastic help. Scientific personnel that have been misallocated must be investigated. Some units do not pay enough attention to scientific and technical personnel, and to developing their potential. This is a wrong attitude.

Party committees of all levels must exalt those who are both red and expert, criticize and educate those who ignore politics, research in technical matters or administrative matters, so as to create an atmosphere of studying Marxism-Leninism and Mao Tsetung Thought together with research into technical and administrative matters. Particular attention must be paid to the unity of these two aspects so that they do not become opposed to one another. We must actively seek to create conditions so that the broad masses of workers may be both red

and expert.

16. On Discipline

Discipline is the guarantee for the carrying out of the correct line. "Among the people there must be freedom, but unity of democracy and centralization, of freedom and discipline, just as we cannot do without centralization. The unity of democracy and centralization, of freedom and discipline, is our system of democratic centralism."

Currently, discipline is lax in many respects. The effects are bad and the damage is great. Discipline must be strengthened. A struggle must be waged against attempts to violate the policy, the system, unified planning, fiscal and economic discipline, and work discipline.

The broad masses of workers must consciously practice discipline.

Members of the Communist Party and the Youth League, and particularly leadership cadres of all levels must become models in observing discipline.

Support and exalt those comrades who seriously implement policy, enforce discipline and dare to uphold principles. Revenge must not be allowed to be taken against them.

Offenses against discipline must be seriously criticised and those who perform them must be educated. Serious offenses must be punished. Action must be taken against offenders according to Party regulations and State Law.

17. On Work Method and Work Attitude

"Probe deeper, obtain experience, initiate full scale activity." This is our Party's long-tested Marxist-Leninist work method. If industry is to be improved we must adopt such a work method.

Each locality and department possess good models and experiences, they have a large number of socialist new things. Leadership at all levels must go deep among the masses to uncover advanced experiences of the masses. After analysis and synthesis they should spread them so as to encourage further advances by the masses, so that production can continually achieve higher standards. Many localities and departments have persisted in such work. Their performance is good and their work is full of life. But many units are not good at such work, having developed the habit of issuing orders from the office. They do not have the total picture within their grasp, nor do they have models on hand. These units must change their work method and attitude.

While we are grasping the advanced things, we must also pay attention to the transformation of work in the backward units.

We must follow Chairman Mao's directive: "Under the guidance of the general line, a system of concrete directions, policies, and methods must be developed." Through the method of "from the masses to the masses," we must establish a set of rules for managing industry and work rules for enterprise management.

Our work must be concrete and well-grounded, not based on empty speculation and discussion. Reduce the number of meetings, shorten meetings and speeches. We must not discuss and then not decide. We must not decide and then not execute. Our work must be penetrating, refined, and concrete. Oppose shallowness, roughness, and superficiality. We must exalt the Taching work attitude of "three honesty and four seriousness." (Be an honest person, speak honestly, work honestly; serious organisation, requirements, discipline, and attitude). We must dare to take responsibility and oppose mutual irresponsibility. We must emphasise efficiency and oppose laziness and sloppiness. We must be enthusiastic about our work but we must not say false things.

18. On the Method of Thinking

We must encourage the use of dialectical materialism and oppose the use of metaphysics in our thinking. Make an effort at avoiding partiality and narrowness. A problem should be probed from all sides, and not only from one side. We must go beyond the phenomena to the essence. We must pay attention to one kind of tendency covering up another kind of tendency.

An analytical attitude must be taken with regard to all matters. Correct things must be preserved, incorrect things must be criticised. Undifferentiated assertions of the total correctness or incorrectness of all things must not be allowed.

We must state things as they are and strengthen research, so that our ideas correspond to reality. We must continually try to understand and grasp the objective laws of socialist construction.

We must give weight to both positive and negative experiences. By evaluating successes and failures, those with imperfect understanding can gradually achieve better understanding of their work.