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CHINA REPORT

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No. 10, 19 May 1980

Translation of the semimonthly theoretical journal of the Central Committee of the Chinese Communist Party published in Beijing.

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PORTRAIT OF THE LATE COMRADE LIU SHAOQI

Beijing RED FLAG in Chinese No 10, 19 May 80 inside front cover



CSO: 4004

COMRADE DENG XIAOPING'S SPEECH AT THE MEMORIAL MEETING FOR COMRADE LIU SHAOQI

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 2-4, 13

[Speech delivered at meeting on 17 May 1980 in Beijing]

[Text] We are gathered here today to mourn with profound grief Comrade Liu Shaoqi, a great Marxist and proletarian revolutionary, who dedicated the whole of his militant life to the cause of communism. He was a long-tested and outstanding party and state leader, loved and respected by the whole party and the people of all our nationalities.

Actuated by their reactionary motives of scheming to usurp supreme leadership of the party and the state during the Cultural Revolution, Lin Biao, Jiang Qing and company, taking advantage of our party's shortcomings and mistakes, deliberately framed Comrade Liu Shaoqi and persecuted him cruelly. He died of illness in Kaifeng, Henan Province, on 12 November 1969. His death was a great loss to our party and our people. On the basis of a wealth of conclusive evidence accumulated in the course of meticulous investigation and review, the 11th party Central Committee, at its 5th plenary session, thoroughly repudiated the accusations made against Comrade Liu Shaoqi and solemnly redressed the wrongs done him and rehabilitated his reputation. This principled stand of our party, that is, seeking truth from facts and correcting mistakes whenever discovered, won hearty support from the whole party, the whole army and the people of all our nationalities.

Comrade Liu Shaoqi was one of the earliest members of the Communist Party of China. Born in 1898 in Ningxiang County, Hunan Province, he took part in the 1919 May 4th Movement in his youth, joined the Socialist Youth League in 1920 and became a member of the Chinese Communist Party in 1921, shortly after its founding. From 1922 to 1932 he was involved mainly with the workers movement and underground party work. He participated in leading, one after another, the general strike of coal miners and railway workers in Anyuan, the May 30th general strike in Shanghai, the general strike of Guangzhou and Hong Kong workers and the heroic struggle of Wuhan workers to seize the British Concession there. He was

elected a member of the Central Committee at the Fifth National Congress of the CCP held in April 1927. After the failure of the great revolution (the first revolutionary civil war), he did underground party work in Shanghai, Tianjin, northeast China and north China under ferocious White terror, being one of the leaders of the Hebei provincial party committee at one time and secretary of the Manchuria provincial party committee at another. In January 1931 he was elected a member of the Political Bureau of the Central Committee at the fourth plenary session of the Sixth Central Committee of the party. In the autumn of that year he became director of the Workers Department of the party Central Committee and secretary of the party group in the All-China Federation of Trade Unions.

In the winter of 1932 Comrade Liu Shaoqi arrived in the central revolutionary base area in Jiangxi and served as chairman of the All-China Federation of Trade Unions and later as secretary of the Fujian provincial party committee. He took part in the Long March of 25,000 li, serving as the representative of the party Central Committee in the Eighth and then the Fifth Army Corps of the Red Army and director of the Political Department of the Third Army Corps. At the Zunyi meeting held in January 1935, which was vital to the Chinese revolution, Comrade Liu Shaoqi gave firm support to the correct line represented by Comrade Mao Zedong.

In the spring of 1936 Comrade Liu Shaoqi, as secretary of the Northern Bureau of the party Central Committee, correctly implemented in north China the party's policy of national united front against Japanese aggression, consolidating and extending the victories of the 1935 December 9th Movement led by the party. During the early period of the war against Japanese aggression he went far behind enemy lines, boldly arousing the masses to carry out the national salvation movement against Japanese aggression in accordance with the strategic policy put forward by the party Central Committee and Comrade Mao Zedong for independent guerrilla warfare in the enemy's rear areas, and effectively leading the work of founding the new anti-Japanese armed forces in Shanxi and establishing anti-Japanese base areas in north China. In the winter of 1938 Comrade Liu Shaoqi went south, serving as secretary of the Central Plains Bureau of the party Central Committee and helping organize and establish anti-Japanese base areas in central China. Receiving an assignment at a critical moment following the South Anhui Incident in 1941, he became political commissar of the New 4th Army and, in May of the same year, secretary of the Central China Bureau of the party Central Committee. He worked alongside Chen Yi and other comrades and quickly ended the difficult situation of the New 4th Army and revived and expanded the revolutionary forces in central China.

Comrade Liu Shaoqi was one of the principal leaders of our party for a long time. He returned to Yanan in 1943 and then became a member of the Secretariat of the party Central Committee and vice chairman of the Revolutionary Military Commission. At the seventh national party congress in 1945 he was elected a member of the Political Bureau of the

Central Committee and a member of the Secretariat of the Central Committee. When the enemy attacked Yanan in the spring of 1947, Comrade Mao Zedong and Comrades Zhou Enlai, Ren Bishi and Peng Dehuai remained in north Shaanxi to direct the nationwide liberation war and the campaign to defend the Shaanxi-Gansu-Ningxia border region. In these circumstances Comrade Liu Shaoqi, on order of the party Central Committee and Comrade Mao Zedong, moved to north China as secretary of the working committee of the CCP Central Committee and joined Comrade Zhu De in taking charge of the party Central Committee's day-to-day work.

Comrade Liu Shaoqi was elected vice chairman of the central people's government at the Chinese People's Consultative Conference in September 1949. He was elected chairman of the Standing Committee of the National People's Congress at the first session of the First National People's Congress in 1954. At the eighth national party congress in 1956 he was elected a member of the Central Committee, a member and Standing Committee member of the Political Bureau of the Central Committee and vice chairman of the party Central Committee. At the first session of the Second National People's Congress in April 1959 Comrade Liu Shaoqi was elected chairman of the People's Republic of China. He held the post until his death.

For decades Comrade Liu Shaoqi waged unremitting struggle and made immortal contributions to the consolidation and development of the party, to the victory of the new democratic revolution, to the victory of the socialist revolution and socialist construction, to the struggle against imperialism and colonialism and to the expansion of the international communist movement, winning love and respect from the whole party, the whole army and the people of all our nationalities.

Comrade Liu Shaoqi was a Marxist theorist of our party. He consistently stressed the importance of uniting theory and practice, was diligent in investigation, study and the summing up of experience, and was good at raising practical experience to the height of theory. He made important contributions in both practice and theory to our party building, to the workers movement in our country and to party work in the White areas. The theoretical viewpoints and ideological principles he advanced in these respects crystallized the experience accumulated by the party and the people in their heroic struggle over the past decades and were a component of the scientific system of Mao Zedong Thought.

Comrade Liu Shaoqi dedicated his life's energy to making our party a Marxist-Leninist party, to defending the party's ideological and organizational purity, to consolidating and expanding its ranks, to safeguarding its solidarity and unity, to establishing fundamental guiding principles for inner-party life and to strengthening the party's ties with the masses. Being the first to advance the concept of Mao Zedong Thought, he publicized it energetically at the seventh national congress of the party. "How To Be a Good Communist" and his other works on party

building, which have educated vast numbers of our party members, have become our party's invaluable spiritual wealth.

One of the principal leaders and organizers of China's workers movement over a long period, Comrade Liu Shaoqi was good at combining the party's political tasks with the workers' vital interests and organizing them in fruitful struggles. The ideas he advocated tirelessly in the early stage of China's labor movement, of emphasizing the trade union's organizational role, of raising the workers' political consciousness and of paying attention to their vital interests, continue to be of guiding significance.

China was hurled into the White terror after the failure of the great revolution in 1927. Confronted with Kuomintang counterrevolutionary suppression, some cadres in the party developed a tendency toward rash resistance. Comrade Liu Shaoqi advocated the need in the work among the masses to make use of public and legal means as far as possible, exploit the contradictions in the enemy's ranks, win over allies and be careful to wage appropriate struggles in light of the political awareness of the masses, so as to preserve and expand the party's revolutionary forces in the White areas. Although his correct position was repressed and vilified at the time, the experience he summed up about work in the White areas on the eve of the war of resistance against Japan won attention in the party and played an important role in the White areas during that war and in the subsequent war of liberation.

Comrade Liu Shaoqi upheld a correct stand in the major struggles over the political line of the party during the new democratic revolution. He waged firm struggles against the "left" adventurism of Li Lisan, the "left" opportunism of Wang Ming, the criminal activities of Zhang Guotao to split the party during the Long March and the right opportunism of Wang Ming in the early stage of the resistance against Japan. History shows that Comrade Liu Shaoqi deserved to be called a staunch and mature proletarian revolutionary.

After the founding of the People's Republic, Comrade Liu Shaoqi, as one of the principal leaders of the party and state, took an active part in formulating and implementing the political lines, principles and policies for the socialist revolution and socialist construction. He upheld the socialist road, the dictatorship of the proletariat, the leadership of the Communist Party and Marxism-Leninism-Mao Zedong Thought. In the report he made on behalf of the Central Committee to the party's eighth national congress, which was convened after the socialist transformation of the ownership of the means of production in China had been completed in the main, he proposed shifting the focus of the party's work to economic construction and making every effort to raise the social forces of production. During the period of economic difficulties in the early sixties he made a deepgoing study of the actual situation, heeded the views of the masses, showed deep concern for the safety of the country

and the weal and woe of the people, justly supported the correct policy of readjustment, consolidation, filling out and raising of standards, and achieved outstanding success in his efforts.

Like any other proletarian revolutionary who could not be without flaws and errors of this sort or that, Comrade Liu Shaoqi, too, had some shortcomings and mistakes in his work. However, he always faithfully implemented the party Central Committee's political line and domestic and foreign policies and unswervingly adhered to the party's mass line and democratic centralism.

Comrade Liu Shaoqi was a communist with a lofty moral character. He always paid great attention to studying Marxist-Leninist theory and was good at integrating it with practice, thoroughly investigating and concretely analyzing problems in line with theoretical principles. He was a person with political foresight and sagacity. We should learn from his scientific attitude of combining theory and practice.

Comrade Liu Shaoqi shared weal and woe with the people. He stressed that the chairman of the state was a servant of the people, that in revolutionary work no job should be regarded as superior to another, and that one should serve the people wholeheartedly at every post. Proceeding from the interests of the people, he always had the courage to correct shortcomings and mistakes in work and to accept responsibility for them. He maintained his revolutionary faith as a communist even in the bitterly hard time when he was cruelly persecuted by Lin Biao, Jiang Qing and company. We should learn from his revolutionary attitude of boundless faith in the party and the people.

His words were matched by his deeds. He set an example in fulfilling what he required in "How To Be a Good Communist" of all party members in cultivating party spirit. He was fearless in upholding truth and resisting erroneous ideas, never concealing his own views. He respected collective leadership and obeyed party decisions, always placing himself in the midst of the organization. We should learn from his revolutionary style of firmly adhering to principles and strictly observing discipline.

Comrade Liu Shaoqi was calm, resourceful and staunch in struggle against the enemy. He remained faithful and unyielding during his two arrests by reactionary authorities. He never evaded hardship or danger at the critical moment of the revolution, but instead always chose to go to the most difficult place and shoulder the heaviest task. We should learn from his valiant and indomitable revolutionary spirit.

Respected and beloved Comrade Liu Shaoqi left us more than 10 years ago. Lin Biao, Jiang Qing and company fabricated evidence, concealed the truth and made false charges against him, trying to erase his name from the history of the Chinese revolution. But as Comrade Liu Shaoqi said in his hardest time: "However, history is written by the people." Now

history has declared the complete bankruptcy of the plot of Lin Biao, the "gang of four" and company. History is just toward every founding member and leader of new China, and the merit of no one shall be forgotten. Comrade Liu Shaoqi, like Comrades Mao Zedong, Zhou Enlai and Zhu De, will always live in the hearts of the people of all our nationalities.

In this new period of historical development the whole party, the whole army and the people of all our nationalities face the arduous task of the four modernizations. The fundamental guarantee for accomplishing this historical task is upholding and improving leadership by the party and strengthening its fighting power. Commemorating Comrade Liu Shaoqi means first and foremost carrying out his behests and building our party into a fine party, restoring and developing our party's good traditions and style of work in every respect, and making our party truly the force at the core of China's socialist cause, so that it will lead the people of all our nationalities, with one heart and one mind, in working for the great goal of socialist modernization.

Eternal glory to Comrade Liu Shaoqi.

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CHERISH THE MEMORY OF A GREAT MARXIST--COMRADE LIU SHAOQI

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 5-9

[Article by Xue Muqiao [5641 2550 2890]]

[Text] Comrade Liu Shaoqi was a great Marxist, just as were Comrades Mao Zedong, Zhou Enlai and Zhu De. At long last the false charges against him have been overturned. I would like to take this opportunity to honor his memory by recounting several of the more impressive episodes in Comrade Liu Shaoqi's life.

I

I met Comrade Shaoqi in February 1941 after the South Anhui Incident. By that time Comrade Shaoqi, aided by Comrade Chen Yi and others, had pulled the New 4th Army through after the difficult and dangerous period which resulted from the errors made by its former principal leaders, reestablished its army headquarters (Comrade Chen Yi took over as the army commander and Comrade Shaoqi assumed the duties of political commissar and concurrently held the post of secretary of the party's Central China Bureau) and set up extensive anti-Japanese democratic bases in Jiangsu and Anhui (especially in central Jiangsu and northern Jiangsu). This made the New 4th Army a powerful armed force--second only to the 8th Route Army--under the party's leadership. While paying close attention to army building and the establishment of anti-Japanese democratic bases, Comrade Shaoqi attached special importance to party building and the ideological education of party members by the party. Some time toward the end of autumn in 1941, he stayed at the Central China Higher Party School for more than a month and delivered a dozen or so important reports. In these Comrade Shaoqi pointed out: The party's strategy during the early and intermediate stages of the first revolutionary civil war was basically correct, but toward the final stage the party leading organ headed by Chen Duxiu wrongly and mechanically separated the bourgeois democratic revolution from the proletarian socialist revolution and held that the democratic revolution was a revolution of the bourgeoisie and the bourgeoisie should be given the leadership of this revolution, that the proletariat should not overthrow the bourgeoisie or wage a socialist

revolution until the popular revolution led by the bourgeoisie had won its victory, and that during the democratic revolution period the Communist Party should not start any mass movement, make any attempt to gain political power or arm itself. During the second revolutionary civil war our party's sixth congress laid down its correct program, and, under the leadership of Comrade Mao Zedong, democratic governments and contingents of the Workers and Peasants Red Army as well as revolutionary bases were set up in certain areas, giving rise to the situation in which "a single spark could start a prairie fire." However, after 1929, due to the repeated "leftist" errors made by certain people within the party, especially the "leftist" line peddled by the Central Committee headed by Wang Ming, which refused to unite with anyone except workers and peasants, advocated toppling all, failed to exploit the internal contradictions of the ruling class, put forward such erroneous slogans as opposing all wars between warlords, and so on, the revolution suffered heavy losses. After the 18 September Incident, these people continued to place emphasis on class struggle instead of safeguarding national independence and put forward such erroneous slogans as "Support the Soviet Union" and "Rise up in arms to protect the Soviet Union." The correct strategic slogan of the anti-Japanese united front was later put forward by the party Central Committee led by Comrade Mao Zedong at the Zunyi Conference and especially after the Red Army arrived in northern Shaanxi. I did not have much concrete or systematic understanding of the two-line struggle within the party until I listened to the reports given by Comrade Liu Shaoqi. Before that I had acquired only some fragmentary and abstract knowledge concerning strategic and tactical questions from works by Stalin.

In 1942 I took part in the rectification study held in the headquarters of the New 4th Army for senior cadres and was deeply impressed when I read two documents in which Comrade Shaoqi summed up his experiences concerning the work in the White areas. So in some study notes I raised two questions, basing myself on my own experience. One was whether it was appropriate for the party to put forward such reformist slogans as "reduction of land rent and of interest on loans." I became editor in chief of the ZHONGGUO NONGCUN in Shanghai in 1934. In the situation at that time we could not put forward any slogan calling for starting an "agrarian revolution." Therefore, in many articles I advocated "reduction of land rent and of interest on loans." Such slogans gave the Kuomintang no excuse for banning our magazine, for in their "agrarian law" there was also a provision which favored "reduction of land rent and of interest on loans." However, in any Kuomintang-held area, if peasants actually asked for "reduction of land rent and of interest on loans," they were invariably suppressed. Therefore, this slogan helped us mobilize the peasants to go in for struggle, more effectively expose the fraudulent nature of the Kuomintang and guide the peasants into the path of revolution. Another question concerned the rural reformist movement once criticized in China's countryside. Articles containing such criticism helped our readers--some progressive youths carrying out work in the countryside--enhance their political consciousness, but they also made certain middle-of-the-roaders

complain: "You are staying in Shanghai and still claim to be revolutionary; we are working so hard in the countryside, but you still accuse us of reformism." After that we replaced such criticism with slogans calling for people engaged in rural work to unite and fight the Japanese invaders and succeeded in winning over the great majority of youths.

Before he left central China for Yanan, Comrade Liu Shaoqi wrote me an almost 3,000-character letter in reply to my questions, despite his onerous duties. He expressed his complete agreement with me. He also pointed out that the questions I had raised were of a very complex tactical nature and that to be a true Bolshevik one had to be able to thoroughly clarify them. He analyzed the different roles played by reformist slogans in different periods and different areas. He explained that, when the peasants rose up and demanded the confiscation of land owned by landlords, the slogan calling for a "25-percent reduction in land rent" became counterrevolutionary, because it could mislead the peasants. Such a slogan, he continued, was revolutionary and progressive before the masses rose up and demanded the confiscation of the landlords' land, because it helped mobilize the masses and guide them into the path of an agrarian revolution. He said that when the masses were not prepared for any revolutionary offensive or when the chances of success for such an offensive were still slim, we should use the slogan of a "25-percent reduction in land rent" to educate the peasants and get them united so that we could launch an offensive at an opportune time. This illustrated the way in which the slogan could be used as an ordinary tactical weapon. Comrade Shaoqi added that, at the time when the enemy of the Chinese nation had thrust deep into our territory and circumstances made it necessary for us to jettison the strategic demands for an agrarian revolution, the slogan calling for a "25-percent reduction in land rent" became one of our strategic slogans and not the tactical slogan it had been before. Comrade Shaoqi also affirmed the correctness of the call for people working in the countryside to get united and join the fight against the Japanese invaders. Furthermore, he pointed out that we should join the reformist organizations and become a farsighted faction among them. This would enable us to work within these organizations, influence them, urge them to make progress and do organizational work among the peasants through such reformist organizations. When reactionary forces had the upper hand, we should join the reformist organizations instead of antagonizing reformist organizations of a mass nature. We must also try to win over those in the upper strata of the reformist organizations, as long as they showed sympathy for the fight against the Japanese invaders. These opinions expressed by Comrade Shaoqi were completely correct.

II

Shortly before and after our nationwide victory, Comrade Shaoqi talked about the economic policies of new China on several occasions. On 8 February 1949 I was able to hear Comrade Shaoqi deliver a report entitled "Principles and Problems of Economic Construction in New China";

he was speaking in Xibaipo, seat of the party Central Committee. In this report Comrade Shaoqi pointed out that it would be a few more years before we could complete the struggle against imperialism, feudalism and bureaucrat capitalism and that the revolution at that time was of a new democratic nature. During the new democratic revolution the development of capitalism was permitted to a certain extent. However, steps should be taken to restrict such development in such a way that it could only benefit the national economy and the people's livelihood. While the new democratic revolution objectively cleared the way for capitalist economic development, it did not aim at developing capitalism but at the transition to socialism. Hence, there was a struggle between the proletariat and the bourgeoisie. The proletariat was fighting for socialism and the bourgeoisie for capitalism. He continued by pointing out that, with regard to the capitalists, the method of state capitalism could be employed. What was state capitalism? He said that it meant the proletarian state enforcing supervision over the capitalists under certain conditions, making the capitalists serve the state, reducing the damages capitalism might do to the national economy and promoting its constructive functions. The bourgeoisie would not render service to the state unless it was put under such supervision. The basic spirit of this report by Comrade Shaoqi completely accorded with that of the report given by Comrade Mao Zedong at the second plenum of the Seventh CCP Central Committee.

In his report Comrade Shaoqi devoted special attention to the question of the cooperative. His discussion started from the practical situation that existed in our country, where the small-scale peasant economy occupied an absolutely dominant position. He said that some comrades asked which was the more important between the state-owned economy and the cooperative economy and between the production cooperative and the supply and marketing cooperative. He advised people not to ask this kind of question, because both the state-owned economy and the cooperative economy and both the production cooperative and the supply and marketing cooperative were important. The state-owned economy and the cooperative economy should of course cooperate with each other and form an alliance. He said that the size of a production cooperative (labor-exchange team) should remain small, since it was likely to collapse when it became too large. Conversely, the size of a supply and marketing cooperative should be larger, since it would not go bankrupt easily if it was relatively larger. The supply and marketing cooperatives might not necessarily be established on the basis of the production cooperatives. The supply and marketing cooperatives could be founded on the basis of individual peasants, and their aim was to serve the entire laboring people. He pointed out that at that time we should stress commercial matters--the question of the supply and marketing cooperatives. We had to compete with the capitalists, because at that time the one who was able to play a leading role in the market led the national economy. However, we should not try to outdo the capitalists by means of administrative orders; instead, we should outdo them by commercial means. What means could we employ? We should rely on the pricing policy. When we dealt with laborers we should

insure that the fixed prices were reasonable in order to bar the exploitation of middlemen. He suggested getting the supply and marketing cooperatives organized, setting up a head office through elections from bottom to top, and establishing branch cooperatives in the various localities, with one in each county. The county branch cooperatives should send their trained cadres to the countryside and help set up branch cooperatives in the villages. These supply and marketing cooperatives marked a pioneering undertaking in the history of the world cooperative movement. As had been proved by experience, he added, this was a successful way of forming supply and marketing cooperatives and supplied an answer to the question of how to provide guidance to the small-scale peasant economy, which Lenin once considered a hard nut to crack.

On 25 July 1950 Comrade Shaoqi personally delivered an important report to the First National Cooperative Workers Congress. He praised the supply and marketing cooperatives for having done many good things: they promoted exchanges between the countryside and the cities, reduced exploitation by middlemen, marketed agricultural and sideline products and provided the people with means of production and subsistence. Comrade Shaoqi also pointed out that many supply and marketing cooperatives at the time had not been led onto the correct path; some of them were not clear about the principles of supply and marketing cooperatives. He said that the nature of the supply and marketing cooperatives at that time should be semi-socialist, because they were founded on the basis of individual economy. This distinguished the supply and marketing cooperatives from the socialist state-owned economy. Moreover, Comrade Shaoqi continued, the supply and marketing cooperatives were different from the capitalist economy, because they eliminated any exploitation of the laboring people by middlemen.

What was criticized most severely during the Cultural Revolution was the talk given by Comrade Shaoqi to capitalists, workers and cadres in Tianjin some time between April and May 1949. In what kind of a situation did Comrade Shaoqi give this talk? At that time Tianjin had just been liberated. The capitalists there did not understand our party's policies and were quite frightened; some of them were planning to flee the city. Many cadres did not dare keep in touch with the capitalists or speak to them for fear of losing their class standing. A minority of the cadres even treated the bourgeoisie the same way they had treated landlords and rich peasants in the countryside, thinking that we could confiscate the property of these big capitalists, since we had confiscated the land of even small landlords in the countryside. In some factories, workers put forward excessive wage demands, and the capitalists, who were getting ready to close down their factories, granted whatever was requested. At that time the unemployment problem was very serious, and the party had to put the bourgeoisie at ease and urge them to restore and develop production so that unemployment could be reduced. Because Comrade Shaoqi gave the talks impromptu and did not punish the capitalists later, some terms he used were not very accurate. However,

on the whole his talks played an important role in alleviating the capitalists' misgivings, improving relations between the public and private sectors of the economy and between the capitalists and the workers, implementing the party's principles and policies and restoring and developing production.

III

During the period of the readjustment of the national economy, Comrade Shaoqi offered some profound criticisms of the mistakes made by the party Central Committee during the 3-year period of the Great Leap Forward. These were reflected mainly in a speech at the enlarged work conference of the Central Committee held on 27 January 1962. At this conference a written draft speech by Comrade Shaoqi was circulated. It was the work of many comrades, with Comrade Shaoqi presiding over the drafting. Later the speech was printed and distributed among the participants at the conference, and the final version was completed after the participants' opinions had been taken into consideration. Comrade Shaoqi did not read the speech at the conference but gave a talk instead. His talk gave an even more profound analysis than did the written speech of the mistakes made during the previous several years. For example, the written speech read: "After all, since 1958 achievements have been the principal aspect of our work and have occupied a position of primary importance, while mistakes and shortcomings have constituted a minor aspect of our work and have only occupied a secondary position." In his talk, Comrade Shaoqi said that we might consider our record to be in a ratio of 70 to 30--70 percent of our work was achievements and the rest was mistakes and shortcomings. It varied from place to place as to whether achievements or mistakes and shortcomings had been the principal aspect of local work. In one place in Hunan the peasants said that the setbacks suffered in those years were "30 percent due to natural calamities and 70 percent due to human factors." He said that if we denied this the peasants would not be convinced. Comrade Shaoqi's view may still be considered inadequate on the basis of today's standard; however, under the conditions at that time it was a very bold view, and certain people found it very irritating. Conspirator Lin Biao took advantage of this situation and played it up, clamoring that such a statement interfered with the implementation of Chairman Mao's revolutionary line.

Comrade Shaoqi said that in the several preceding years there had been quite a few mistakes and shortcomings in our work but that the majority of them had been or were being corrected and overcome. For example, we had given up the supply system, stopped the operation of public canteens and stopped setting high targets. We also had curtailed the capital construction front, dropped items which we had originally intended to proceed with in a big way and reduced the number of water conservancy projects under construction. After the mistakes and shortcomings were corrected and overcome, a bad thing would be turned into a good thing. The important thing was to acknowledge our mistakes and shortcomings in

accordance with the principle of seeking truth from facts, sum up our experiences and be good at study. Comrade Shaoqi said that if we refused to acknowledge our mistakes and shortcomings, tried to cover up some of them while hesitatingly acknowledging some minor ones, or failed to uphold the principle of seeking truth from facts and completely and thoroughly acknowledge the existence of past and current mistakes and shortcomings, we would be unable to sum up our experiences or turn a bad thing into a good one. If one adopted such an attitude, one would not be able to stand up again after having a tumble; one would remain in a passive position and could not move forward without the help of others. Such criticisms by Comrade Shaoqi were quite to the point.

Comrade Shaoqi also asked what were the reasons for the mistakes in the work over the previous several years and why certain mistakes had not been corrected after a considerable period of time. [He pointed out that one of the reasons was our lack of sufficient experience in socialist construction. Some asked why we had avoided mistakes during the First Five-Year Plan period, when we had been equally inexperienced. Comrade Shaoqi said that one of the reasons had been that, generally speaking, our cadres maintained the traditional style of seeking truth from facts and adhered to the mass line. By the Second Five-Year Plan period, while we had accumulated certain experiences, we remained largely inexperienced. At that time many comrades became less modest and prudent, grew arrogant and conceited, and contradicted the traditional style of seeking truth from facts and the mass line.] As a result, to varying degrees they weakened democratic centralism, which governed our inner-party life, state life and the activities of our mass organizations. In the meantime, within the party and among the masses, certain struggles waged in an erroneous way were carried to excess. All this deterred the cadres and masses from speaking out courageously and speaking the truth, and in fact they were not allowed to speak the truth. That was why many mistakes existed in our work for long periods without being discovered or corrected.

Comrade Shaoqi went on to say that in the past we had said that our party was correct and we still said that it was correct. However, there were deviations in our implementation of the party's general line, and these were reflected mainly in our excessive attention to achieving more and faster results while neglecting the achievement of better and more economical results at the same time. In the past our explanations about the Great Leap Forward showed a certain one-sidedness. For example, we said that only when we doubled our production or when production increases reached a certain percentage could we say that we had had a great leap forward. Everyone knew there was a slogan that said the people's commune "is larger and has a higher degree of public ownership." However, Comrade Shaoqi said, the people's communes at that time did not give clear expression to these features. Some comrades said that the people's communes had been set up too early. Some asked whether it would have been better not to have set up the people's communes in the first place. If we had not set them up, it might have been better, because we could still set

up such communes several years later. But the question confronting us was what to do with these people's communes now that they had been set up. We should still seek ways of gradually improving their management.

These remarks by Comrade Shaoqi seem commonplace today. However, they expressed what had been on the minds of many cadres and the masses of people and what these cadres and masses did not dare say. This is why he was subjected to savage persecution during the Cultural Revolution by Lin Biao, Chen Boda and that adviser.

IV

Comrade Shaoqi set store by theoretical study. In the letter entitled "In Reply to Song Liang" (Song Liang is another name for Comrade Song Yefang), which he wrote in 1941 during the rectification movement, Comrade Shaoqi pointed out that Marxism had been introduced in China later than in some other countries. At that time the objective revolutionary situation was ripe and required the revolutionaries in China to wholeheartedly engage in revolutionary activities, which left them no time for long periods of theoretical study or for summing up the experiences they had gained in the struggle. Since the CCP had not had enough cultivation in theory, the CCP's erroneous guidance resulted in repeated defeats in the Chinese revolution. He went on to say that the CCP had not been able to completely overcome its weaknesses in theoretical study up to the time he spoke. Therefore, he pointed out, it was imperative to encourage theoretical study within the party. In the same letter Comrade Shaoqi also stressed the importance of integrating theory with practice, and he criticized two erroneous tendencies on the question of study--the tendency to belittle theoretical study and the tendency to carry out scholastic theoretical study that was divorced from practice. These tendencies were also called empiricism and dogmatism and had been criticized by Comrade Mao Zedong.

In the summer of 1959 Comrade Mao Zedong called on us to study political economics. In November 1959 Comrade Shaoqi went to Hainan Island for a month-long holiday. He spent the time doing some earnest reading. Comrade Wang Xuewen and I accompanied him during his stay there, along with Comrades Tao Zhu, Lin Liming, Lin Shulan and Wang Guangmei. We spent every morning reading, and in the afternoon we would hold discussions. Every time we gathered for a discussion, Comrade Shaoqi would talk about what he had gained from his study. He said that people in the Soviet Union looked at experiences gained in other countries from the point of view of their own experiences and considered their own experiences to be universal truth while the experiences of others resulted from special circumstances. Comrade Shaoqi said that this was a one-sided notion. Marxism was developing, he said. If one thought that one had reached the acme of perfection because of one's experiences, one had no hope of further progress. Political economics was also developing incessantly, and its content was constantly being enriched. Comrade Shaoqi

opposed the view expressed by that adviser that socialism was an independent social formation. Comrade Shaoqi believed that socialism was the transition period between capitalism and communism and the elementary stage or premature stage of communism. Therefore, the relations of production in the socialist period found themselves in a state of constant development and change.

Proceeding from the viewpoint concerning the constant development of socialist society, Comrade Shaoqi maintained that the principal contradiction in the socialist period also constantly changed. In the transition period (the period of the socialist transformation of agriculture, handicrafts and capitalist industry and commerce) the principal contradiction was that between the socialist road and the capitalist road. After the socialist transformation of agriculture, handicrafts and capitalist industry and commerce, this contradiction was, on the whole, solved and was gradually replaced by the contradiction between social production and social demand. Apart from this, there was also the contradiction between the socialist system and the vestiges of the old society, as well as the contradictions among the people. When communism is realized, the contradiction between social production and social demand would completely become the principal contradiction. In Comrade Liu Shaoqi's opinion, the basic socialist economic law advanced by Comrade Stalin reflected the contradiction between social production and social demand. Comrade Shaoqi held that this basic socialist economic law was also the economic law that would govern the period of communism and would fully play its role in that period.

Comrade Shaoqi expressed his own opinions on certain questions that had been the subject of debates among economists at that time. Concerning the debate over whether there would still be commodities after a unitary system of ownership of the means of production had evolved from the two types of socialist ownership of the means of production, Comrade Shaoqi pointed out that commodities would not disappear so long as there was a division of labor and the system of distribution according to work. He held that the products exchanged among different state-owned economic units were "special products." He was certain that during the socialist period it was imperative to practice the system of distribution according to work and at the same time to pay special attention to political and ideological education. On several occasions he also talked about the need to stress practicing economy while trying to improve economic results. He explained that in the past we had laid more emphasis on the need to live frugally but that this was a passive way of practicing economy. If we judged it from a more positive point of view, practicing economy required us to economize on the use of manpower and raw materials, because in this way we could practice economy to a more significant extent. He said that from then on we should pay more attention to propaganda in this respect.

On the relations between the speed and the proportional development of the economy, Comrade Shaoqi said that high speed and proportional development were contradictory. Some people wished to start building everything all at once but ended up with nothing completed. He noted that it had been correct for us to give priority to the development of heavy industry in the preceding several years, but by the time he was speaking we had put more effort into industry than we should have. Heavy industry had grown out of proportion with its appropriate position in the national economy, and there were imbalances in our economic development. He went on to say that we would not have had to stop giving priority to heavy industry if there had not been too much development in that field. Therefore, he continued, we must put forward the principle of taking agriculture as the foundation and developing light industry while continuing our efforts in heavy industry. Whether the various sectors of the national economy were developing in a proportionate way concerned the proportional relationships between industry and agriculture, between light industry and heavy industry, and between the means of production and the means of subsistence. He noted that it seemed to be very important to develop agriculture and that we must strive to promote agriculture and light industry while developing heavy industry. These ideas expressed by Comrade Shaoqi are still of important theoretical and practical significance today in our efforts to realize the four modernizations and implement the eight-character principle of readjusting, restructuring, consolidating and improving the national economy.

CSO: 4004

VIEWS ON PUBLIC AND PRIVATE INTERESTS THAT RADIATE WITH THE GLORY OF
MATERIALIST DIALECTICS

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 10-13

[Article by Ma Junqi [7456 0193 0796]]

[Text] In his book "How To Be a Good Communist," Comrade Liu Shaoqi evoked the brilliant idea that the personal interests of a communist must and can be merged with the general interests of the party and the proletarian class. This idea was condemned by Lin Biao and the "gang of four" as the "theory of the merging of public and private interests" and was subject to ferocious attacks and suppression. Actually, Comrade Shaoqi's exposition on the relationship between public and private interests profoundly explained the objective existence of personal interests, the unity between public and private interests and the correctness of the principle of personal interests being subordinate to the interests of the party and the people. It radiates with the glory of dialectical materialism and is of major significance in guiding Communist Party members in cultivation of the party spirit.

I

Comrade Shaoqi explicitly pointed out in "How To Be a Good Communist" that "party members have personal interests." We stress that personal interests must be subordinate to those of the party, "but this by no means implies that our party does not recognize, or brushes aside, the personal interests of its members or that it wants to wipe out their individuality." This theory of Comrade Shaoqi totally complies with the basic principles of Marxism-Leninism and reflects objective reality.

Personal interest is a social and historical entity. As long as there are human beings and human society, the existence of personal interests will be an objective fact. Man has to eat, wear clothes and have all the necessary conditions for survival before he can engage in production and social activities. The concrete forms through which the existence of personal interests are manifested and expressed differ only because conditions are different. Socialism is a historical negation of private

ownership, but it did not and cannot possibly eliminate personal interests. Even when the stage of communism is reached in the future, it can only further transform the form of existence of personal interests and make the personal interests of the members of society develop toward historical rationalization and equality. The truth is: If Marx did not have the necessary conditions for staying alive and engaging in research and writing (basic personal interests), he would not have written his vast collection of revolutionary works. In the same manner, proletarian heroes like Dong Cunrui, Liu Hulan, Jiao Yuzan and Lei Feng were not supermen or unfeeling "ascetics." (Even ascetics have their personal interests.) Of course, all revolutionary leaders of the proletariat and revolutionary heroes have a very high level of ideological consciousness. However, they are still products of their social existence and social relationships. Their ideas and deeds also cannot be divorced from objective historical conditions. If they are to work and serve the people, they have to live and have personal interests. Furthermore, some of their absolutely necessary personal interests are usually the basic precondition for them to bring even greater benefits to the proletarian class and the people. Therefore, they are both superior to and the same as ordinary people. It is not that they do not have personal interests, but just that they are able to place personal interests in the proper order of priority and correctly handle the relationship between personal interests and those of the party and people.

Comrade Mao Zedong said: "At no time and in no circumstances should a communist place his personal interests first. He should subordinate them to the interests of the nation and of the masses." ("The Role of the Chinese Communist Party in the National War") That is to say, Marxism does not disallow the presence of personal interests. It only demands that revolutionaries put personal interests in the proper place and subordinate personal interests to those of the collective. Lin Biao and the "gang of four" presented themselves as ultraleftists, maliciously attacked Comrade Shaoqi's scientific thesis concerning "communists have personal interests" and negated the objective existence of personal interests. This not only exposes their sinister intentions but also indicates their extreme paucity in the theoretical realm.

II

Comrade Shaoqi not only pointed out the objective existence of personal interests but also indicated the unity (or identity) of personal and collective interests. He pointed out that the personal interests of party members must and absolutely can be merged with the general interests of the party and the proletarian class. He said: "A party member can and must completely merge his personal interests with those of the party." "It is all the more necessary for each cadre and leader of the party to be a living embodiment of the general interests of the party and the proletariat and to merge his personal interests completely in their general interests and aims."

Comrade Mao Zedong pointed out time and again that dialectical materialism asserts that "there is unity between two opposites." There is identity between all contradictory things under any conditions. ("On Contradiction") The contradiction between public and private interests is no exception. Each one is the condition for the other's existence, and both are interconnected, interdependent, interpenetrated and interpermeated. In given conditions, each transforms itself into the other. Public interest is only relative to private interest, and there is no public interest without private interest. Private interest is only relative to public interest, and there is no private interest without public interest. The abstraction of the general interests of the party and masses, in essence, is but the interests of concrete individuals (including party members). (Naturally, collective interest is not equal to the simple sum total of all individual interests.) In this sense, we can say that there could never be public interests without private interests. On the other hand, the personal interests of communists exist within the general interests of the party and the masses. The revolutionary cause communists and revolutionaries struggle for does not exclude the revolutionaries' own personal interests. On the contrary, it automatically contains them. During the period of democratic revolution, communists and revolutionaries could only achieve their own liberation by liberating the whole nation and the whole people. It was completely impossible for communists and revolutionaries to seek their own liberation apart from the cause of liberating the proletariat and the masses. Today, due to the establishment of the socialist system of public ownership of the means of production, the interests of socialism, the development of the whole society and the raising of the level of production determine not only the interests of Communist Party members but also the personal interests of all citizens in the entire society as well. Generally speaking, the more developed a socialist economy is, the higher the level of material and cultural life of the members of society. If everyone only minds his personal interests and pays no attention to the overall situation, only minds his immediate interests and is unwilling to work and struggle hard, then the public interests of socialism will be undermined, the four modernizations will be hard to attain, there will not be adequate assurance for the people's personal interests and the growing demands of their material and cultural life will not be met. Therefore, socialism is the people's own socialism. It is closely linked with the individual self-interests of each citizen. When people struggle for socialism, they not only are bringing benefits to other people and future generations but are objectively striving for their own immediate and long-term interests.

Public and private interests and collective and personal interests are not only interdependent and interpermeated. In given conditions they are also transformed into each other. With the strong leadership of the party, the guidance of a correct line, and if the stability of the nature of socialism is not affected, distribution of a suitable amount of bonuses to workers and technicians who have made great contributions and support and encouragement for a minority of peasants to enrich

themselves ahead of others under the principle of "distribution according to work, more gains for more work," obviously benefit the people's personal interests. In this manner, the enthusiasm for socialism and creativity of the masses are also vigorously mobilized and brought into full play. This develops the interests of socialism. What were private interests have been turned into public ones. When a socialist economy develops, social wealth also increases. The state and the collective can then further improve the material and cultural life of the people. Here, what are public interests turn into private ones. The constant process of mutual transformation between public and private interests is the process by which a socialist economy and the standard of living of the people develop from a lower to a higher stage. Of course, the mutual transformation between public and private interests requires certain political conditions, which are persisting in the four basic principles and consolidating and developing the political situation of stability and unity. Without these conditions, the above-mentioned transformation will be impossible.

From the above analysis, it can indeed be seen that unity between public and private interests exists under given conditions. The "merging" of public and private interests was not deliberately perpetuated by any single individual. The fact is they have always had the characteristics of being interpenetrated and interpermeated. Comrade Liu Shaoqi's brilliant idea that personal interests can and must be merged with the interests of the collective is precisely an accurate expression of such an objective dialectical law.

III

Unity is only one aspect of the relationship between public and private interests. There is another aspect in their relationship which is the undeniable difference and contradiction that exist between them. From the point of view of interdependence and mutual transformation, the two are indeed unified and identical. But from the point of view of their differences and unique characteristics, the two are conflicting and distinct from each other. To party members and cadres, the basic principle in handling and resolving this contradiction is to subordinate private interests to public ones and personal interests to those of the state and the collective.

When Lin Biao and the "gang of four" were making a lot of noise to slander Comrade Shaoqi, they had the following line of argument: Comrade Shaoqi only talked about the interpermeability and merging of public and private interests and did not talk about the contradiction and conflict between public and private interests. The fact is that the title of Chapter 6 in "How To Be a Good Communist" is "Party Members' Personal Interests Must Be Unconditionally Subordinated to the Interests of the Party." The main point of the chapter is a discussion of how to correctly handle and resolve the question of the contradiction between

public and private interests. Comrade Shaoqi clearly stated that "a party member has interests of his own, which may be inconsistent with or even run counter to the interests of the party in certain circumstances." This kind of contradiction and conflict happened all the time during the period of the revolutionary war. Whether it was on the battlefield or in prison cells or on execution grounds of the enemy, Communist Party members and revolutionaries constantly faced the rigorous test of how to resolve the contradiction between public and private interests: whether they should sacrifice personal interests to protect the interests of the party, or whether they should sacrifice the party's interests to safeguard their own personal interests. Even in the present period of peaceful construction, there still are numerous contradictions between public and private interests, some of which are very acute. For instance, many of our comrades and masses suffered the ruthless persecution of Lin Biao and the "gang of four." Our party and state has adopted various measures to try to improve their conditions. However, because our country also underwent 10 years of calamity, it has not yet been able to satisfy all the personal interests due these comrades. Under such conditions, the interests of the party and the state and the overall requirements of the four modernizations come into some kind of conflict with the immediate interests of these comrades. There are so many such conflicts. We encounter them all the time. Therefore, to reread Comrade Shaoqi's discussion on how to correctly resolve contradictions between public and private interests becomes particularly important. Comrade Shaoqi pointed out: "At all times and on all questions, a party member should give first consideration to the interests of the party as a whole. He should put them in the forefront and place personal matters and interests second. The supremacy of the party's interests is the highest principle that must govern the thinking and actions of the members of our party. In accordance with this principle, every party member must completely identify his personal interests with those of the party both in his thoughts and in his actions. He must be able to yield to the interests of the party without any hesitation or reluctance and sacrifice his personal interests whenever the two are at variance." Here Comrade Shaoqi could not have explained the correct principle in handling the relationship between public and private interests more clearly.

Marxism recognizes the personal interests of party members and maintains that party organizations and responsible members of the party should be concerned about the indispensable personal interests of party members as much as possible. But this most certainly does not mean that individual party members can always ask the party for things or haggle with it. Much less does this provide an alibi to sacrifice the party's interests by insisting on one's personal interests. Communists are vanguards of the proletariat. On the question of having personal interests, they are the same as ordinary people. But on the question of their consciously subordinating their personal interests to those of the party, they are different from and superior to ordinary people. Stalin once said that communists are made of special stuff. That is to say, party members

should be armed with the correct ideology of the progressive class and possess a high level of communist consciousness and spirit of self-sacrifice. With this noble communist spirit and the spirit of self-sacrifice, party members will be able to work diligently, conscientiously, wholeheartedly and selflessly during normal times. At critical moments they will be able to insure the identity of their personal interests with those of the party by concrete actions of sacrificing themselves for the party and fellow men. This special form of unity and identity is entirely possible. Did the thousands upon thousands of fine party members in the history of the party not set such examples for us by their grand and moving heroic deeds? They were worthy of the name of a communist and were true communist fighters. Those who ask for name, position and special treatment from the party and do not even hesitate to undermine the party's interests to satisfy their personal needs are not qualified to be given the glorious name of a Communist Party member!

Comrade Shaoqi's Marxist theory of public and private interests as explained in "How To Be a Good Communist" still has its value as a realistic guide even today. Each party member and revolutionary comrade must thoroughly understand the objective dialectical law between public and private interests and comprehend their relationship of intermergence and interpermeability and their characteristics of being both contradictory and unified to consciously merge their personal interests with the general interests of the party and the people and with the great cause of the four modernizations and to correctly handle the relationship between public and private interests in practice in order to become progressive fighters with a high level of communist consciousness.

CSO: 4004

FOUR POEMS BY COMRADE LIN BOQU

Beijing RED FLAG in Chinese No 10, 19 May 80 p 14

[Text]

Untitled
January 1944

Boiled water instead of cigarettes are offered to guests.
Rationed clothes and bedding have to last 3 years.
Each mu of tobacco is taxed just as grain is;
Only 2 fen of beets are given as private subsidy.
Fertilizing and weeding are attended to personally;
Old things are turned into new without costing money.
Males are mobilized for farming, and females for weaving;
Fertile fields are available after mass weeding.
The sons and brothers in border areas are healthy and sturdy;
Exchanging labor in cooperation, they perform an important duty.

On the 60th Birthday

Ashamed of being behind General Zu Ti [4371 6636--of Jin Dynasty],
For 60 years have I now lived.
Unused to the pretense of personal charms,
I admire my worthy comrade-in-arms.
I regret being unable to devise any peace strategy.
Only Marxism-Leninism inspires me in my study.
After overcoming layers of ice and the burning sun,
Spring breeze has brought warmth to City Wuyan [3527 1639].

On Comrade Zhu De's 60th Birthday
(To the tune of the poem on Dong Biwu's birthday)
November 1964

Clear away the old and bring forth new things--
This is the aspiration of a peasant from Jialing.
Only really good people can enjoy their longevity;
Equality prevails only in the absence of poverty.
With a broad, open mind you are feeling free and easy.

Your military fame can never fade into obscurity.
Luxurious growths in the mountain now glorify our ancestors;
The fine offsprings will mature in time to honor their forebears.

In the saddle you remain hale and hearty.
Your life is interwoven with the nation's destiny.
Holding your bridle, you charge forward unopposed;
Yet in learning, you are as humble as the masses.
You knew long ago the futility of indecision;
The war drum prompted you to abandon your [Guomindang] military commission.
October plums are now in full blossom over the cliff,
Joining the whole nation in toasting your health.

9411
CSO: 4004

AGRICULTURAL SURVEYS IN JIANGSU

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 15-21, 25

[Article by the policy study office of the Jiangsu Provincial CCP Committee]

[Text] The most important link in the readjustment of the national economy is the strengthening of agriculture. To correctly implement the two documents of the Central Committee on agriculture and strive for the steady and continuous development of agriculture in order to meet the requirement of building the four modernizations, we made a preliminary survey of the situation of agricultural production in the entire province.

Total grain production in Jiangsu in 1979 was 48.5 billion jin (more than 50 billion if production from private plots is included), a growth of 2.2 times compared with that of 1949, or representing an average annual growth of 4 percent. Total cotton production was 10.6 million dan, 18 times that of 1949 and an average annual growth of 10.3 percent. Total output of oil-bearing crops was 7.58 million dan, 1.45 times that of 1949 and an average annual growth of 3 percent. The yearend head count of live pigs was 23.56 million (the total number of pigs raised reached 40 million), 4.7 times that of 1949 and an annual growth rate of 6 percent. The production of grains, cotton, oil-bearing crops, pigs and silkworm cocoons all surpassed the highest level attained in history. Total agricultural production in 1979 was 3.6 times that of 1949, and the average annual growth was 5.2 percent. In the same period the population in the province grew 60 percent, an annual growth rate of 1.6 percent.

In the past 30 years agriculture in Jiangsu has gone through a tortuous process. From 1949 to 1957, under the impetus of land reform and the agricultural cooperativization movement, production experienced a rapid recovery and development, and the annual growth rate of grain production was 4.5 percent. From 1958 to 1961, due to the mistakes of the "wind of exaggeration," the "wind of communism" and "confusing commands," agricultural production experienced its first serious setback. Grain production dropped to the level of the early period after liberation. After 1962, because of the serious implementation of the "60 Articles" on work

in rural people's communes formulated by the party Central Committee and the eight-character principles on readjusting the national economy, and because the whole province united and worked hard, difficulties were overcome fairly quickly, and agricultural production recovered and developed. Grain production in 1966 was nearly 30 billion jin, a growth of 65 percent over 1961 and an annual increase of 10.5 percent. After the start of the Great Cultural Revolution, agricultural production suffered a second serious setback due to the sabotage and interference of Lin Biao and the "gang of four." From 1967 to 1969, production dropped and stagnated. It never surpassed the 1966 level. At this crucial point, Premier Zhou convened the Conference on Agriculture in the Northern Regions, again stressing the extreme importance of developing agricultural production and reiterating the party's basic policy on agriculture. Under the guidance of the spirit of the Conference on Agriculture in the Northern Regions, the broad masses of cadres and people boycotted and struggled against the ultraleftist line of Lin Biao and the "gang of four" to varying degrees and in various ways. Great confusion was avoided in basic policies in the rural areas, and agricultural production experienced another fairly rapid growth. From 1970 to 1976, grain production increased 5.4 percent annually. After the smashing of the "gang of four" and the removal of the greatest obstacle to the development of the national economy, particularly after the 3d plenum of the 11th Central Committee, party committees at all levels implemented the two documents of the Central Committee on agriculture, criticized the ultraleftist line of Lin Biao and the "gang of four," maintained the "five stabilities" (basic stability of politics, policies, cadres, labor force and the system of "three-level ownership with the production team as the basic accounting unit") and enabled agricultural production to enter a new period of development. Although production declined in 1977 due to natural calamities, there were great increases in 1978 and 1979. The growth rate of grain production for those 3 years still reached an average of 4.2 percent. Cotton production grew even faster, attaining an average growth rate of 6 percent for those 3 years. For the whole decade of the 1970's, the average annual growth rate of grain production was 5.1 percent and of cotton production 4.2 percent. Production of such economic crops as oil-bearing crops, silkworm cocoons, pigs and poultry also recovered and developed rapidly.

The two documents on agriculture passed by the third plenum were the basic summation of our country's 30 years' experience in agriculture. They also fit in with the actual situation in Jiangsu. Because many comrades had experienced the two setbacks in agriculture in the past, they were good at learning from past positive and negative experiences, at studying, assessing and popularizing new successful experiences and at starting from reality in the localities. They placed stress on grasping the development of agricultural productivity. Therefore, agriculture in Jiangsu has maintained a certain rate of development in the past 10 years.

I. Firmly Uphold the Theory of Taking Agriculture as the Foundation

Running socialist agriculture well and developing the collective economy of people's communes is the foundation of the national economy and the basis for achieving the four modernizations. This consciousness is raised and becomes clearer through practice.

The interference and sabotage of Lin Biao and the "gang of four" during the Great Cultural Revolution was extremely serious. Around 1970 quite a few local cadres in Jiangsu who were familiar with work in the rural areas and with industrial and agricultural production began work again. These comrades had very vivid recollections of the setback that had occurred at the end of the 1950's and in the early 1960's and had a fairly thorough understanding of the theory of taking agriculture as the foundation which was consistently advocated by Comrade Mao Zedong. Therefore, the spirit of the Conference on Agriculture in the Northern Regions was generally fairly seriously implemented in the province, leadership in agriculture was rapidly restored and strengthened and the policy of taking agriculture as the foundation was basically implemented. Plans for the national economy exemplified the order of priority of agriculture-light industry-heavy industry as much as possible. In the 1970's the total investment in agricultural capital construction in the province was 1.67 billion yuan. Investment in capital construction of industries serving agriculture amounted to 1.315 billion yuan. The two items together totaled more than 2.98 billion yuan spent on agricultural development within the 10-year period, an annual average of almost 300 million yuan, and represented 26 percent of the total investment in capital construction throughout the province during the same period. This was a great increase compared with the previous period.

After the smashing of the "gang of four," particularly after the third plenum of the party, party committees at all levels attached even more importance to agriculture. All sectors increased their support for agriculture. When there was a particularly serious natural calamity in the province in 1977, the provincial party committee was able to dispatch more than 2 billion jin of grain and more than 70 million yuan in time to help the disaster areas overcome their difficulties. This aroused the fighting will of the great masses of people and cadres. When a winter drought in 1978 was followed by a spring and summer drought, a decision was made that industry must give way to save agriculture. Electricity amounting to 2.5 billion kilowatt-hours and a large amount of diesel oil and hard coal were given to support efforts to fight the drought and increase fertilizer production. A bumper harvest was finally achieved even in that year of serious drought. Grain production increased by 9 billion jin and cotton by 1.89 million dan compared with the previous year. There was another bumper harvest in 1979.

Practice has proven that only when all sectors firmly uphold the theory of taking agriculture as the foundation can there really be a comparatively

rapid strengthening and development of agriculture and the collective economy of people's communes, the quick surmounting of difficulties when they are encountered and a constant development of agriculture in normal times.

II. Take Changes in Production Relationships Seriously

One important aspect in the two setbacks in agricultural production was the problem of policy. Production relationships must adapt to the nature of productive forces. This is common knowledge in Marxism. But in practice this was usually ignored. After the cooperativization of agriculture, the newly established socialist production relationship was well suited to the level of productivity. Although constant improvements and necessary changes are needed, talking about constant changes in production relationships independent of the level of agricultural productivity and the experience and consciousness of cadres and commune members in the rural areas will only lead to the destruction of productive forces.

The basic policy stated in the "60 Articles" formulated by the party Central Committee in 1962 is compatible with the level of development of productive forces in the rural areas at present. When these basic policies were thoroughly implemented in the past, 3 years of economic difficulties were quickly overcome. After 1966, because of the disruption of these basic policies, another round of upheavals occurred. On the pretext of conducting revolution in the realm of production relations, Lin Biao and the "gang of four" constantly stirred up the evil winds of "pauper's transition," "cutting off the tail of capitalism" and holding "great hartao trade fairs." Some areas of our province were affected, and at one time there was a mass killing of old sows, confiscation of private plots and the banning of trade fairs. Most cadres in basic units and commune members in the localities boycotted these erroneous methods. The provincial CCP committee also reiterated the basic policy of the "60 Articles," strictly controlled the "transition" of basic accounting units from production teams to production brigades, and repeatedly made timely rectification of the errors of indiscriminate disposing of private plots, private forage land, and bamboo groves and trees in front of and behind commune members' houses. At the same time, it stressed the principle of "from each according to his ability, to each according to his work" and implemented the method of "fixed quota assigned to work teams but work points determined individually." Despite the chaotic conditions at that time, there was no major change in the system and policy. Public order, work order and production order in the rural areas were basically stable, and this provided the necessary conditions for the development of agriculture. After the smashing of the "gang of four," the policy of "five stabilities" was enunciated. This received the enthusiastic approval of the masses and cadres.

In the past few years, every adjustment in the rural economic policy and every reform in the management of agriculture has usually been preceded

by studies, investigations and pilot projects to insure that it is beneficial to the consolidation and development of the collective economy, the development of agricultural productivity and the enhancement of the material benefits of the majority of peasants and to determine whether the majority of cadres in basic units and the peasant masses are basically familiar with and voluntarily conforming to the measures being tested. Only after such a process are measures gradually put into practice. In this way, policies have been implemented in a down-to-earth way. It seems a bit slow, but actually it has gained time by avoiding detours.

Practice has shown that the transformation of production relationships is a basic problem in work in the rural areas. We must take it seriously. Otherwise we will suffer.

III. Strive To Change Production Conditions in Agriculture

Per capita farmland in Jiangsu is only 1.2 mu. How to insure adequate food and clothing for the people in both urban and rural areas in the province and make sure that the province will not be an obstacle to the development of the national economy but instead contribute to the state is a major problem with which the provincial party committee must constantly grapple. Since it is impossible to expand the cultivated area--as a matter of fact, it is shrinking--the only solution is to actively transform nature, vigorously build irrigation projects and engage in farmland capital construction, improve the ability to fight calamities by all possible means and increase soil productivity on the basis of adapting to and utilizing Mother Nature. After the completion of the Huai River flood control project during the early period after liberation, the great masses of peasants in the province carried on the spirit of "the foolish old man who removed mountains," strove relentlessly and never rested from working the soil to change production conditions. In the past 30 years a total of more than 23 billion cubic meters of earth have been dug up in the province, including more than 14 billion in the 1970's. At present, five networks of construction projects for protection against floods, waterlogging, drought, accumulation of floodwaters and tides have basically been completed. A new irrigation network that basically can drain, store, lift, draw, control and shift water across drainage areas has been built. The effective irrigated area today has reached more than 57 million mu, representing 82 percent of the total cultivated area. Farmland that can insure stable yields despite drought or excessive rain has reached 34 million mu, an average of 0.7 mu per capita of the agricultural population. Of the previous 9.8 million mu of saline-alkali land, 7 million mu have basically been transformed into good farmland.

Generally speaking, some reconstruction was necessary because of faulty original construction and waste, but big detours were avoided. The main reason is that we learned from the experience of 1958. While advocating carrying on the communist spirit, we also stressed implementing the rural

economic policy; while receiving as much support as possible from the state in terms of finance and manpower, we also mobilized the masses to uphold the spirit of building an enterprise through arduous efforts and vigorously engaged in labor accumulation. To this end the provincial CCP committee affirmed the principle of "unified leadership, overall planning, implementation by stages, mutual help and mutual benefit, reasonable share of responsibility, equitable exchange and repayment of labor forces, receiving benefits in turn and generally even distribution of costs and benefits." As long as the yearly distribution of income among commune members is not affected and current agricultural production is not hampered, as many cubic meters of earth as possible should be dug, and farmland capital construction should be conducted to the greatest extent possible. In fact, as long as the projects are really effective and can really increase production and income, the masses are willing or basically willing to contribute their labor. This labor accumulation is indispensable given the present financial resources of the state and the level of the agricultural economy. The amount of earth dug in the province over 30 years, if computed in investments terms, amounted to around 14 billion yuan, of which state investment and capital raised by the communes and brigades themselves accounted for 3.8 billion yuan apiece and labor accumulation by the masses for around 7.1 billion yuan. If we had relied solely on state investment, the scale and speed of irrigation projects and farmland capital construction in the province would not have come anywhere near what we have attained so far.

Of course, while we advocate going all out, we must also take a scientific attitude. Beginning in the 1950's, Jiangsu formulated a long-term irrigation plan from the provincial level to the county level and down to the commune and brigade level based on the requirements for managing drainage areas. It also worked out an implementation plan by stages to make possible gradual revisions and improvements in the course of implementation. Depending on changes in production conditions and the requirements of agricultural production, there were different main directions of attack during different periods. In the 1950's the main task was dealing with floods, together with protection from waterlogging and tides. In the 1960's the main task was protection from drought and waterlogging. In the 1970's the main task was solving the problem of waterlogging and accumulation of floodwaters, together with fighting drought. At present we are gradually advancing toward building farmland producing 1,000 jin of grain, producing double the target for grain in the national program for agricultural development or producing a ton of grain. Naturally, different aspects are also stressed for different places. In the coordination of construction projects we place stress on medium and small-scale projects. We are striving to combine large, medium and small projects and drainage, irrigation and precipitation projects into a complete network, arranging canals in the fields into a complete network, making water conservancy, soil preparation and soil improvement complement each other and allowing traditional methods of farming to complement mechanical and electrical drainage and irrigation

methods. Facts have proved that once one aspect does not complement the others, irrigation projects and farmland capital construction will not take full effect.

IV. Actively and Steadily Reform the Farming System

The strengthening of irrigation projects and farmland capital construction and increased support from industry created the necessary conditions for reforming the farming system. Jiangsu experimented with turning waterlogged fields into dry ones, turning dry fields into wet fields and adopting the triple-cropping system as early as the 1960's. In the 1970's, reform of the farming system was conducted over a large area of land. Five million mu of single-crop waterlogged fields in the Lixia River area were transformed into rice and wheat double-cropping fields. An additional 5 million mu of rice fields were created in the northern Huai River area by transforming dry fields into wet ones. Along the Changjiang in southern and northern Jiangsu, double-cropping rice fields constitute 40 percent of the total area of farmland. This is equivalent to having an additional more than 10 million mu of rice fields. The year 1971 was the first time that large-scale popularization of double-cropping rice and transforming dry fields into wet ones was conducted, and grain production that year increased by 4.3 billion jin.

In reforming the farming system we paid attention to analyzing the models and setting examples for others to emulate. The provincial CCP committee first assessed the experience of the Longqiao Production Brigade in Wuxian in double-cropping a large area of rice fields and achieving a great increase in grain production. At the same time, due to the successes of Suqian County in converting a large area of dry fields into wet ones and of Xinghua County in converting waterlogged ones into dry ones, resulting in the doubling of production, plus other examples of successes, the provincial CCP committee made up its mind to reform the farming system. However, to reform the farming system requires certain conditions. To convert dry fields into wet ones requires sources of water in the first place; to convert waterlogged fields into dry ones, the underground water level must first be lowered; and double-cropping rice fields were concentrated near the Taihu Lake region, where the frost-free period is longer, the requirement for labor in the fields is relatively smaller and the level of farming techniques is fairly high. Furthermore, there must be an adequate supply of the necessary chemical fertilizers, agricultural technology and farm machinery. The main point is that land suited for dry planting should be made into dry fields and that suited for wet crops should be made into wet fields. At the same time, emphasis must be placed on vigorously raising unit production to increase total output. Expansion of multiple-cropping areas should go hand in hand with careful and intensive cultivation. We must devise more ways to plant more and increase production and per mu production by increasing output during every season.

The development of wheat production in the past few years has been very rapid. Aside from the increase in the cultivated area, the main reason was the popularization of the advanced experiences of the Tangqiao No 6 Brigade in Shazhou County in scientific farming and careful and intensive cultivation. In 1969, per-mu wheat production in the province was only 182 jin, and total output was 6.13 billion jin, representing 20.6 percent of the total grain production. In 1979, per-mu wheat production passed the 400 jin mark, and total output went up to 16.1 billion jin; its proportion in the total grain production went up to 34 percent. Comparing 1979 with 1969, grain production increased by 18.7 billion jin, of which wheat accounted for 9.8 billion jin, or more than half the total increase.

But increasing the multiple-cropping index conflicts with soil fertility. Therefore, we must engage in soil conservation together with land utilization, with stress on the former. We must strive to make land more and more fertile as it is used more and more and increase output constantly every season and every year. The main method is to vigorously grasp the cultivation, planting, collection and making of natural fertilizer and to implement the policy of relying mainly on farm compost and making chemical fertilizers subsidiary and giving priority to self-sustaining fertilizers and making commercial fertilizers secondary. Because we were prudent in taking steps and down-to-earth measures were employed, there were no serious reversals in the reform. However, there were places where the level of farming techniques, fertilizer supplies and soil fertility were low, and in a few production teams the land area was very large while the labor force was small. These places engaged in improper and excessive expansion of the area of double-cropping rice fields. Problems of one form or another emerged. These conditions have all begun to be rectified in the past few years. Looking at the situation in the province as a whole, double-cropping has been successful. In normal years this method results in an increase in grain production of about 5 billion jin each year. But the problems of oversoaking the soil and affecting the soil structure are present in double-cropping rice. We are in the process of further discussing solutions to these problems.

V. Gradually Implement the Transformation of Agricultural Technology

Changing agricultural production conditions, reforming the farming system and implementing scientific farming must all be backed by scientific and technological equipment. Jiangsu has conducted a step-by-step preliminary transformation of agricultural technology in a planned manner in accordance with its agricultural needs, industrial possibilities and economic capability. The mechanization drive was led by drainage and irrigation machinery, and the problem of insuring stable yields was solved first. At present, agricultural machinery in the whole province has a combined force of 12 million horsepower, representing an average of 5.7 mu of land per horsepower. Fifty-six percent of the cultivated land is worked by machines. Fertilizer application averages 92 jin of ammonium carbonate and 25 jin of phosphate fertilizer per mu. The use

of agricultural chemicals and plastic sheets has also greatly increased. Stress in actively developing electrification must be placed on building a rural electric power network to solve the problem of power in the countryside. At present, 98 percent of the communes, 82 percent of the production brigades and 67 percent of the production teams are provided with electric power. The average electric consumption for each mu of land has reached 40 kilowatt-hours. These were the material conditions on which agriculture developed in the 1970's, and they are our starting point for the further transformation of agricultural technology.

In the transformation of agricultural technology, an important link is to grasp the "five small industries," building them up together with the construction of a few key large and medium-scale industries serving agriculture. The purpose of this is to gradually build a system of industry serving agriculture which is suitable to the present production level. When some of the enterprises of the "five small industries" were just starting, their consumption rate and production costs were relatively high, and product quality was low. Eventually they made improvements. With constant transformation they will still grow with vitality in the future. Seventy-seven percent of the chemical fertilizers, 75 percent of the plastic sheets, 70 percent of the cement and a great majority of the agricultural chemicals in the province are supplied by the "five small industries." The development of the "five small industries" depends largely on the enthusiasm of the prefectures, counties, communes and brigades and the peasants. The reason the localities are enthusiastic about this is that the localities are capable of operating "small" industries, and these can solve problems in agriculture. In Suzhou Prefecture, per-mu production of grain is 1,450 jin, and each mu of land uses 200 jin of chemical fertilizers, which are supplied principally by local small chemical fertilizer plants. The only problem is that there is only one variety of chemical fertilizer. The soil seriously lacks phosphorus and potassium and such trace elements as copper and molybdenum. Agricultural chemicals with low toxicity, high effectiveness and low residual toxicity are still in short supply, and farm machinery and traction farm implements do not complement each other well to make up a complete set of equipment. These problems are still to be solved.

VI. Handle Well the Relationship Between Grain and a Diversified Economy

The setback suffered in agriculture in the late 1950's and early 1960's landed us in a passive position in work in various aspects. Total industrial output declined 25 percent. Facts have taught us a lesson that in a province like Jiangsu, where land is scarce and the population large, we must put grain production above everything else. In the 1970's, because we vigorously grasped grain production, this gave impetus to the overall development of a diversified economy, promoted a faster rate of development in agriculture and supported the development of industry and other construction undertakings.

Grain production and a diversified economy help each other advance and condition each other. However, the leading factor is grain. The focal problem of cotton production in Jiangsu is the conflict between grain and cotton. In the past 3 years we allocated more than 1.5 billion jin of grain to solve the food problem of cotton farmers. This insured the faster growth of cotton production. Jiangsu does not have a great stretch of grassland for the development of animal husbandry. Livestock raising also depends on grain. Without 4 to 5 billion jin of fodder each year, pig raising cannot develop rapidly. In the process of implementing the policy of "taking grain as the key link and insuring all-round development and adapting working methods to local conditions and placing appropriate emphasis" we have experienced shortcomings and lopsidedness. On the whole the development of oil-bearing crops, silkworm cocoons, tea leaves, jute, fruit and small economic crops has been rather rapid. Particularly after the smashing of the "gang of four," the development of a diversified economy has been speeded up. The average annual growth rate for cotton in the past 3 years was 6 percent, for oil-bearing crops 25 percent, for silkworm cocoons 5.3 percent and for pigs 5 percent. This was directly related to the rather good condition of grain production. We can say that without grain there will not be any development of cotton and pigs and other diversified commodities. On the other hand, the development of cotton, pigs and so on also helps increase the production of grain and promotes the overall prosperity of the rural economy.

The extreme importance of grain also lies in its role in preparing against war and natural disasters and dealing with the increasing pressure of population growth. During the serious drop in agricultural production in 1977 we managed to pull through the calamity by means of the grain stock we had on hand, and undertakings in all other aspects were not affected. Last year the urban population in the province increased by more than 900,000, but public order in the city and countryside remained fairly good. This also had a lot to do with the bumper harvest of grains. Judging from our estimates, for a province like Jiangsu the state has to maintain a stockpile of around 10 billion jin of grain, and the communes and brigades must have a considerable amount of reserves for the province to survive 2 years of natural calamities and insure that there will be no reduction in food for the peasants, fodder for animals, grain to be handed over to the state, grain for the urban population and grain for industrial use and no slowdown in the construction of the national economy. Of course, emphasis on grain does not mean taking crop diversification for granted. When grain production increases, it does not necessarily mean the growth of a diversified economy. We must have overall planning and strengthen leadership.

VII. Take the Road of Integrated Growth of Agriculture, Sideline Occupations and Industry

The acceleration of agricultural development requires the support of the state. But in the final analysis it has to rely on the actual capability

of the collective economy itself. Judging from the experience of Suzhou Prefecture, to build a mu of land producing a ton of grain, the investment in capital construction on the land and indispensable farm machinery and equipment costs around 300 yuan. Pilot projects involving full mechanization in the Dongting Brigade, Wuxi County, show that a rough estimate of the required investment amounts to 1,000 yuan per mu. The agricultural production level in Jiangsu reached its peak in the 1970's, but the annual capital accumulation per mu was only around 11 yuan. To accelerate the transformation of agricultural technology and constantly expand agricultural reproduction, we must bring about a fundamental change in the rural economic structure and transform the single-cropping agricultural economy. Wuxi County has had some experience in integrated management of agriculture, sideline occupations and industry which spurred the vigorous development of industry in communes and brigades. In 1979 the total industrial output value of communes and brigades in the province was 7.3 billion yuan, more than 9 times that in 1970. In 25 counties, or 40 percent of the counties in the province, the industrial output value of communes and brigades surpassed 100 million yuan. At present the proportional ratio of the relative strength of agriculture, sideline occupations and industry in the rural economy of Jiangsu is 5:1:4. The development of industry in communes and brigades has begun to show its positive effect in accommodating the surplus labor force in the rural areas, improving and raising the peasants' standard of living, increasing the supply of commodities in the market, promoting the overall growth of industry, giving impetus to construction in small towns and gradually closing the gap between town and country. It particularly performs an obvious and direct role in supporting the prospering of the rural economy and the acceleration of agricultural development. According to 1978 statistics, profits from commune- and brigade-run industries used in agriculture reached 200 million yuan, equal to 88 percent of the state's appropriations for agriculture. Wages diverted to the brigades and included in the annual distribution of income for commune members amounted to 940 million yuan, equivalent to an extra income of 18 yuan for each commune member. Industries in communes and brigades also supplied 71 percent of the medium and small-size farm tools, 61 percent of the semi-mechanized farm tools and 77 percent of the spare parts for agricultural machinery.

To take full advantage of the favorable conditions for developing industry in areas along the Changjiang in Jiangsu, the localities opened up various channels and sought multifaceted development, apart from developing farming and animal raising. They developed some suitable processing industries while grasping industry to serve agriculture. State plans cannot provide for raw material supplies for industries run by communes and brigades. Only a small portion can be included in the plans; the greatest portion must depend on the industries' own production and marketing outside the plans. At present, products produced by industries run by communes and brigades which are included in the plans constitute about 30 to 40 percent of the total. Products produced and marketed outside the plans constitute

from 60 to 70 percent. They have the effect of regulation by the market mechanism under the guidance of state plans. Studies, research projects and pilot projects are now being conducted on integrated enterprises whose operations embrace agriculture, sideline occupations, industry, commerce and trade (foreign trade). It seems that, on the basis of grasping agriculture well, rural communes and brigades will have to develop industry, achieve breakthroughs in commerce and establish their position in foreign trade before the collective economy can prosper. Only after the rural people's communes occupying a large territory have prospered can there be hope for the whole country to prosper.

VIII. Leadership Work Must Strive To Conform to Objective Reality

The two setbacks in agriculture tell us that we must certainly strengthen the leadership of the party over agriculture and strive for correct leadership which conforms to objective reality. Abandoning leadership, letting things take their own course or issuing confusing orders while disregarding objective conditions will all bring disastrous results to agriculture.

Following historical experiences, when Jiangsu drew up agricultural production plans over the past few years they underwent several rounds of deliberation both within the leadership and among the masses. Jiangsu stressed both having lofty aspirations and great goals and leaving leeway for unforeseen circumstances. There was guidance from the state plans, but the right of autonomy of production teams was respected, and the production teams were allowed to plant in accordance with soil conditions and the objective situation. Therefore, the plans were fairly positive and reliable, and there were good results in fulfilling the plans. On the question of actual leadership methods, the scheme of integrating subdivisions of jurisdiction, planning and setting up models was employed. As early as the early 1960's, Jiangsu began the work of agricultural subdivision. The whole province was divided into six agricultural districts, namely, Xuhuai, the Lixia River, Yanhai, Yanjiang, Taihu and the Zhenyang hilly district, and agricultural and irrigation plans were designed accordingly. In the early 1970's the subdivisions and plans were further revised. Popularly recognized models were set up in all districts and for all types of crops. The experience of one point was used to promote work in many points and that of many points to promote work in the entire area. In this manner, subjectivism was minimized, the popularization of advanced technology was more down to earth and the rate of development of agricultural technology was speeded up.

In its leadership in agriculture, Jiangsu paid attention to striving to attain a relative balance within an overall situation of imbalance and worked hard to achieve a balanced increase in production over a large area of the province. Stress was placed on helping the district of Xuhuai, which had low production and had suffered many disasters. In the past 30 years, an investment amounting to more than 1.68 billion yuan has

been given to Xuhuai District for irrigation alone, constituting 46.4 percent of the total investment in irrigation in the province. Because irrigation conditions were gradually improved, along with other measures taken to increase production, production in Xuhuai District grew rapidly. In 1969, grain output there was more than 6.2 billion jin. In 1979 it jumped to 12.9 billion jin, a growth of more than 100 percent in 10 years. The growth of production in Yangzhou Prefecture was rather remarkable, too. In 10 years' time, production grew by 3.8 billion jin, or 80 percent. Suzhou Prefecture started from the basis of a rather high production, continued its advance and attained an increase of 2.9 billion jin, or 44 percent, in 10 years. The gap between prefectures or districts has been narrowing, and a fairly high rate of growth has been maintained. This has accelerated the overall rate of agricultural development in the entire province.

Socialist agriculture is a common undertaking of millions upon millions of peasants. In the final analysis, development of production has to rely on the peasants. Ideological education is an important link in this undertaking. The provincial party committee has placed emphasis on implementing policies and protecting the material interests of the peasants, while constantly educating the peasants on persisting in the socialist orientation, persisting in hard struggle and taking the road of common prosperity. Some places in our province at present pay attention only to making money while disregarding the grasping of overall development of grain and a diversified economy. They attach importance only to individual peasants or peasant households "standing out" while disregarding taking the road of common prosperity and talk only of a comfortable life and no longer of arduous struggle. This is going from one form of lopsidedness to another. Therefore, work in ideological education should go hand in hand with grasping policies, management, administration, improvement of livelihood, technology and development of productivity. It is incorrect to pay attention to only one aspect, and it is improper to neglect any one aspect.

Agriculture in Jiangsu has definitely developed over the past 30 years. However, there still are many problems. The major ones are: 1) The ability to resist natural calamities remains inadequate. The province can deal with drought and regular rainfalls and waterlogging but not with extended periods of low temperature, overcast skies and rain and combined waterlogging and accumulation of floodwaters. One particular problem is that outlets for floodwater in the northern Jiangsu and Taihu Lake regions are still not adequate. 2) The level of production is not high enough. With the bumper harvest last year, per capita grain production was only 850 jin, and the average grain output for each agricultural worker was only 2,550 jin. The average food grain for each commune member was only 522 jin. 3) The rural economy is not very developed. A considerable number of communes and brigades are still engaged in single-crop cultivation, and industry run by communes and brigades, forestry, animal husbandry, sideline occupations and fishery have not been fully developed.

Forestry and fishery are particularly underdeveloped. 4) Some places are still very poor, particularly in the old liberated areas in the northern Huai River area and areas along the Changjiang, where a considerable number of communes and brigades do not really have any substantial resources and the peasants' life is still very poor. These are all important problems confronting our province.

The victories we have gained on the agricultural front since the smashing of the "gang of four," and particularly since the third plenum of the party, show that as long as we persist in the line, principles and policies laid down by the party Central Committee, work toward the general goal of agricultural modernization and seriously learn from the positive and negative experiences in the past, agricultural development can be accelerated. At present the broad masses of people in the province are continuing to work hard to further promote the overall development of agriculture and carry out overall construction in the countryside in the 1980's in pace with the readjustment of the national economy. Our preliminary plans are to achieve the following: lowering the net population growth rate in the province to 5 percent by 1985; raising the per capita distribution of grain in both urban and rural areas to 1,000 jin; bringing about a considerable growth in the production of such economic crops as cotton and silkworm cocoons, animal husbandry, fishery and forestry; and gradually building integrated enterprises of agriculture, sideline occupations, industry, commerce and trade to bring about a more balanced level of economic development in rural areas of the province. On this basis we intend to further develop the three bases of grain production--Taihu, the Lixia River and Xuhuai--and the bases of cotton production--Nantong and Yancheng--and to strive to attain considerable improvement in the peasants' life, to achieve considerable increases in the reserves of the state and collective, to make a group of communes and brigades reach the present level of income distribution in advanced communes and brigades and to build a solid foundation for modernization.

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ATTACH IMPORTANCE TO THE PROCESS OF CIRCULATION TO STIR UP THE ECONOMY

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[Article by Fang Fang [2455 2397], Song Fucheng [1345 4395 2052] and Yu Chunguang [6657 2504 0342]]

[Text] We believe the following measures are required to carry out the system of market adjustments under the guidance of a uniform state plan in order to revitalize production, the enterprises and the general economy and to achieve all-round economic efficiency:

First, we must be concerned with and study the process of circulation and its impact on production.

Due to confusions in theory created by the "gang of four," a number of comrades on the industrial front do not understand very well the objective law of socialist economy, especially the functions of the basic laws of the socialist economy and the law of value. On top of this, the system of economic control in our country is so centralized that industry and commerce enjoy very little independence due to a system of rigid control. The failure of both the industrial departments and the enterprises to attach importance to changes taking place in the field of circulation has given rise to a series of disastrous consequences, such as the dislocation of production and consumption, contradictions among supply, production and marketing, contradictions between industry and commerce on the one hand and consumers on the other, and contradictions between different regions. Specific instances are as follows:

Since production and consumption are not well coordinated, unneeded commodities are produced. Industries and enterprises which pay little attention to the impact of circulation on production rarely show any concern with problems of consumption. Producers do not know the needs of consumers, nor can consumers do anything to influence production. Industries and enterprises simply produce to comply with directives and plans handed down by the higher authorities to which they are responsible. Thus, their pursuit is to achieve a given value or volume of output. No doubt they usually achieve the planned tasks, but the products they turn

out are often overstocked and wasted, because they are not needed and are inferior in quality and expensive.

Production and marketing are dislocated, and the result is poor business efficiency. Since the state departments of resources and commerce have exclusive control over the procurement and marketing of all products turned out by the enterprises, which have no right to sell their own products, many comrades who have run industry for decades simply do not know business administration, nor do they know how to conduct business. They do not even know how to use such economic levers as production, supply and marketing to promote the development of production.

Dislocation of the material interests and management efficiency of the enterprises has led to "indiscriminate practices." Material interests and management efficiency have been divorced for so long that enterprises have lost their inherent economic vitality and no longer attach any importance to business accounting, reduction of waste, improvement of product quality and higher management efficiency. Some enterprises do not even care about their long-term losses.

In a word, we have sustained so much hardship and taken so many beatings all these years because those who run industrial production are not concerned with and pay very little attention to the process of circulation and do not organize and direct industrial production according to the impact of the circulation process.

Engels pointed out: "Production, after all, is a decisive factor. However, once the sale of products becomes independent of production, it will run in its own direction, even though, as a rule, it is still controlled by production operations. In any particular case under this general relationship of subordination, this new factor will follow its own law of operation and its own stages of development and will influence production." ("Letter to K. Schmidt, 27 October 1890," "Complete Works of Marx and Engels," Vol 37, p 485) This profound exposition by Engels has a realistic bearing on our efforts to understand correctly the relationship between production and circulation and to integrate planned adjustments and market adjustments in order to revitalize our industrial production.

Second, the forces of market adjustments must be brought into full play to open up new lines of production.

To produce according to the need of society is a basic principle of socialist economy. The state plans, which reflect the needs of society, should be the governing rules of production. Past experience tells us that state plans cannot possibly take into consideration the productive capabilities of enterprises throughout the country, nor can they completely cover the ever-changing social needs. The way to solve this problem is to take the state plans as guidelines and to allow each

enterprise to formulate its own production plans according to its capacity and material interests, so as to bring into full play the forces of market adjustments and open up new lines of production to supplement the state plans and also produce more marketable products. Judging from experience, this is entirely possible. For instance, when our national economy was overhauled last year, the planned production handed down by the state to many localities fell far below the 1978 level, and many enterprises simply did not receive enough production tasks. Confronted with this situation, many enterprises took the initiative to bring production and demand more in line with each other. They conducted market surveys, interviewed consumers and worked out production plans based on the market and consumer demand. They curtailed, halted or altered the production of overstocked and slow-moving products and increased the production of products which sell well in both domestic and foreign markets, such as quick-turnover, famous brand and traditional products. Making use of uncommitted productive facilities, they accepted contract jobs and inaugurated coordinated processes of design, manufacture and marketing of products favored by consumers and in great demand. In a market survey the Tianjin Municipal Bureau of Chemical Industry discovered that, of the 118 kinds of products listed in the production plans handed down by the authorities in charge, the demand for 63 far exceeded their planned output. Since the enterprises were operating below capacity, they modified the plans and decided to produce more. As a result, the output of these 63 kinds of products increased by an average of 40 percent in 1979. This pleased those enterprises which had not received enough assigned tasks and also satisfied the market demand. Take another example. The tasks handed down by the state to the Machine Industry Bureau of Tianjin last year were about 7 percent less than those of 1978, leaving one-third of the enterprises "underfed." However, when production was increased in response to market adjustments, the increased production value reached a total of 300 million yuan, or 17 percent of the gross output value for the year, an increase of 9.48 percent in the total annual output. And problems of overstocking of goods or goods out of stock were less severe last year than in previous years. This enables us to see that planned adjustments and market adjustments are complementary rather than mutually exclusive in the socialist economy, because their objectives are identical and they are controlled by the same basic laws of socialist economy. The advocacy of planned adjustments supplemented by market adjustments will not lead to anarchism in the national economy. It will help overcome "industrial bureaucratism" and "commercial bureaucratism" on the one hand and revitalize production on the other.

The problem we now face is that some comrades do not really understand the inevitability of market adjustment, which they regard as a measure of expediency during the period of readjustment. They dread it as a theory and are not ready for it in practice. At the same time, there are genuine problems in market adjustment which call for immediate solution. For instance, if an enterprise expands its scale of production in response to market adjustments, it might face the problem of availability

of capital, equipment, raw materials and fuel. To avoid these difficulties it could resort to producing products of higher value and greater profit which do not present problems of raw materials and fuel supply but which choke off the production of minor items of daily necessity. These problems, however, could be overcome by economic and administrative measures. They do not justify the rejection of the role of market adjustment and a return to the old method.

Third, we must open up more channels of circulation and adopt versatile methods of marketing.

The processes of production and circulation in reality are mutually dependent and inseparable. However, the fact that the state units of trade and resources have a monopoly over the procurement, marketing and allotment of most products of industrial enterprises and over the distribution of most raw materials required by the industries has divorced production from distribution and curtailed the role of market adjustments. Last year many industrial enterprises, guided by state plans, actually merged industry and commerce by organizing sales exhibitions, meetings to take advance orders and exchange fairs where products not procured for trade or export, trial-produced new products and overstocked products were displayed for selection by trades people and consumers. To revitalize commerce, replenish the market supply and promote the development of production, they initiated versatile trade activities, including calls on consumers to promote sales, the establishment of marketing units under industry to handle sales directly from factory to buyers, sales on consignment, and encouragement of volume sales by cutting prices and profits. Backed by the commercial unit, the Tianjin Toothpaste and Cosmetics Company invited representatives of Class-B commercial stations and large shopping centers of more than 10 provinces and municipalities to attend a commodity assessment and selection conference. In one week it was able to sell 75 of its 100 different kinds of new products for more than 15 million yuan. This helped the industrial units to appreciate the force of market demand, as it made the commercial units aware of production conditions. Satisfactory to both sides, the arrangement helped bring industry and commerce together. Actual experience attests that every industrial enterprise should have the right to sell its products, purchase the raw materials it needs and integrate production and marketing by engaging directly in sales activities, provided it supplies the commodities required by state plans and contracts concluded in both domestic and foreign trade. This eliminates many unnecessary intermediary links of circulation and helps develop production. Comrade Zhou Enlai pointed out as early as 1956: "Due to the victory of our socialist transformation, the socialist economy is now in absolute command. This enables us to make better use of the law of value to encourage the production of numerous low-cost industrial and agricultural products needed by the people which are not subject to state monopoly of procurement and marketing." "Such measures as a partial free market for producers to sell their products, selective procurement by the state of certain

manufactured daily necessities and the pricing of products according to quality could be instituted under the guidance of the consolidated state market. These measures would supplement rather than disrupt the state market." The measures now in force agree with these principles.

Fourth, there ought to be a bit of socialist competition.

Since the production and exchange of commodities, as well as differences in material interests between different enterprises, still exist in socialist society, competition in the commodity economy is an objective fact which could play a positive or negative role, depending on how it is guided. At any rate, we cannot refuse to recognize its existence, much less overlook the role it plays. Unlike capitalist competition, competition in the socialist economy is designed to achieve prosperity, develop the entire economy and urge those lagging behind to catch up with the advanced. In fact, competition can bring many advantages if it follows the socialist road and observes the law of socialist economy. As a test of the products of various enterprises as they circulate, competition offers incentives to the enterprises to produce the best products and services most efficiently with the least waste of labor. It insures the uninterrupted circulation of a vast variety of excellent, marketable and reasonably priced commodities to meet the needs of the people. The urge to succeed in competition encourages the manufacturing enterprises to adopt new technology, new processes and new materials, to raise the technological level of production, to increase labor productivity and to speed up the development of social productive forces. Socialist competition encourages the enterprises to emulate, learn from, catch up with, help and surpass each other in improving management and accounting and overcoming persistent "indiscriminate practices." In response to the state policy of buying the best and supplying the best last year, the Tianjin Municipal Industrial Felt Factory freed itself from ideological restraints and stifling rules and competed with other fraternal plants. Rallying its worker masses to exhaust all available resources to initiate innovations and reforms, it finally succeeded in making broad width artificial fabrics, which it sold to more than 200 paper mills in 12 provinces and municipalities. It was able to increase its profits by 32 percent. A number of industrial enterprises, anxious to increase the competitiveness of their products, have learned to direct their attention to mobilization of the worker masses, scientific research, new technology and manufacture of new products as fast as they can. Competition breeds vitality. Driven by competition, those enterprises which have been content with the status quo are beginning to brace for changes. This shows that competition is a good thing.

However, because of differences in the interpretation of competition, there have been cases of one area closing its market to the products of another. This kind of blind "antiforeignism," the rejection of progress, is detrimental to the development of local enterprises. As a matter of fact, all enterprises in distant border regions or inland localities can

and should make use of all available economic levers to cooperate with each other in order to catch up with the advanced. They should also join the more advanced in joint ventures as they develop their own enterprises, instead of using administrative measures to enforce regional protectionist policies. We know that some competing regions and enterprises want to protect their technological and processing secrets. This, however, is contrary to the spirit of socialism. Problems like this can be solved by such measures as patent legislation to grant to patent holders certain economic interests within a given period of time; criticism and education to curb erroneous exclusionist and monopolist practices; and economic penalties and sanctions to prevent willful exclusion and monopoly which is harmful to the national economy as a whole. The kind of competition we advocate, based on socialism and guided by overall state plans, favors the use of coordinated economic and administrative measures to make the advanced keep advancing and to urge the laggard to hurry up in order to raise the production level of the whole society.

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CSO: 4004

BRING THE ROLE OF AGRICULTURAL SCIENCE INTO FULL PLAY IN THE MODERNIZATION OF AGRICULTURE

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 26-30

[Article by Xu Yuanquan [1776 0337 3123]]

[Text] On the first day of the first Spring Festival of the 1980's, Comrade Hua Guofeng came to the Chinese Academy of Agricultural Sciences and held an informal discussion with the agricultural scientists on how to further hasten China's agricultural modernization. He pointed out: If we do not pursue agricultural science, our agriculture will not be modernized. We must raise agricultural science to an important position. Obviously, only by vigorously developing agricultural science and bringing its role into full play will we effectively promote the improvement of agricultural production and hasten the early realization of agricultural modernization.

Agricultural Science Is a Tremendous Force To Promote the Development of Agricultural Production

Science is a revolutionary force which produces a promotive effect on history. Agricultural science is also thus. Its emergence and development are determined by agricultural production, and it in turn promotes the development of agricultural production. Given the needs of production, agricultural science, after such individual activities as summarizing experiences, direct descriptions and simple experiments, has gradually advanced to the stage of creating specialized scientific research structures, training and assigning professional scientific research personnel and conducting scientific experiments in a planned way for the purpose of solving the important problems in production. Agricultural science today has become an important production force and constitutes an indispensable factor in promoting production. In the course of agricultural modernization, agricultural science must always march ahead of production, constantly make new achievements in scientific research and push agricultural production to new realms and new heights. Therefore, we must reinforce the study of agricultural science and raise it to an important position.

I now wish to discuss the role of agricultural science in production in terms of several important achievements since liberation.

Agricultural science has become a tremendous force for solving the key issues in production and raising the production force. Formerly, the paddy rice varieties in South China had long stems and were intolerant of fertilizer. In the event of a typhoon or when the per mu yield exceeded 500 or 600 jin, the crop would lodge, posing a serious obstacle to increasing rice yields. In the late 1950's, pinpointing this defect, Guangdong Province first succeeded in cultivating rice of the dwarf Nante and Guangchangai strains. Thereafter, the southern provinces followed suit with a large group of dwarf and high-yielding varieties such as Erjiuqing and Xiangzaizao. Such varieties do not easily lodge, even when attacked by violent typhoons or when the per mu yield exceeds 1,000 jin. In the early 1970's, China's southern provinces promptly popularized dwarf varieties, thereby greatly raising the per mu yield, and the average per mu yield in Zhejiang, Jiangsu, Hunan and Guangdong provinces reached the level of 1,000 jin.

Agricultural science has become an effective weapon for opening new paths and improving production in depth and range. The utilization of heterosis, for instance, is an important achievement in modern agricultural science. Under identical conditions, the hybrids will yield 20 to 30 percent more than the fine local varieties and double or treble the yield of the ordinary varieties. In the early 1970's, while vigorously popularizing hybrid corn and hybrid sorghum, we creatively studied the utilization of heterosis in paddy rice. For hybrid paddy rice we must first cultivate a male-sterile variety capable of cross pollination and propagation. This was very difficult. China's agricultural scientific research personnel succeeded in using pollen-abortive wild rice to cultivate dwarf varieties of a male-sterile line and a maintainer line. They then utilized the foreign dwarf rice as the restorer line and acquired a group of very superior hybrid combinations. After promptly introducing them in production, the southern provinces successively created records of 1,500 or 1,600 jin per mu. The area of cultivation of such hybrids in 1979 reached more than 76 million mu and resulted in large-scale increases in output.

Agricultural science has become an important means of resisting natural disasters and guaranteeing steady and high yields. Locusts were serious pests in China's history. According to historical records, pestilential locusts occurred more than 800 times in the more than 2,600 years before the founding of the new China. In the years when locusts rampaged, "the hordes covered the sky continuously for 10 days," "ate all the rice in the fields" and "bodies of the starved lined the roads." The Kuomintang reactionaries bombed and destroyed the Huayuankou dike of the Huang He in 1938 and turned the millions of mu of fertile land in the areas formerly flooded by the Huang He into locust disaster areas. Locust pests occurred almost every year in the early 1940's. The disaster area spread to more than 140 counties in more than 10 provinces. After liberation, the

party and the government sent scientists to make investigations deep in the locust-infested areas, clarified the varieties of locusts in China and the patterns of their emergence, established forecast networks, created insecticides and, under the policy of "simultaneous transformation and control and eliminating locust pests," adopted measures to build water conservation facilities, reclaim wasteland and plant paddy rice, thus thoroughly transforming the breeding places of the locusts, ending the history of locust disaster every 3 or 5 years and eliminating the phenomenon of long-distance migration of locust hordes. In 1978 many countries of the world, including our close neighbors India and Pakistan, suffered severe locust disasters, yet China remained untouched. Wheat stripe rust is a destructive disease. In the big outbreak in 1950 the loss of wheat was estimated at 12 billion jin. After the establishment of the Chinese Academy of Agricultural Sciences, Premier Zhou instructed us to organize the relevant forces and tackle the issue cooperatively. As a result of our efforts we finally found the wintering and summering patterns of the stripe rust fungus and how it spread in the fields, and we then adopted comprehensive control measures. We also selectively cultivated a group of rust-resistant and high-yield varieties of wheat and promptly popularized them. Since 1965 we have basically controlled wheat stripe rust on a national scale. Such epidemics as bovine pest, hog cholera and chicken pest were long-unsolved problems in history which blocked the development of the livestock industry. In the big outbreaks of bovine pest [in the past], the number of deaths reached 1 million head. After liberation we succeeded in making vaccines for more than 10 major domestic animal epidemics and controlled or eliminated them. What deserves special mention is that contagious anemia of horses is an incurable disease in the world even today. Thanks to the efforts of our veterinary workers for many years, we have made an important breakthrough. This is a tremendous achievement.

In addition, damage caused by low temperatures is a serious threat to agriculture in the northeast region. After liberation it occurred eight times, and the output loss for four of the eight times was around 10 billion jin. In recent years the agricultural scientific and technical personnel of the northeast provinces, following the instructions of the leading comrades of the party Central Committee on cultivating early-maturing cold-resistant high-yield varieties, have made a great effort and selectively cultivated varieties and hybrids of paddy rice, corn and sorghum which mature earlier than those formerly popularized and produce relatively high yields. They have also preliminarily found the pattern of crop damage by low temperature and proposed some preventive measures, thus laying the foundation for reducing and overcoming it.

Obviously, with the modernization of agricultural production, agricultural science, as a production force, will have an even greater effect.

Agricultural Modernization Must Depend on Agricultural Science

We are realizing agricultural modernization under the socialist system. Therefore, we must, in accordance with the conditions and characteristics of China, fully utilize and develop the superiority of the socialist system and walk our own road of agricultural modernization. I feel that the concept of agricultural modernization should be to equip agriculture with modern science and technology and modern industry, to manage agriculture with modern scientific methods of economic management, to raise the socialization level of agricultural production, to improve, on a large scale, labor productivity and the land utilization rate, to gradually turn China's agriculture into a prosperous enterprise with a rational layout and a comprehensive development of farming, forestry, animal husbandry, sideline production and fishery which can satisfy the people's livelihood and the construction needs of the state, and to transform our rural areas into socialist new rural villages which are economically prosperous and culturally flourishing and have agriculture, industry and commerce under comprehensive management.

Therefore, agricultural modernization is closely dependent on agricultural science. If we do not succeed in agricultural science, we will not be able to realize agricultural modernization.

Agricultural modernization urgently requires a full understanding of the laws of nature and the rational utilization of our natural resources. The high-speed development of agricultural production is determined to a large extent by the understanding and utilization of natural resources. Thus, we must promptly adopt advanced remote sensing technology, rapidly take stock of our resources, further study the distribution, characteristics and changing patterns of all kinds of resources as well as the social, economic and technical conditions, and successfully handle the regional division of agriculture in order to attain the comprehensive development of farming, forestry, animal husbandry, sideline production and fishery, adapt measures to local conditions, make rational layouts and fully utilize our resources. Otherwise, it will be impossible to launch modernized mass production successfully, and we may even encounter the punishment of nature due to the destruction of natural resources and the ecological balance.

Agricultural modernization urgently requires the constant improvement of the productive performance of farm crops and domestic animals and fowl. To facilitate mechanization, modern agriculture requires us to cultivate varieties of crops and animals and fowl that not only have high-yield potential, such as rice and wheat which are resistant to lodging and shattering and corn and soybean with evenly developed tassels and ears or pods and uniform maturity, but also superior overall qualities, such as grain crops with higher protein and lysine content and pork with an improved ratio of fat to lean meat. Thus, many urgent topics and higher demands on agriculture have been raised, and we must reinforce our

research into germ plasm resources and genetics and breeding theories, into the application of atomic energy in agriculture and into genetic engineering and the biological nitrogen fixation of nonleguminous crops.

Agricultural modernization urgently requires technical norms and scientific bases for scientific farming and scientific breeding. To plant according to the area and fertilize according to the soil, we must rapidly clarify the distribution, physical and chemical characteristics and effective nutrient content of the various types of soil and study the fertilizer requirements of various crops in order to provide the basis for scientific fertilizing. To develop the factory-like production of vegetables we must study the most suitable numerical indexes of light, temperature and humidity for the various kinds of vegetables. The hothouse is not only a means of production but also an objective of study. To attain the scientific raising of domestic animals and fowl we must determine their nutritional needs, analyze the nutritive components of the various kinds of feed and formulate feed standards before we can develop the feed compound industry and introduce factory-like feeding.

Agricultural modernization urgently requires large-scale improvement of labor productivity and transformation of the backward state of relying completely on manual operations. Thus, we must give serious attention to biological measures and actively adopt mechanical and engineering measures. As for which measures should come first and which next, we must consider the concrete conditions. Some areas may first adopt all kinds of biological measures, while others may introduce engineering and mechanical measures first, or the two may be launched simultaneously. We must not seek uniformity arbitrarily. To launch mechanization we must pay attention to energy sources and communication and transportation. We must place studies of the utilization of biological energy (such as methane) and solar energy in their proper positions. We must make overall plans for and rational layouts of farmland, forests, water sources, roads and housing.

Agricultural modernization urgently requires the study and creation of a scientific operation and management system. As agriculture becomes ever more modernized, operations and management must become ever more scientific. The practice of disregarding costs, quotas and results will not lead to modernization. Therefore, we must, according to the natural resources and the socioeconomic conditions, study the rational structure and layout of agriculture and introduce regional specialized production. Meanwhile, we must reinforce our study of agricultural economy, propose effective management forms and operational methods, solve the technical-economic problems in agricultural productive construction, hasten the strides of agricultural modernization and gradually build China's rural areas into wealthy villages operated jointly by agriculture, industry and commerce.

We Must Reinforce Leadership and Vigorously Launch Agricultural Scientific Research

After the National Science Congress, China's agricultural science made encouraging advances. However, due to the severe interference and disruption of Lin Biao and the "gang of four," most of the agricultural scientific research organizations in the nation are in the stage of recovery and readjustment, and the current status of agricultural scientific research has not adjusted to the needs of agricultural modernization. The party Central Committee has paid serious attention to agricultural scientific research. The "Decision of the Central Committee of the CCP on Some Questions Concerning the Acceleration of Agricultural Development," adopted by the 4th plenum of the 11th party Central Committee, contains an important plan for hastening agricultural development: "The central government must successfully run the several crucial higher agricultural scientific research institutes and higher agricultural colleges and universities, including the Chinese Academy of Agricultural Sciences and the Beijing Agricultural College, and the provinces, municipalities and autonomous regions must, in accordance with the agricultural regional plan, successfully run a group of agricultural scientific research organizations, agricultural colleges and intermediate agricultural vocational schools, gradually forming an agricultural scientific and technical research system with all subjects of study and a rational layout." When Comrade Hua Guofeng inspected the Chinese Academy of Agricultural Sciences during the Spring Festival this year, he posed this question: By the year 2000, what will be the extent and the goal of our agricultural modernization, and what are the crucial issues to be tackled in the next 5 or 10 years? He asked the Chinese Academy of Agricultural Sciences to study this question together with the provinces and propose a tentative plan in the first or second half of this year. This is a glorious task assigned us by the party Central Committee. We must, from the height of strategy, promptly reinforce the structural construction of agricultural scientific research and strengthen agricultural scientific research work.

Though more and more people have come to recognize the momentous mission entrusted by history to agricultural science and its role in the course of agricultural modernization, this does not mean that the issue has been solved. Even now there are still those who feel that agricultural science is not essential and have not placed it in its proper position. The agricultural scientific research organizations and colleges have long remained in an unstable state, with inferior conditions and many difficulties; therefore, the comrades in agricultural scientific and technical work feel unsettled and even wish to change their profession and transfer to other departments. Young students are unwilling to take the entrance examinations for agricultural universities and colleges. Thus, the already relatively weak agricultural scientific and technical ranks are faced with the serious situation of a lack of successors. This is contrary to the demands of the general policy of developing the

national economy with agriculture as the foundation. Developing agricultural production at a high speed and realizing agricultural modernization are linked with the question of food and clothing for our more than 900 million people and with the four modernizations and the development of the entire national economy. Therefore, reinforcing agricultural scientific research work is the concern not only of the agricultural scientific research organizations and the agricultural units themselves, but of the entire party. Only by guiding agricultural science according to its special characteristics, placing it on the important daily agenda of the party committees at all levels, concretely reinforcing its guidance by practical actions instead of giving it lipservice, solving the existing problems and actively creating the necessary conditions will we rapidly become successful in agricultural science. Recently, when the various areas summarized the experiences of the 1978 and 1979 bumper harvests, it was found unanimously that the most important things are policy and science. Not only does this explain the importance of agricultural science, but what is even more encouraging is that the broad ranks of cadres and the masses have recognized more profoundly the important role of agricultural science in increasing output. This will promote not only the development of agricultural science but also the advance of agricultural production along the scientific track.

Currently, China's agricultural scientific research organizations are established according to administrative divisions. The layout is not rational, and there is no unified leadership system. As a result, while the organizations duplicate one another, the subjects of study are repetitious, strengths are scattered and there are many blank and weak spots in research. In the course of constantly implementing the eight-character policy of "readjusting, restructuring, consolidating and improving," we must, by means of investigation and study, distinguish the different conditions and readjust and restructure them one by one, so that the repetitious is centralized, the weak is strengthened, the blank is filled and each of the scientific research units of the various levels has its own specialties and characteristics. Only in this way can we raise the level of agricultural scientific research. In the current scientific research management work we must speed up the promotion and training of management talents and create and make sound such systems as examination and approval of plans, inspection of conditions of implementation, appraisal of results, and evaluation, promotion and encouragement of scientific and technical personnel. We must strengthen our scientific and technical information work, promptly master the development and direction of research at home and abroad, learn the advanced experiences of foreign countries, extensively launch academic exchanges, and organize cooperative efforts to solve the key problems. Only thus will we get twice the results with half the effort and produce more achievements and more talents.

Agricultural scientific research personnel are laborers directly engaged in agricultural scientific and technical research and the strength we rely

on to develop agricultural science and technology and carry out agricultural modernization. Their fervor and creativity are directly linked with the speed of agricultural modernization. Since the smashing of the "gang of four," and especially since the 3d plenum of the 11th party Central Committee, agricultural scientific and technical units at all levels have done much work and made great achievements in redressing the unjust, false and wrong cases, returning the scientific and technical personnel to their proper units, restoring their technical titles, and improving their working and living conditions. Nevertheless, has the party's policy on intellectuals been completely implemented, and have the agricultural scientific and technical personnel been given their proper positions? One must say that there is a certain gap and that much work has to be done in the future. China's agricultural scientists of the older generation are few in number. They are the valuable assets of the state, and we must fully bring out their academic skills and the experience they have accumulated over many years and develop their important role in training talents. Those among the adult and young scientific and technical personnel who possess the capacity for independent work are the backbone strength of our agricultural scientific and technical work, and they must be boldly cultivated, employed and promoted. Only by showing them concern politically, making rational arrangements for their employment, and helping them solve the difficulties in their livelihood will we further activate the fervor and creativity of the broad ranks of agricultural scientific and technical personnel and enable them to concentrate on their work. In the employment of scientific and technical personnel we must oppose the idea of seniority. We must place those who possess scientific research ability but are not skilled in organizational and leadership work in positions which utilize their special skills, firmly insure that they have time for scientific research and reduce and avoid unnecessary social activities. Those possessing both scientific and technical skills and organizational and leadership talent must be boldly promoted to leadership posts at the various levels.

China's professional agricultural scientific ranks shoulder the vanguard task in agricultural science and technology and the work of summarizing the experiences of the masses and popularizing science and technology among the broad peasants. However, at present there is a shortage of such professionals. We must adopt appropriate measures and accelerate the cultivation and reinforcement of the ranks of personnel engaged in professional research and the popularization of technology. Meanwhile, we must also train cadres who firmly follow the socialist path and possess expert knowledge and ability. All of them are essential. We must also rely on the millions of peasants fighting directly on the frontline of production. Mass scientific experiments are closely linked with production and can promptly reflect production needs. The experience and wisdom of the masses will furnish the conditions for professional research, while the professional ranks, in turn, will guide the mass scientific experiments and improve them. This also is essential. It

should serve as the system for China's agricultural scientific and technical ranks. Our agricultural scientific enterprise is the enterprise of the people. Extensively popularizing agricultural science and technology, raising the cultural level of the several hundred million peasants, combining popularization with improvement, professional ranks with mass scientific experiments and scientific experiments with the spread of technology, and fully developing the backbone role of the professionals will enable the results of scientific research to be applied promptly in production and turned into a direct social production force.

Strengthening agricultural scientific research is an urgent task in realizing agricultural modernization. Whether agricultural scientific research can be improved as rapidly as possible hinges on reinforcing and improving the party's leadership. As long as we consolidate and develop the stable, united and lively political situation, are of one heart and one mind, go all out and aim high, we will create outstanding achievements and make contributions to the realization of China's agricultural modernization!

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STATE MONOPOLY CAPITALISM AND THE DEVELOPMENT OF CAPITALIST STATE ECONOMY

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[Article by Li Zong [2621 3827]]

[Text] In the last half century, and particularly since World War II, the capitalists of the West have made extensive use of the power of the state government to strengthen their interference in economic life. This indicates the high-speed development of state monopoly capitalism. We may say that modern capitalism is no longer monopoly capitalism in general, but state monopoly capitalism.

State monopoly capitalism exerts a powerful influence on the economic development and production of capitalist countries. From the early part of the 1960's to the early part of the 1970's there was a rapid development in the economy of some developed capitalist countries. In the 1970's the tendency toward stagnation also appeared. This change was closely linked with the development of state monopoly capitalism.

I

Throughout the history of capitalist development the state as the super-structure has always been extremely active in safeguarding the interests of the capitalists in order to consolidate the economic base of capitalism. For example, in the earlier history of capitalism, to accumulate capital the capitalist countries brought into full play their violent role by expropriating small producers, conquering colonies, massacring the native inhabitants and dealing in slaves and opium, thus ushering in the dawn of the capitalist era in flame and blood. During capitalism's period of free competition the state always did everything possible to create favorable conditions for safeguarding the "sanctity of private ownership" and promoting the development of capitalism.

However, only following the transition of capitalism from free competition to monopoly could the power of the state be merged with that of the monopolies to extensively interfere in economic life. Only thus could there be state monopoly capitalism.

After the formation of monopolies it is very natural for the state and monopolies to merge. Writing about stock companies, Marx said: The stock company "establishes a monopoly in certain spheres and thereby requires state interference." ("Das Kapital," Vol 3, "Collected Works of Marx and Engels," Vol 25, p 496) Since a handful of big monopolies at this time occupy the dominant position in economic life, they can use the state machinery to serve their own interests. Because of the intensification of the contradiction between the socialist nature of production and private capitalist ownership and the aggravation of economic crises, the monopolies also need the support of the power of the state to interfere in economic life in order to guarantee the process of capitalist reproduction. From this it can be seen that state monopoly capitalism emerges to alleviate capitalist contradictions, so that the economy will develop in a more stable manner, the rule of monopoly capital is strengthened and high monopoly profits are obtained.

State monopoly capitalism plays an important role in the development of the capitalist state economy. It plays an even more prominent role when contradictions and outbreaks of crises or war in the capitalist world are intensified. For example, prior to World War I, to strengthen its hand in the contention to partition the world, Germany tightened the links between monopolies and state government more closely than in other countries. This was one of the important factors which at that time enabled the German economy to be quickly strengthened and to overtake Britain in a relatively short time. During World War I the capitalists of various countries took full advantage of the power of the state to implement a war economy. In the 1930's an unprecedented and serious economic crisis appeared in the capitalist world and severely shook the foundation of the capitalist edifice. The capitalists could not extricate themselves from the crisis by using the traditional force of market adjustments and had to make full use of the power of the state to strengthen regulation of the economic process. World War II more effectively promoted the development of state monopoly capitalism. After World War II, capitalism entered a new historical period. On the one hand, there was a magnificent upsurge in the scientific and technical revolution on an unprecedented scale, and this led to a rapid development of the productive forces. On the other hand, there were important changes in the international situation: a number of countries were taking the socialist road; there was an upsurge in the struggle for liberation by the oppressed nations of the world; the colonial system was falling apart; contradictions and struggles were intensifying in the capitalist world. Under these conditions, there was further high-speed development of state monopoly capitalism. Capitalist state interference in the economy became an important and inseparable component of the economic life of the capitalist countries and played an important, and at times even decisive, role in economic development.

II

Since state monopoly capitalism is developed with the impetus provided by basic capitalist contradictions, its development in a given period can to a certain extent alleviate these contradictions and supply certain new possibilities for the development of productive forces. After World War II, in the 20 years from the early 1950's to the early 1970's, the rapid growth in the economy of some of the developed countries was achieved as a result of the high-speed development of state monopoly capitalism.

Modern capitalist countries interfere in economic life through various forms to stimulate the development of production. One of the forms is the implementation of state ownership of the means of production. This form has existed for a long time but was further developed after World War II. Some West European countries have nationalized a number of old industrial departments with obsolete equipment and low profits. Others have also subsidized these departments so that they could carry out reforms on a new technical foundation. Apart from this, many countries have allowed the state to invest in a series of developing departments, such as the atomic energy industry, the aerospace industry, most of the electronics industry and other departments related to military production. These departments are closely related to modern scientific and technical developments. They involve greater investment risks and are difficult to build and develop quickly without direct investment from the state. Apart from these industrial departments there are also such "basic installations" as railroads, highways, electric power, gas, post and telecommunications, airfields, canals and ports which occupy an important position in the composition of the country. All these are important departments, and monopoly enterprises cannot do without their activities. However, they require an enormous amount of capital, and the returns are slow. It is naturally extremely advantageous to the monopolies for the state to provide funds or subsidies for construction and expansion and for the private monopoly enterprises to supply cheap and convenient services.

The upsurge in the scientific and technical revolution which appeared after World War II provided a great impetus to the development of productive forces and promoted the rapid growth of production of capitalist countries. This scientific and technical revolution had been fully prepared by mankind for a long time through the accumulation of scientific and technical knowledge. However, the appearance of the scientific and technical revolution can in no way be separated from the high-speed development of state monopoly capitalism.

Lenin pointed out long ago: Following the socialization of production, "the process of technical invention and improvement becomes socialized." ("Imperialism, the Highest Stage of Capitalism," "Selected Works of Lenin," Vol 2, p 748) Modern scientific and technical research is even

more highly socialized. A series of important breakthroughs in the field of science and technology requires hundreds of research organs and thousands of scientists and technicians sharing the work and cooperating with each other. This requires an enormous amount of money, which private monopolies are often unwilling and unable to supply, so a great part of this task must fall on the state. Since the war the governments of all developed capitalist countries have appropriated an enormous amount of money for scientific research. For example, in 1976 the U.S. Government provided 50.7 percent of the total amount of money spent on scientific research. In 1975 West Germany provided 46.3 percent, France 53.9 percent, Britain 51.7 percent, Italy 41.4 percent and Japan 29.3 percent. Without these huge appropriations and the cooperation and organization of the state, it would have been difficult for the upsurge in the scientific and technical revolution to materialize.

The state also plays a very important role in promoting the increase of capital accumulations and fixed capital investment of private monopoly enterprises and in speeding up the use of new scientific and technological achievements in production. For example, since the war the developed capitalist countries have generally speeded up the system of depreciation, shortened the time limit of fixed capital depreciation for some vital departments, increased the depreciation deduction of monopoly enterprises and thus increased their capital accumulations. In addition, these countries have for a long time carried out the policy of credit for expansion, and big monopoly enterprises can obtain more favorable terms for loans. All these factors have induced the monopolies to increase their fixed capital investments and to speed up the use of new technology. Since the war the fixed capital investments of major capitalist countries have occupied a relatively high proportion of the total national output value. Between 1970 and 1975 the average proportion in the United States was 17.4 percent, in Britain 21.2 percent, in West Germany 25.3 percent, in France 28.9 percent and in Japan 35.1 percent. These high investment rates have been the basic factor in the rapid economic development and improvement in production and in the technical level of the major capitalist countries since the war.

Since the war the governments of the developed capitalist countries have also appeared on the market as major purchasers of goods and labor. For example, in the last 20 years the U.S. Government has regularly purchased 20 percent of the total national output value in goods and labor, more than two-thirds of which consisted of military purchases. The purpose of large-scale purchases by the state is to provide profits for the monopoly and to more or less stabilize the market. In the United States, the development of the arms production department is abnormal. Even when a crisis occurs and the production of other departments declines to varying degrees, arms production is seldom affected.

State monopoly capitalism not only tries hard to expand the domestic market but also goes all out to help the monopolies carry out external

expansion. For example, the state subsidizes some of the goods exported by the monopolies, gives all kinds of preferential treatment to the export of capital and in every way creates safe and favorable conditions for the monopolies to carry out their activities abroad. The growth of major monopoly companies into multinational corporations after the war and the development of internationalized production and capital are inseparable from the support given by state monopoly capitalism.

The state tries hard to guarantee a more stable development of the capitalist economy and to eliminate or alleviate severe shocks and crises in the economy. To this end the state has adopted such methods as finances, taxation, reduction of some taxes, reduction of interest rates and extension of credits to stimulate corporate investment and the people's purchase of consumer goods. On the other hand, when the economy becomes "overheated," the state adopts a policy of retrenchment. These measures by the state "against crises and cycles" can, within a given period, play a certain role in alleviating economic crises and disturbances.

Apart from using the above "economic levers" for short-term regulation of the economy, many capitalist countries have also made long-term forecasts and formulated long-term economic plans. After the war the Japanese Government drew up nine long-term plans, including the most effective "plan for doubling the national income." Since 1947 the French Government has also drawn up and carried out seven "5-year plans." At present it is drawing up the eighth "5-year plan." Under capitalist conditions there cannot be a genuine planned economy. However, some of the plans carried out by the capitalists can still play a guiding or regulatory role in the development of the economy.

III

Although within a given period state monopoly capitalism can, to a certain extent, alleviate capitalist contradictions and create certain new possibilities for the development of productive forces and thereby promote the rapid growth of production, this role is, after all, limited. From a long-term point of view it will intensify the basic contradictions of capitalism and in the end greatly hamper economic development.

As stated above, state monopoly capitalism is nothing but the use of the state by monopolies to serve their own interests. The activities of state monopoly capitalism to interfere in the economy have, without exception, benefited the monopolies and enhanced their effective strength. Therefore, along with the high-speed development of state monopoly capitalism there has been an unprecedented speedup in the concentration of production and capital and a major new development in capitalist monopoly. Monopolies are getting bigger and bigger, and their effective strength has been greatly enhanced. For example, at the turn of this century there was only one industrial company in the United States with assets over \$1 billion. By 1978 there were 200 of them, 15 of which had assets over \$10 billion.

In appearance the development of state monopoly capitalism is a rejection of the form of private capitalist ownership. In essence it actually strengthens private capitalist ownership and the rule of monopoly capital. This is precisely the inherent contradiction of state monopoly capitalism.

State monopoly capitalism must regulate social production to alleviate the various contradictions of capitalism. However, every powerful monopoly capital group invariably first wants the state to serve its unique interests and, because of that, wages a struggle against the state and obstructs and sabotages the regulatory measures and plans of the state. This is the fundamental reason why the regulatory measures and plans of the state cannot produce the desired results. For example, faced with a serious energy crisis, the U.S. Government has constantly proposed solutions and methods, but because these involved the different interests of various monopoly groups (petroleum groups and nonpetroleum groups with interests outside the country and petroleum groups with interests inside the country), there have been endless debates over the energy plan both within and outside Congress, and it has been difficult to get a bill approved. Even if the government could get a bill approved, it still could not get the various monopoly groups to take unanimous action, so for many years very few results have been produced.

At present there is a very close connection between the economy of the capitalist countries and that of the rest of the world. To obtain stable development in the economy of one's country, simply making adjustments within the country is not enough. It is also necessary to make adjustments within the world framework. However, contradictions among various capitalist countries are intricate and complex, and on top of that the multinational corporations currently play an important role in the state of the world economy. Moreover, the multinational corporations will only consider their own interests and act only according to their own strategies, policies and plans. They will not pay any attention to the interests and demands of any country, including their own. All these factors cannot but exacerbate the confusion and crisis of the world economy and make the internal adjustments of a country even more difficult.

The role of state monopoly capitalism in regulating the economy not only is limited but eventually will intensify the basic capitalist contradiction and, moreover, impair and undermine the rapid and stable development of the economy.

The interference of state monopoly capitalism in the economy has increased the profits of monopoly capital, expanded capital accumulations and fixed capital investments and caused productivity to rise sharply. On the other hand, it has also increased the plundering of the masses, aggravated the pauperization of the working people and weakened their purchasing power. Consequently, productivity has far exceeded the ability of the working people to pay and therefore has led to an intensification of the contradiction between production and the market and to

frequent economic crises. Particularly since the 1970's, the phenomena of surplus productivity and mass unemployment have been common occurrences in the major capitalist countries. After the serious economic crisis in the capitalist world between 1974 and 1975, the phenomenon of surplus production and capital worsened. This greatly hampered the further increase of fixed capital investment and therefore restricted the rapid growth of the economy. From 1973 to 1978 the average annual economic growth of the member countries of the Organization for Economic Cooperation and Development was only 2.6 percent, or less than half that of the 1960's. The average annual growth of industrial production in these countries was even slower and amounted to only 1.3 percent. Actually, the economy of the capitalist world has bogged down to a state of stagnation or semistagnation. At the same time the unemployment figure has risen sharply. Unemployment in the developed capitalist countries at present has reached about 18 million, or double that before the 1974-1975 crisis.

To regulate the economy, stimulate economic growth and prevent or resolve crises, the state must greatly increase budgetary spending. Consequently, government revenues fall short of expenditures and deficits increase. To make up for the deficits, the government keeps on issuing money and bonds, which spurs the continued development of inflation. Since the war, inflation in the major capitalist countries has daily become more serious. Since the 1970's, inflation has gone out of control and cannot be stopped. From 1970 to 1978 the consumer price index in 14 developed capitalist countries, including the United States, Japan, West Germany, France, Britain, Italy and Canada, has gone up an average of 7.7 percent a year. From 1974 to 1978 it was 9.3 percent. This has not only greatly increased the plundering of the working people and seriously weakened the purchasing power of the population, but also reduced actual profitability, impaired the expansion of capitalist accumulations, resulted in a serious credit crisis, exacerbated unrest and confusion in the international monetary and banking situation and turned into significant negative and disruptive factors in the economy of the capitalist world.

These intermingled situations of production bogging down to a state of semistagnation, a great increase in unemployment, galloping inflation and spiraling prices in the capitalist countries have all added up to an unprecedented difficult situation which Western economic experts term "stagflation." To be sure, there are many reasons for this situation, but generally speaking, it is the negative effect of the rapid economic growth of the preceding period and the heavy price that must be paid for such rapid growth. It can be seen that the roots of "stagflation" are deep seated. Three feet of ice is not produced by the cold of a single day. Added to the serious energy and monetary crises, which are difficult to solve, "stagflation" has caused the Western economy to be trapped in an extremely serious predicament. The appearance of this predicament caught the capitalist experts completely by surprise. They originally thought that with the aid of the measures taken by state monopoly

capitalism they could not only stimulate the growth of the economy and bring about "full employment" but also stabilize prices and balance international payments. Now this wishful thinking has completely failed. During the rapid economic growth of the capitalist countries in the 1960's the Western capitalist experts were jubilant, because they thought they had enabled capitalism to break away from periodic crises and achieve "permanent prosperity." Before long the coming of "stagflation" made them dejected and disheartened, and they have no alternative but to admit: "An important problem has still not been solved. How can the capitalist economic system succeed in maintaining permanent price stability and not risk the danger of serious recession and even the sacrifice of certain freedoms?" (TIME Magazine, 14 July 1975)

The combination of production stagnation and inflation has greatly reduced the scope of state regulation of the economy. Stimulating economic growth and carrying out a policy of expansion will certainly intensify inflation. To restrain inflation and carry out a policy of retrenchment will deepen economic stagnation and even touch off an economic crisis. The analogy made by the capitalist press is that guiding the economy in this situation is like navigating a boat in rapids. The capitalist government piloting this boat has to steer back and forth between these two extremes of expansion and retrenchment, and economic policy is extremely unstable. Under this condition it is also very difficult for the politics and society of the capitalist countries to be stable. This shows that state monopoly capitalism itself is also in trouble.

IV

An endless debate centering around the question of how to break out of the existing economic predicament is still going on among the ruling cliques of various Western countries. Since quite a few people have seen the serious evil consequences of state interference in the economy, they firmly oppose excessive state interference in the economy in the future and advocate freedom and noninterference.

The emergence and development of state monopoly capitalism reflect the objective law of capitalism. In general, it will continue to develop with the intensification of capitalist contradictions. State interference in the economy cannot eliminate capitalist contradictions; on the contrary, it further intensifies the contradictions and therefore will necessitate more state interference. This is the logic of state monopoly capitalism. Because of this, there is no turning back for state monopoly capitalism. It cannot retrogress to monopoly capitalism in general, much less to free competitive capitalism. The concrete forms and measures of state interference in the economy can be changed, but state monopoly capitalism as a system can only develop forward according to its own law. This is independent of man's will. The opinion which supports abolishing state interference in the economy only reflects the profound crisis of state monopoly capitalism and the apprehension and perplexity of the monopoly capitalists in face of the crisis.

Henceforth there will be a further development in state monopoly capitalism. Judging from present signs, the Western capitalists will first find a way out through the further development of science and technology. Therefore, in the future the capitalist countries will increase spending on scientific research, education and youth training. Second, the state will strengthen planning, including the planning of the national economy and the planning of important specialized fields such as energy. Furthermore, it will adopt new forms of increasing state participation to strengthen the regulatory role of the state without increasing state financial spending. Also, under the condition of daily increasing turbulence in the international situation and a serious threat of war, the capitalist countries will further step up the arms race. Finally, they will strengthen the regulation of international economic relations to solve the major economic problems of the various countries. In the future, such "unified" organizations as the European Common Market as well as such specialized international organizations as the General Agreement on Tariffs and Trade, the International Monetary Fund and the International Bank for Reconstruction and Development will all be expanded and their activities further strengthened. There will be a new development in the semiofficial "international consultation and research organs" backed by the major monopoly groups. Since 1975, summit meetings of the major capitalist countries aimed at coordinating the economic policies of various countries have been held once a year. These meetings will be continued in the future.

The further development of state monopoly capitalism will still play a certain promotional role in the future economic activities of the capitalist countries. However, compared with the 1950's and 1960's, the scope of state regulation has evidently been greatly reduced and its role greatly weakened. No matter how state interference in economic activities is strengthened from now on, it will still be very difficult for the economy of the capitalist world to extricate itself from the present situation within a short time.

The history of state monopoly capitalism in the last few decades has shown, and the development of state monopoly capitalism in the future will also further show, that in any case there is no basic solution to the contradiction between the socialist nature of production and the private capitalist form of ownership within the framework of the capitalist form of production. Only by breaking through the outer shell of the capitalist relations of production and practicing the socialist system can this contradiction finally be eliminated and can productivity obtain sustained, stable and high-speed development.

CSO: 4004

A STRATEGIC MEASURE FOR BUILDING OUR PARTY ORGANIZATION

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 36-38

[Article by Lyu Cheng [0712 3397] and Zhu Gu [2612 0942]]

[Text] The 5th plenary session of the 11th CCP Central Committee elected additional members to the Standing Committee of the Political Bureau of the Central Committee and decided to establish the Secretariat of the Central Committee. The session also elected the general secretary of the Central Committee and members of the Secretariat of the Central Committee in order to absorb and put in party Central Committee leadership posts a group of comrades who have long been tested, are capable of upholding the Marxist line, have practical work experience and are comparatively in the prime of life. This marks a strategic measure for building our party organization. This measure is aimed not only at keeping pace with the arduous task of socialist modernization, but, more importantly, at insuring the long-term continuity of the party's line, principles and policies and the long-term stability of the party leadership. It will also facilitate the training and bringing up of successors to the proletarian cause.

The party Central Committee's accomplishments have provided an example for party organizations at various levels. To insure the victory of our socialist modernization and our advance toward the great goal of communism, our party must have not only a correct political line and ideological line, but also a correct organizational line as their guarantee. It must unceasingly train and develop outstanding successors. Training and developing outstanding successors to the revolutionary cause means developing a strong contingent of cadres who are capable of carrying the party's cause through to the end, and especially developing the leadership core at various levels of the party and state for generations. Whether the leadership core at various party and state levels are genuine Marxist-Leninists, and whether they are loyal to the cause of socialism and communism, are the keys that will determine the success or failure of our cause.

The communist cause is the most arduous and lofty cause in the history of mankind. To accomplish this great cause, we must not only fight against

nature and continuously develop productive forces, but also struggle against all reactionary social forces which are hostile to and sabotage socialism. We must break with all traditional concepts, wipe out all class differences and transform society as a whole. Our road of advance is not even and straight but has twists and turns. This cause definitely cannot be accomplished in one or two generations. It can only be fulfilled through the persistent efforts of several or even many generations. The cause pioneered by the older generation of revolutionaries must be inherited and carried forward from one generation to another by the outstanding younger cadres. This is an inevitable law. The question of selecting and training successors was put before us long ago by the historical process of the development of our country's socialist cause. This question has now become a task of building the party organization, and it demands our immediate attention. The organizational line put forward by the party Central Committee and its measures for training and selecting successors not only are suitable to the demands of this situation, but also have pointed out the way to train successors to the party now and for the future.

With regard to the question of succession in a proletarian party and state, Marxism-Leninism calls for collective succession through democratic election and collective decision, not for individual appointment or individual succession. This question has never been properly solved in actual practice, however, and there are some lessons to be learned from this bitter experience. This is mainly because particular stress was put on individual succession and not on collective succession. The successors were appointed by certain individual leading personnel and were not elected in accordance with the principle of democratic centralism.

According to Lenin's theory, the party leadership is a collective or a group of people, and "this group is composed of the most prestigious, influential and experienced people who have been elected to shoulder the most important jobs and who have been recognized as leaders." ("Left-wing' Communism, an Infantile Disorder," "Collected Works of Lenin," Vol 31, p 23) Therefore, the succession issue we have been discussing is a process by which a new group of leaders gradually succeeds the original group, instead of a process by which a certain individual succeeds another individual. A leader is elected by the masses through practice, instead of being appointed by a certain individual.

Lenin regarded collective leadership as the best principle for party and state leadership. Implementation of this principle is decided upon by our party and state and called for by the nature of our revolutionary cause. Our party is a vanguard unit of the Chinese working class and the most faithful representative of the interests of the Chinese people of various nationalities. Ours is a socialist country in which hundreds of millions of people are masters in managing state affairs. Our socialist modernization is a great endeavor that concerns the basic interests of the entire Chinese people. To realize socialist modernization we must

pool the wisdom of the hundreds of millions of Chinese people and rely on their collective efforts. This calls for collective leadership, because only by collective leadership and collective discussion to decide and handle important issues can we pool the wisdom and experience of all party members and the masses, bring the initiative and pioneering spirit of party members and the masses into full play, insure the formulation and implementation of correct policies, promptly discover and correct shortcomings and mistakes to facilitate cadre training, enhance the whole party's fighting capability and insure the smooth fulfillment of the party's cause.

In the new historical period, because we still are unskilled in many fields of socialist modernization and because we lack mature experience to use for reference, it has become even more important to give full play to the party's collective leadership. Only by practicing collective leadership can we avoid damage to the party and the state caused by the faults of one or two individuals or because a certain individual has made mistakes, thus affecting the leadership of the whole party.

Regarding the important question of selecting and fostering successors, it is also necessary to persist in the principle of collective leadership. It has been proven by practice that the method of one person laying down the law is entirely wrong. Fundamentally, individual appointments of successors and succession by a single individual deviate from Marxist-Leninist historical materialism. In fact, these practices are a manifestation of historical idealism, which holds that heroes are makers of history.

Why does the phenomenon of deviation from historical materialism occur in a proletarian party under socialist conditions? It is because this phenomenon has deep social and ideological roots. Historical materialism has its base not only among the exploiting classes but also among the small producers. The patriarchal system is a product of the small producer economy. In a socialist society, even after the exploiting classes have been wiped out and the small producer economy reformed, historical materialism--as the ideological base of these classes--still remains in the people's minds for a long time and becomes a force of habit of hundreds of thousands of people.

This force of habit is bound to have an impact on our cadre contingent and on our work style and is reflected in the work of our cadres as well as in the selection and fostering of successors. In selecting and fostering successors, we should have followed the masses' line in the first place through full deliberation and consultations and by collective decision. However, the situation in which there were no full discussions and a successor was decided upon at the words of an individual leader did exist. During the Cultural Revolution Lin Biao and the "gang of four" and their ilk distorted and tampered with Marxist-Leninist theory on leaders and successors of classes and political parties, vigorously

peddled the "theory of genius," created modern fetishes, destroyed the party's fine traditions and confused the people.

In our effort to restore the party's fine traditions, an important task is to revive the theory and practice of the Marxist theory on successors. We must launch incessant struggles against evil influences. Only by eliminating evil influences can we persist in the system of collective decision and collective succession.

In this regard, the 5th plenary session of the 11th party Central Committee has set an example which will have a far-reaching influence on the organizational building of the party.

We oppose the deification of an individual and the promotion of contemporary superstition and uphold the role of collective leadership and collective decisions and collective succession, but we do not deny the important role of leaders and advanced figures in history. We do not deny their authoritativeness in guiding the people to advance triumphantly by following a Marxist line. We uphold the Marxist theory on the correct relationships among classes, political parties, the masses and leaders, because we hold that the working class and its political party must have leaders who represent the interests of the people, stand in the vanguard of historical struggle and lead them to advance in accordance with the law of social development.

Denying the role of leading personages is an anarchist trend of thought which is completely wrong and must be resolutely opposed. Generally speaking, the selection of successors is a question of who should be selected to govern the country. This is a very important question in the political life of any country. Historically, countries following a slaveowning and feudal system solved this question through hereditary and theocratic systems. Capitalist countries solve it through the methods of constitutional, cabinet and parliamentary systems. Nevertheless, upheavals and strife frequently occur over the issue of succession, resulting in the persecution of the people. It is no accident that this phenomenon appears in countries with exploiting classes, since it is determined by their class exploiting nature.

The exploiting classes are selfish and greedy. Fighting for power and gain is characteristic of their nature. The exploiting classes who occupy the dominant position in a country share a common interest in exploiting and repressing the people, but each group of exploiting classes also has its own special interests. Every group of the exploiting classes, guided by its own selfish nature, vainly attempts to seize state power in order to achieve its goal of exploiting and plundering more wealth from the people. This leads to clashes and disputes between each group.

After overthrowing the bourgeoisie and founding its political power, over the course of time the proletariat is bound to face the problem of selecting successors to the leadership of the party and state. Because the proletariat represents the interests of the overwhelming majority of the people, it does not have its own special interests except those of the people. It struggles for the emancipation of all mankind, and therefore there are no fundamental conflicts of interest among the working class and other laboring people. This makes it possible to solve the question of succession once and for all.

How should this question be solved? Marxism-Leninism tackles this question by linking it with the dictatorship of the proletariat and the goal of communism. In summing up the experience of the Paris Commune, Marx paid great attention to the following measures: the election and replacement of the commune committee members and the adoption of workers' wages for the committee members. Lenin held that these two measures were a great change for a state, a change from quantity to quality. He also believed that this method "can be and should be used as a starting point for the proletariat after it has accomplished its revolution." ("The State and Revolution," "Selected Works of Lenin," Vol 3, p 213)

These expositions of Marx and Lenin provided our party and state with guidance for implementing a system of collective leadership and collective selection of successors. We believe that our party, by summing up historical experiences and lessons, is entirely able to find a proper method for solving this question. Now we have found this method--the measure of collective succession adopted by the 5th plenary session of the 11th party Central Committee. This measure has enriched the Marxist theory on the organizational building of a party and is of great significance to the international communist movement.

The solution of the question of successors in our party was delayed for more than 10 years by the interference and sabotage of Lin Biao and the "gang of four." Now almost every leading body is confronted with the problem that its members are inclined to be old. Comrades throughout the party, particularly leading comrades at all levels, should fully recognize the importance and urgency of training and selecting successors. From now on they should regard this as a very important task and include it in their agenda. Party organizations at all levels should implement the system of collective leadership and succession but should not implement the principle of appointing successors by an individual. They should carefully select and actively train successors for the leadership cadres of their levels by adopting the method of democratic centralism and in accordance with the requirements for leading cadres of different levels put forward by Comrade Ye Jianying in his speech at the meeting to mark the 30th anniversary of the founding of the PRC.

Veteran comrades in leading positions should regard this task as their lofty, glorious and bounden duty. If they cannot do other work very well

because of their advanced age and lack of energy, they may be excused, but if they fail to do this task well, they are not worthy of the glorious title of being veteran party members and veteran cadres. If they do this task well, they make an important contribution to the party, the state and the revolutionary cause. They will be admired by the people.

Some veteran comrades have very high revolutionary enthusiasm for the revolutionary cause and are trying to race against time in their old age to do more work for the party and the people. This spirit is admirable. However, they must show great foresight and use their energy where it is crucially needed. They should consider which is more beneficial to the party--to remain in the frontline and impede the promotion of young and energetic outstanding cadres or to let them shoulder leading positions in the frontline while they retreat behind the stage and act as their advisers? Obviously, it should be the latter and not the former. Those who are not willing to let outstanding young and middle-aged cadres take over their positions use the pretext that they cannot be at ease by giving up their positions. Those who think only of their personal gains, disregard the cause of the party and the people and make special arrangements for their children and houses as the primary condition for retreating to the second line are not worthy of being communists who have revolutionary vision. Treating the issue of succession with a factional viewpoint is a more direct departure from the party's organizational line and must be resolutely opposed. At the same time, party organizations at all levels must make overall arrangements for letting successors take over leading positions; that is, they must promptly promote outstanding young and middle-aged cadres to leading positions and must also make accommodations for the veteran comrades who leave their posts so that each is in his proper place.

CSO: 4004

STRENGTHEN PARTY SPIRIT AND ERADICATE FACTIONALISM

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 39-42

[Article by Zeng Yan [2582 1750]]

[Text] To attain their counterrevolutionary goal of usurping party and state power, Lin Biao and the "gang of four" energetically whipped up factionalism and trampled upon party spirit, thus causing serious disruptions in our party. Some new party members, who have not received an education in the party's elementary knowledge, do not understand the meaning of party spirit and replace party spirit with factionalism. Some veteran party members, who are influenced by the ultraleftist line promoted by Lin Biao and the "gang of four," are contaminated by factionalism and allow factionalism to overwhelm party spirit. Following the smashing of the "gang of four" and with the great efforts made by party organizations at all levels to turn chaos into order, there have been distinct changes in the above-mentioned conditions. However, strengthening party spirit and eradicating factionalism are still very important issues of the current party building.

A principle of the "Guiding Principles for Inner-Party Political Life" addresses this issue: "Party organizations at all levels and all party members must uphold party spirit and make unremitting efforts to combat factionalism. It is imperative to seriously take disciplinary action against those people who uphold factionalism and refuse to correct their errors despite repeated education. These people should not be allowed to become members of leading groups. If such people are holding leading posts, they must be dismissed immediately." We believe that, in studying the "guiding principles" and in inspecting and measuring their thinking and work style by the standards set by the "guiding principles," party organizations at all levels and all party members and particularly those party members holding leading posts will definitely pay great attention to this issue and act according to this stipulation.

When we talk about party spirit we are referring to the concentrated expression of the proletarian class nature. The proletariat is the most progressive class in the history of mankind and has a thoroughgoing

revolutionary spirit. The fundamental interests of the proletariat and the masses of working people coincide. The historical task of the proletariat is the complete emancipation of mankind from the system of exploitation and oppression of man by man. Only by emancipating all mankind can the proletariat achieve its own final emancipation. Our party is the vanguard of the proletariat and is a fighting collective organized by progressive elements of the proletariat. The ultimate objectives of the struggle waged by our party are the emancipation of all mankind and the realization of communism. On the day a party member joins the party he is an honored fighter of the fighting collective of the proletarian political party. By the strengthening of party spirit we mean that every party member must set strict demands on himself in accordance with the standards of a progressive element of the proletariat, remold his subjective world while changing the objective world, have a firm proletarian stand and the viewpoint of wholeheartedly serving the people, have a noble revolutionary moral character, be honest and aboveboard, be selfless, staunch and faithful, be as good as his word, give first place to the interests of the party and the people and unreservedly subordinate his personal interests to those of the party and the people. However, factionalism is diametrically opposed to party spirit. The "guiding principles" have pointed out: "Factionalism is diametrically incompatible with the proletarian party spirit. Going in for establishing small factional groups and forming cliques to pursue selfish interests is the expression of the extreme individualism of the exploiting class and anarchism and is also the reflection of the trade-association thinking of the feudal class and small producers in our party." In the eyes of these people who promote factionalism, the interests of the party and the people simply do not exist, and there are only their personal interests and the interests of their small circles of people. To scramble for power and profit they play sly tricks. These factional activities are absolutely incompatible with the title of party member. If there are promoters of factionalism in the party, they certainly will demobilize party organizations, impair party leadership and damage party unity, thus weakening the fighting capacity of the party. To promote our party building, improve party leadership, maintain party unity and improve the party's fighting capacity, it is imperative to pay great attention to party spirit and completely wipe out factionalism.

To determine whether a party member has a strong sense of party spirit, we must first see his attitude toward the party's line, guiding principles and policies. Every party member must sincerely support and resolutely implement the party's line, guiding principles and policies. Every party member must not only conscientiously study the party's resolutions, decisions and directives and grasp the essence of the party's line, guiding principles and policies, but also concretely implement the party's line, guiding principles and policies by making investigations and studies, holding collective discussions and proceeding from actual conditions. Only by so doing can a party member creatively fulfill the tasks assigned by the party. At present the line of uniting with

people of all nationalities throughout the country to promote the four modernizations with one heart and one mind, as formulated by the party Central Committee, is the concentrated reflection of the fundamental interests of the party and the people. This is our party's general line and general task in the new period. All party members must concentrate on the four modernizations, actively plunge into the four modernizations and use their practical activities of making more contributions to the realization of the four modernizations to lead the masses of people to strive for realizing the four modernizations. In particular, party members holding leading posts must always have the development of the national economy and the improvement of the people's livelihood at heart, immerse themselves among the masses, go deep into the realities of life, study new conditions, solve new problems, promote production, improve the people's livelihood on the basis of developing production and continuously promote the four modernizations. To do so means having a strong sense of party spirit. Not to do so means having a weak sense of party spirit. At present those comrades in our party who indulge in factionalism do not concern themselves with the development of the national economy, nor do they care for improving the livelihood of the masses of people. They give no thought whatsoever to the implementation of policies, stability and unity, the readjustment of the national economy, the promotion of production and the four modernizations. They proceed in all cases from their personal interests or the interests of their cliques and take a pragmatic attitude toward the party's line, guiding principles and policies. Their pragmatic attitude means that they only implement what they like and do not implement what they do not like. To safeguard or fight for their personal interests and the interests of their cliques, they dare to distort, tamper with and even resist the party's guiding principles and policies and the resolutions adopted by higher authorities. If these conditions are not changed, how can we lead the masses to unite as one and promote the four modernizations?

Our party is now in a ruling position. It is leading the whole country's activities and is charged with the arduous task of building a modern and powerful socialist state. The more than 38 million party members in our country are key members of all fronts. All the leading posts in government organs at all levels and all the leading posts of our socialist economic, cultural, educational and scientific organizations are held primarily by party members. The implementation of the party's line, guiding principles and policies depends on the vast numbers of party members who can lead the masses to implement them. The words and deeds of party members have a great influence upon the masses. The masses always look to our party members, set high demands on our party members and hope that the vast numbers of party members are ideal model figures whom they can emulate. This does honor to our party and our party members. All party-member comrades should treasure the honored title of Communist Party member and must not neglect a ruling party's position and duties. They must proceed in all cases from reality, integrate theory with practice, seek truth from facts, be honest people in word

and in deed, wholeheartedly do their own jobs well and exert their utmost efforts to promote the four modernizations. However, some people who are impure ideologically think that, since our party is a ruling party, joining the party means having the opportunity to secure official positions and power in order to seek personal interests. They therefore try to win over other groups to form their own cliques and energetically carry out activities of securing official positions, scrambling for power and seeking personal interests. They are not of one mind with the party. They are unfaithful and dishonest members of the party. In their own small circles they keep no secrets from each other, thus divulging party secrets. However, in party organizations they say one thing and mean another and feign compliance. With such people in our party, how can we maintain the unity of the party and implement the party's line, guiding principles and policies? This kind of factional activity greatly endangers the party and impairs the party's political prestige among the masses of people. Those people who are not willing to stop doing evil and reform themselves and are constantly carrying out this kind of activity are factional bloats who put themselves in a most inglorious position. The party cannot tolerate these people who stick to factionalism.

Comrade Mao Zedong once said: "To lead the revolution to victory, a political party must depend on the correctness of its own political line and the solidity of its own organizations." ("On Contradiction") To build our party into neatly organized forces that rally closely around the party Central Committee and to lead the masses to advance with giant strides toward the magnificent goal of the four modernizations, all party members must uphold democratic centralism, strictly observe party discipline, resolutely safeguard the party's unity and wage a resolute struggle against all activities that violate the party's democratic centralism, that do not observe party discipline and that impair the party's unity. In party life every party member, and particularly leading cadres at all levels, must act without any selfish consideration and handle affairs in accordance with the principle of party spirit. Particularly with regard to issues concerning cadres, we must treat all cadres equally without any discrimination and have no prejudice against any of them. At present some areas still fail to implement the cadre line of appointing people on their merits. The practice of appointing people by favoritism prevails in such areas. All these things are caused by factionalism. Some promoters of factionalism use all kinds of relationships, ways and means to encircle some leading cadres and offer "proposals" to such leading cadres for putting certain people in important positions. Some of our leading cadres seize every opportunity to energetically promote and put people in their own circles in important positions and to build up their personal influence. No matter how high the ideological quality of a person and no matter how capable he is, he will not be given any position if he is not a man of their circles. These leading comrades cannot become "Bo Le" [a legendary ancient who was capable of finding and recognizing horses that could cover 1,000 li a day] and cannot discover a "horse that covers a thousand li a day."

This is because any person of outstanding ability who truly has both ability and political integrity is a decent person. Such a decent person is willing to study intensively and has a strong desire for progress. He will not resort to boasting, flattery and touting, nor will he be an opportunist or curry favor with anyone in authority for personal gain. He detests factionalism and resists and opposes such a work style through various methods. Leading cadres who are not honest and upright in their ways are not interested in this kind of person.

Factionalism is a formidable enemy of party spirit. Factionalism has a great corrosive influence and produces serious centrifugal effects. At present, generally speaking, factionalism is gradually being eliminated and finds less and less support. However, it is quite evident that the phenomenon of "there are no mountain strongholds in the light but there are rocks in the dark" still exist. Factionalism in some areas and units has almost become a chronic and stubborn disease. Although the people detest factionalism very much, they simply cannot eliminate it. Why? Factionalism is caused primarily by leading cadres. We simply have some leading cadres who indulge in factionalism. Of those people, some were protected by a certain faction during the Great Cultural Revolution, thus becoming covert supporters of that faction; to "consolidate the positions" they hold, some people who were punished during the Great Cultural Revolution and later "climbed to power" have once again also joined certain factions. A person who still has supporters in his own faction, has people in his faction to sound the clarion call for him, has his own sedan chair bearers in his own faction and speaks on behalf of these people is in fact a representative figure of these people. The minds of all such comrades were poisoned by Lin Biao and the "gang of four." Some who have not been educated are used to mill around in the original small circles to this day. Leading cadres who indulge in factionalism will do the greatest harm to the party. Moreover, the complex nature of this issue is not just the harm. The present noteworthy thing is that no one admits his indulgence in factionalism. In particular, some leading cadres who are involved in factionalism are also clamoring against factionalism. In fact, such leading cadres regard factionalism as party spirit and describe real opponents of factionalism as promoters of factionalism. How are we to solve problems under these circumstances. The "Guiding Principles for Inner-Party Political Life" points out: "If a group of party members carry out organized activities behind the party's back which run counter to the party's line and resolutions, they are actually carrying out factional activities." To determine whether a person is a promoter of party spirit or a promoter of factionalism, we only have to see whether he handles affairs in accordance with the party's line and resolutions. This is a yardstick to judge people. Every party member should proceed from reality, let facts speak for themselves and use this yardstick to determine whether factionalism exists in his area and whether he himself or others have the expression of factionalism. Once he sees his own indulgence in factionalism, he must sincerely make up his mind to resolutely give up his indulgence and handle the matter with meticulous care.

This is not a personal matter but an important matter which has a bearing on the party cause.

Party members must pay attention to party spirit, and the party can never tolerate promoters of factionalism. In his article "On Associations of Friends," Ou Yangxiu of the Song dynasty said: "The bonds of friendship among virtuous men result from an identity of purpose in the cause of truth, and the bonds of friendship among evil men result from an identity of personal interest alone. These things are understandable. However, evil men have no real friends, and only virtuous men have real friends. Why? Simply because evil men love wealth and worldly advantage. Hence, as long as their interests are identical, they have unreal friends. But when these interests begin to clash and when there are no more common interests, they turn around and become bitter enemies, even of their own brothers and near relatives. Virtuous men are different. Their landmarks are duty toward their fellow men and loyalty to their prince; their most precious possessions are their good names. Virtuous men can help each other in cultivating their moral characters because of the identity of purpose in the cause of truth. In serving the country, virtuous men will consistently work in full cooperation and with a unity of purpose." ("Gangjian Yizhi Lu," pp 1848-1849) These words can greatly inspire us. The bonds of friendship among communists result from an "identity of purpose in the cause" of communism and the four modernizations.

To attain this great goal we communists can consistently work with one heart and one mind, just like people in the same boat helping each other. Promoters of factionalism who form cliques to pursue selfish interests are not of one mind with the party, do not follow the party's road, sow dissension and discord in the party and run counter to the party. Comrades who are still clinging madly to factionalism had better wake up to reality as quickly as possible.

A proletarian political party is established and developed after struggling against various sects. Under the leadership of Marx, the International Workingmen's Association, namely, the First International, which was established in 1864, struggled against various sects, including Britain's unionists, France's Proudhonists and Italy's Mazzinian sect. The establishment of the International Workingmen's Association was aimed at using a genuine fighting organization--the working class--to replace those socialist and semisocialist sects. In his letter to F. Bolte, Marx noted: "Sects are justified (historically) so long as the working class is not yet ripe for an independent historical movement. As soon as it has attained this maturity, all sects are essentially reactionary." ("Selected Works of Marx and Engels," Vol 4, p 394) After this, and in the history of the international communist movement which has lasted more than 100 years, reactionary sects have appeared almost everywhere. Anti-party factional cliques repeatedly emerged in both the Soviet Communist Party under the leadership of Lenin and Stalin and in our CCP. Lin Biao and the "gang of four," the two counterrevolutionary conspiratorial

cliques, were the most harmful factional cliques in the history of our party and seriously wrecked and disrupted our party. Historical facts tell us that organizing a secret clique in the party is a criminal activity of splitting and disrupting the party. Our party will be in extreme danger if we shut our eyes to inner-party factional activities and do not resolutely stop such activities. We must bear in mind the following words of Lenin: "Comrades to whom the party and its revival are dear must come out most resolutely against all those who, guided by purely factional and narrow circle considerations and interests, are striving to destroy the party." ("The State of Affairs in the Party," "Collected Works of Lenin," Vol 17, p 7)

Strengthening party spirit and eradicating factionalism are the process of using the proletarian ideology to overcome nonproletarian ideas of every description and are aimed at solving the problem of enabling party members to join the party ideologically. Although some party-member comrades have joined the party organizationally, they have not joined the party ideologically, or at any rate not completely. We must not think that joining the party organizationally means becoming a qualified party member. To every party member, joining the party does not mean the completion of ideological remolding and should mean the beginning of remolding one's ideology in accordance with a higher standard. Ideological remolding is a long-term and lifelong task. It cannot be accomplished in one move, nor can it be put right once and for all. We should act in accordance with Comrade Zhou Enlai's words: One is never too old to learn and remold one's ideology. Our sense of party spirit will become stronger and we will become more qualified party members the moment we pay attention to our ideological remolding. We will have problems in party spirit and we will become unqualified or not very qualified party members the moment we are slack in our ideological remolding. At present, to combat factionalism and enhance our understanding of party spirit, we must make the issue of joining the party ideologically the order of the day. Under the leadership of party organizations and under the supervision of the masses, every party member must apply criticism and self-criticism as his weapons, be strict in dissecting himself ideologically and act in accordance with the demands set by Comrade Liu Shaoqi in his book "How To Be a Good Communist": "One must use the proletarian ideology to combat one's own nonproletarian ideas of every description; one must use the communist world outlook to combat one's own noncommunist world outlook of every description; one must use the principle of giving first and highest place to the interests of the proletariat, the people and the party to combat one's own individualistic ideology." If we do not act in accordance with these demands and always have some muck of the exploiting classes in our minds, how can we resist or overcome factionalism and how can we become qualified party members?

Now is the time to resolutely eradicate factionalism. The blueprint for building a modern and powerful socialist state as formulated by the party Central Committee has been placed before us. It requires that all party

members show their party spirit and lead the masses to strive to realize it. Is it not true that the interests of that small circle of yours, no matter how great, are of little or no account compared with the realization of the great cause of the four modernizations? On the day when the four modernizations are realized, when you look back on how you have energetically squabbled over your personal gains and losses and the gains and losses of your gang, you will feel ashamed that you have done this and you will realize that your action was ridiculous. One should stand on a higher plane and see ever farther ahead.

CSO: 4004

LOVE THE STUDENTS AS SI XIA DOES

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 43-45

[Article by the Nanjing Municipal Bureau of Education]

[Text] Editor's Note: The way Comrade Si Xia loves the students is an inspiration to us all. If all our teachers loved the students as Si Xia does, there would be a new teacher-student relationship which could foster the healthy growth of students. All young students are the hope of our fatherland, and all teachers are tireless gardeners. We must urge everyone to respect the teachers and love the students. To love the students is as much the business of the teachers as it is the responsibility of the whole society. To respect the teachers is an excellent tradition of our nation. We must do our best to raise the social position of the people's teachers under the new social conditions. We must foster a social mood whereby everybody respects the teachers and loves the students. That will help the development of our system of education.

The people's teachers are the engineers of the human soul. To train the students to be morally, intellectually and physically fit successors to the cause of communism is a glorious task assigned to the teachers by the party and the people. Thus, dedication to the educational work of the party, love of the students and concern for their mental and physical well-being are the noble qualities expected of the people's teachers. Elementary education is the foundation for cultivating qualified people. Like seedlings, children are to be cultivated by elementary school teachers, the tireless gardeners. During childhood, when mental and physical growth takes place, children imitate the grownups and are easily molded. Though eager to learn and forge ahead, they are unable to tell right from wrong, are easily influenced by others and lack self-control and the ability to live independently. Consequently, it is the duty of the teachers to cultivate these young seedlings until they bloom, bear fruit and become useful timber.

Comrade Si Xia, a famous model teacher at the elementary school attached to the Nanjing Normal College, has won the respect of the people and the love of her students for working conscientiously and imaginatively to bring up the next generation of our nation. Having spent 50 years in educational work for the party, molding the souls of the young and imparting them knowledge, Comrade Si Xia has become a reservoir of invaluable experience and holds an extraordinary record of achievement. She deserves to be called an engineer of the human soul. Her actual teaching experience attests that, to teach well, a teacher must love the students. However, we must not equate our teachers' love for the students with the capitalist "education of love." It is a grave mistake to regard love for the students as a conceptual equivalent of the "capitalist education of love." Could a people's teacher be loyal to the party's educational work if he does not have the proletarian affection for the students? The love of a teacher for the students is a valuable communist quality, a manifestation of love of the fatherland, of the people and of education itself. It is diametrically opposed to the capitalist education of love. We must encourage the teachers to love the students.

To educate the students to be trustworthy successors to the revolutionary undertakings of the proletariat, it is necessary to do everything possible to insure their healthy growth and full development in moral, intellectual and physical fitness. Si Xia is extremely concerned about the students' character education. Giving top priority to the molding of the students' character according to the proletarian world outlook, she asks her students to be aware of the ideological implications of everything one does, no matter how insignificant. She says: "The inculcation of children with revolutionary ideals and communist morality begins at their tender age, and the education given children at the tender age affects the rest of their lives. Like seedlings, a child needs plenty of sunshine and rain and protection against damage by wind and dust. As tireless gardeners, the teachers assume the responsibility to water and protect the seedling." She does her ideological training work colorfully and imaginatively. She tells the students stories about the older generation of revolutionary heroes and exemplary figures and shares the fun of games with the children. When new students arrive at the beginning of a semester, she gathers them together to tour the school campus. There is a loquat tree outside her classroom. Si Xia tells her students: "The loquats belong to the whole group, and nobody should take any fruit as his personal possession. We must love and protect the tree. When the upper-class schoolmates graduate, we'll pick the loquats for their send-off party." When the loquats ripened, Si Xia's students would not take the tempting gold-colored fruit for themselves. She favors a positive approach in ideological education. In enlightening and guiding her students to overcome their weaknesses and mistakes, she avoids hurting their self-respect. The results have been very rewarding. One day a student took an attractive pencil sharpener belonging to another student. When the teacher, Si Xia, asked him about it, he told a lie instead of admitting what he had done. After a thorough investigation, Si Xia approached him again and patiently tried to

enlighten him until he realized his mistake. Finally he surrendered the pencil sharpener and wrote an account of his self-criticism. Since then he has never done anything like that. The students' parents and other teachers at the school agree that the students educated by Si Xia are excellent in ideology and character, serious in their studies, quick in thinking and rank equally in their achievement. All these qualities are attributable to her strict standards and appropriate methods of teaching.

The people's teachers must train every student to be as qualified as required by the state and must also work hard not to let any student fall behind. This is the party's requirement and the people's wish. So a teacher must love all the students, not only the bright ones but also the laggard and disabled. The more laggard and disabled a student is, the harder a teacher must work to help him catch up with his peers and enjoy healthy growth. Before the Great Cultural Revolution, Si Xia had a repeater in her class. To help the student get ahead faster, Si Xia asked all the other students in her class to establish a comradeship with him and to help each other. Now this student has become a member of the Communist Party. A paralytic student who walks on crutches joined her class in 1977. To help him, Si Xia brought to the school the pushcart once used by her own children and asked the upper-class students to get him to school and take him home in the cart. This proved a great help to his parents and a catalyst for better friendship among the school children. One day, when the class went out for physical training, this paralyzed boy, who was alone in the classroom, struggled slowly from his seat to the window to watch the activities on the playground. When Si Xia spotted him, she brought a bench out and carried him to the playground so that he could sit on the bench and enjoy the sunshine. Since that day, whenever the class goes to meetings, sightseeing or the movies, they always take him along. His parents feel so embarrassed that they often suggest, "Just leave him in the classroom." But Si Xia tells them: "Let him stay with the group so that he can get more education and learn more. That is our responsibility."

A teacher who wants to teach the students correctly must understand their conditions and their way of thinking and must be concerned about their well-being so as to make them feel that the school cares for them. To do this, a teacher must have a keen sense of responsibility, a proletarian affection for the students, conscientiousness and a careful working style. At the beginning of every semester Si Xia visits the homes of all her students to learn about their living conditions, character, likes and dislikes and health. Every morning, after the class begins, Si Xia observes every student carefully. There was one student who could never remain still in the classroom. But one day, when she saw that he was exceptionally quiet, she tried to find out what had happened to him. When she touched his forehead she found him feverish. He was immediately taken away to see a doctor. There also are two identical twins in the class. Most of the students just could not tell them apart, but Si Xia could. People often say that only a mother is attentive enough to recognize her

twins. Si Xia is more attentive than a mother. Since she knows her students well, she is able to give the students the kind of educational guidance commensurate with each student's specific needs, making the careless careful, the timid brave and the arrogant humble. If a student is weak in one subject while another is weak in another subject, Si Xia will help each in the subject in which he is weak. She is capable of spotting the positive qualities of her students and encouraging them to bring forth their initiative and activism. One day a naughty student was excused from physical training because he had a fever. When Si Xia went to the classroom to see him, she found him cleaning the classroom floor. Seizing this good opportunity, she commended his worthy deed before the whole class and praised his concern for the welfare of the group. Since then this student has not done anything naughty to disrupt collective order. Si Xia knows her students so well that she knows how to do those things which the students appreciate. Thus, the teacher-student relationship has been harmonious.

The reason teachers should love their students is that they must teach them well and help them acquire knowledge. Teachers must therefore raise the level of teaching and improve their teaching methods. Si Xia not only is serious in what she teaches but also encourages her students to evaluate what she teaches. If the opinions of the students are well founded, she always listens to and acts on them accordingly. She often praises the students for their willingness to express their opinions.

In spite of her rich teaching experience, Si Xia believes that a teacher should not be content with the knowledge already acquired, because children never stop learning. Take the teaching of vocabulary, for instance. She has devised "the method of learning vocabulary in its contextual relationship." That means studying the characters as parts of a phrase, phrases as parts of a sentence and sentences as parts of an entire composition. Still not satisfied with this achievement, she has tried to learn from the experience of other fraternal schools and teachers. Anxious to teach well, Si Xia prepares her teaching material conscientiously and often consults other teachers on better ways of teaching. Getting ready to tell her class a story about "the borrowed tail of a house lizard," she personally went to the biology department of the Nanjing Normal College to learn about lizards.

Si Xia's love for the students rests on sound class and ideological foundations. It is not a "supraclass love," as alleged by certain critics. In fact, Si Xia's love for the students has undergone certain changes. She had been an elementary school teacher for many years before the liberation. Confronted at that time by a weak nation and a dark society, she sought happiness in the children on whom she rested her hopes. Her love for the students has changed substantially since the liberation, especially after she became a member of the Communist Party and realized the importance of coordinating education with the affairs of the party. The more she realizes that the future of our country and

the destiny of the class rest on the shoulders of the next generation, the more she loves the students. This is a sign of the awakening of a vanguard of the proletariat.

Si Xia's love for the students is founded on her dedication to and love of the party and the people. This kind of love is so firmly ingrained in her that it could withstand any test, no matter how severe. Even though she herself was wronged during the Great Cultural Revolution, she feels most distressed by the abuses sustained by the children. She still loves her students as ardently as ever. One day a naughty student hurt himself while climbing a tree. The student happened to be the one who had spat in Si's face at a struggle session 2 days earlier. Having no reason to bear a grudge against the student, Si Xia rushed over to his side and dressed his head wound. That moving scene is still remembered by the student. One of her students used to be quite squeamish when she was in Si Xia's elementary grades, but she changed a lot after patient education by Si Xia. During the Great Cultural Revolution this student was described as "the black type carefully cultivated by Si Xia." Unable to withstand the pressure, the student decided against her will to write a large-character poster denouncing Si Xia. Having read the poster, Si Xia said to the student: "You used a few wrongly written characters in the poster. You had a good education and mustn't neglect your studies. If you aren't well educated, how can you expect to contribute to the construction of the fatherland?" Moved by such sincere comments, the student burst into tears, realizing that her teacher, Si Xia, could not possibly be a bad person. She has kept in touch with her teacher ever since. In the days when the upper-class students had to go to the countryside to learn farming, Si Xia went with them to see that they were well fed and taken care of. Rising early every morning, she cooked three meals a day for the students. She heated water every morning and evening so that the students could wash their faces and feet. After the students had gone to bed, she used to go to their bedsides to make sure that they were well covered and to waken those who had to go to the bathroom during the night so that they would not wet their beds. Si Xia's mind was still on the students even in those trying days. She returned to her teaching post after the downfall of the "gang of four." At the age of 70 she still takes her lunch in the school messhall and naps a little on a makeshift bed of two desks as she urges students far away from home to take a nap and rest well.

Every people's teacher should be concerned about the students as Si Xia is and should love them with proletarian affection. Those who teach lower classes should pay special attention to the psychology of the children and love them accordingly. We must foster respect for teachers and love for students in order to build a new socialist teacher-student relationship based on teachers' love for the students and students' love for the teachers. The more a teacher realizes the importance and mission of his work, the more intense will be his love for the students and the more effective his way of teaching them. If all our teachers love the students as Si Xia does, the quality of our education will improve more rapidly and we will have better qualified people to meet the needs of the four modernizations and a new look on the contingents of our teachers.

PROFOUND TRUTH IN COMMON LANGUAGE--COMMENTING ON THE BOOK 'ORDINARY TRUTH'

Beijing RED FLAG in Chinese No 10, 19 May 80 pp 46-48

[Article by Zhu Desheng [2612 1795 3932] and Zhang Wenru [1728 2429 0320]]

[Text] Editor's Note: Comrade Feng Dingtong [7458 1353 0681] is a well-known Marxist philosopher in our country. His books "Ordinary Truth" and "The Communist Outlook on Life" have had a profound influence on the broad masses of cadres and young people. However, as directed by Chen Boda, this journal carried two successive so-called criticism articles in 1964 in a converging attack on Comrade Feng Dingtong on some trumped-up and exaggerated charges. A "death sentence" was passed on these two books. Historical experiences in the past 15 years have proved that these two books are good works in disseminating Marxist philosophy. Now we are specially publishing the article "Profound Truth in Common Language" as a refutation to all the slanders against Comrade Feng Dingtong.

The China Youth Publishing House recently republished the book "Ordinary Truth." This book, which has stood the test of history, should be studied by the broad masses of cadres and young people in our country. Therefore, its republication deserves congratulations.

The book "Ordinary Truth" represents Comrade Feng Dingtong's painstaking efforts in propagating theoretical work over several decades. Since its first appearance in 1955, this book has been reprinted in 11 editions, and some 500,000 copies have been sold. It has had a widespread influence on our cadres and young people. However, the propagation of truth cannot always be plain sailing, and "Ordinary Truth" has been through extraordinary experiences.

In the "Preface," Comrade Feng Dingtong, the author, said that the writing, printing, distribution and abandonment of this book all took place in an eventful period of the revolution at home and abroad. The actual conditions were exactly as he said.

This book was first published in 1947, when our People's Liberation Army was on its triumphant march and the war was going on in full fury. Since this book, in its first edition, seemed to herald a nationwide victory, it quickly found its way to Beijing, Tianjin, Shanghai, Wuhan and other big cities. After the liberation it was reprinted, first in Shanghai and later in Beijing many times. It was circulated throughout the country and aroused great interest among many comrades. Its fame as one of the few philosophical works in the country was then established. In 1964, however, another booklet by the same author, entitled "The Communist Outlook on Life," was wrongly accused of spreading the revisionist viewpoint, and "Ordinary Truth" also had to share its fate. The author was labeled a "revisionist," and this book, naturally, became a "poisonous weed."

It may be worth pointing out that under Chen Boda's direction the combined Nos 21 and 22 of RED FLAG in 1964 organized a converging attack on "Ordinary Truth," labeled it "a hodgepodge of idealism," "the philosophy of philistines," "bourgeois philosophy," and so forth and passed a "death sentence" on the book. After this, the criticism became increasingly truculent, particularly during the Great Cultural Revolution, when not only the author but also some of the enthusiastic readers were persecuted.

After this brutal persecution, however, a restudy of this book has given us an even better idea of its theoretical and academic value. Its popularity among the broad masses, particularly the young readers, was well justified.

"Ordinary Truth" is a good book which deserves to be reprinted and recommended, primarily because of its faithful interpretation of the original Marxist ideas. It is also integrated with the realities of struggle and gives a fairly comprehensive and systematic exposition of the tenets of dialectical materialism and historical materialism.

Dialectical materialism and historical materialism are the theoretical basis of the party of proletarian dictatorship. However, during the Great Cultural Revolution this theoretical basis was grossly distorted by Lin Biao and the "gang of four." At present, therefore, an extensive and systematic propagation of the basic knowledge of Marxist philosophy is a very urgent task. We are certain that the republication of "Ordinary Truth" will once again produce the desired effects. This book expounds the basic contents of dialectical materialism and historical materialism in simple yet scientific terms. Its first part mainly explains how the human brain, as the main organ for acquiring knowledge, views the external world, and it carefully analyzes the physiological and social bases of knowledge. The second part gives a summary of the two opposing theories of knowledge, namely, the dialectical materialist theory of knowledge and the metaphysical theory of knowledge. The third part concisely explains the basic law and category of dialectics, and the fourth part deals with the actual struggle and application of the dialectical materialistic and the historical materialistic world outlooks.

These four parts combine to form a complete and coherent series of steps starting from the simple and leading to the intricate parts. On the whole, the author has analyzed the process of the development of knowledge from such aspects as the acquisition of knowledge on the basis of practice, the sublimation of knowledge, the mastery of objective laws and the testing and application of the laws of knowledge in practice. It should be pointed out that in introducing dialectical materialism and historical materialism the author opposes both idealism and metaphysics and thereby brings about the organic unity of materialism and dialectics.

Another special feature of this book is the simplicity of the language, which is easily understood by the broad masses. Philosophy has always been regarded as a formidable subject calling for very great patience. However, when people read "Ordinary Truth" they always find it rational and absorbing. This book deals with a profound subject in simple language, with due emphasis on the theories, and there is no bombastic phraseology to scare people. The author seems to be holding a master key and leading the reader to the inner sanctum of philosophical wisdom by opening door after door. Comrade Mao Zedong always advocated the emancipation of philosophy from the classrooms and books so that it would become a sharp weapon for the broad masses. This is exactly what Comrade Feng Dingtong has accomplished. For example, to refute the fallacy of some bourgeois scholars about the "extinction of matter," the author uses the splitting of atoms as an illustration. He likens an atom to a walnut and compares the atomic nucleus and the electrons moving around the nucleus with the seed of the walnut and its covering, so that the whole subject can easily be grasped. Whenever some rather difficult terms from classical works have to be used, the author usually explains them in a symbolic and vivid language which not only preserves the original idea but also enables the reader to understand it more clearly.

Another salient feature of this book is the close unity of theoretical propagation and ideological education which runs through the whole book. Some different topics are discussed in different sections, but there are also some sections in which several topics are grouped together for discussion. Anyway, despite the different methods used, the discussion as a rule closely centers around the realities of the socialist revolution and construction, in close relation to people's ideological problems. In the first section, for instance, the author points out that an individual's ideology can be remolded, but increased knowledge and remolding of ideology requires determination on the part of the individual. While encouraging people to know about the world, he also exhorts them to improve their methods of acquiring knowledge or to increase their power of learning. In dealing with the antagonism between the two different types of world outlook, the second section analyzes the manifestation and the cause of religious superstition, which has extensively captivated people's minds. The third section analyzes, in the light of dialectical laws, the various types of one-sidedness which are most common in the course of human knowledge. Finally, in the fourth section the author

talks about the problems of study, work, struggle, leadership and self-cultivation, which include almost all aspects of social life. Particular emphasis is laid on criticism of bourgeois individualism, liberalism, anarchism, ultrademocracy and various erroneous tendencies in every sphere. Speaking of the correct handling of the relationship between individual and collective interests, the author cites some very common and very frequently encountered incidents in daily life as illustrations of some profound philosophy. For instance, in a public messhall, individual taste cannot be the standard taste; in personal appearance, people should not wear queer clothing; on the road, there should be no jay-walking; in the parks, people cannot help themselves to the flowers; in a theater, people should not talk aloud, and so forth. After all, without the restrictions of collective discipline there can be no individual freedom. Are not these rudimentary communist moral guiding principles of striking practical significance today? These parts, which are highly realistic, were formerly criticized and condemned as the "philosophy of philistines." This is a complete reversal of right and wrong.

Finally, it should be pointed out in particular that this book also serves as a powerful weapon in criticizing Lin Biao and the "gang of four" for spreading many fallacies. For example, on the relationship between revolution and production and between the economic base and the superstructure, as well as on the problems of intraparty contradictions during the socialist period of class struggle, the book invariably gives in-depth expositions according to Marxist theories. When the interrelations between consciousness and matter are mentioned, the book, although affirming the countereffects of consciousness on matter, stresses in each and every case the primary importance of matter and the secondary importance of consciousness as the basic viewpoint. The book says, for instance: "In the process of our remolding the world, correct ideas and a strong will alone are not enough," and "in dealing with the material forces of the external world we have to rely on material forces in material forms." (p 142)

The book opposes the deification of leaders in its historical and scientific evaluation of the leaders' roles in the revolution. In the passage stating that "leadership and leaders have different meanings," the author adds: "Although the personal prestige, quality, will, ability and character of a leader who has come into prominence cannot influence the orientation of historical development, they can nevertheless influence the progress of history." (p 361) These remarks are of great significance in the correct evaluation of a leader's role and in avoiding the deification of a leader.

Of course, this book leaves something to be desired, and certain viewpoints expressed in it need further discussion. On the whole, however, it makes good reading. Because of the author's limited energy, an overall revision of the book for republication is now virtually impossible. This should be harmless, because with history on the march, people's knowledge is also developing. We believe that the author not only hopes to receive help from the readers but also expects to see some more capable authors take up the same subject.

ATTACH IMPORTANCE TO COST ACCOUNTING IN AGRICULTURE

Beijing RED FLAG in Chinese No 10, 19 May 80 p 49

[Letter from reader Xie Defu [6200 1795 1381]]

[Text] Cost accounting is an important yardstick in studying economic results in agriculture. Some communes and production brigades or teams have had increased output but not increased income. Because of the shortage of funds, they have difficulty in expanding reproduction. Such a situation is closely related to large expenditures and high production costs. Some cadres of these communes and production brigades or teams think that one merit alone can cover up all shortcomings, and they even feel that since "the rotten meat is already cooked" there is no need to talk about production costs or returns on investment. This shows how ignorant they are of the importance of cost accounting in agriculture.

To do a good job of cost accounting in agriculture we must first clearly understand and correctly handle the relationship between agricultural costs and agricultural output. At a fixed amount of expenditure, higher output means lower costs. This is a case of inverse proportion. It shows that increasing output and practicing economy are inseparable from each other. Therefore, if we are to reduce agricultural production costs, our first job is to increase production. We must never try to reduce expenses at the risk of reducing output. For example, if additional fertilizer is needed and we fail to apply it out of a desire to save; or if insecticide is needed and we want to economize on the use of insecticide, the result will be reduced output and reduced income. In effect, production costs are increased. Of course, we must also note that high output does not necessarily mean low production costs, because sometimes high output is accompanied by high production costs. Aside from the poor quality of the means of production, poor management in the communes and production brigades or teams is largely responsible for such an outcome.

Furthermore, it is necessary to clearly understand and correctly handle the relationship between agricultural production costs and various expenses. For a certain amount of output, less expenses (including the depreciation of fixed assets, the consumption of raw and semifinished

materials, remuneration for labor, and administrative expenses) means less production costs; conversely, higher expenses means higher production costs. This is a case of direct proportion. To lower agricultural production costs we must endeavor to reduce expenses without, of course, decreasing output. At present some communes and production brigades or teams are paying more attention to the reduction of administrative expenses and of the consumption of raw and semifinished materials than they do to labor management and the depreciation of fixed assets. All four types of expenses must be reduced before production costs can be effectively lowered.

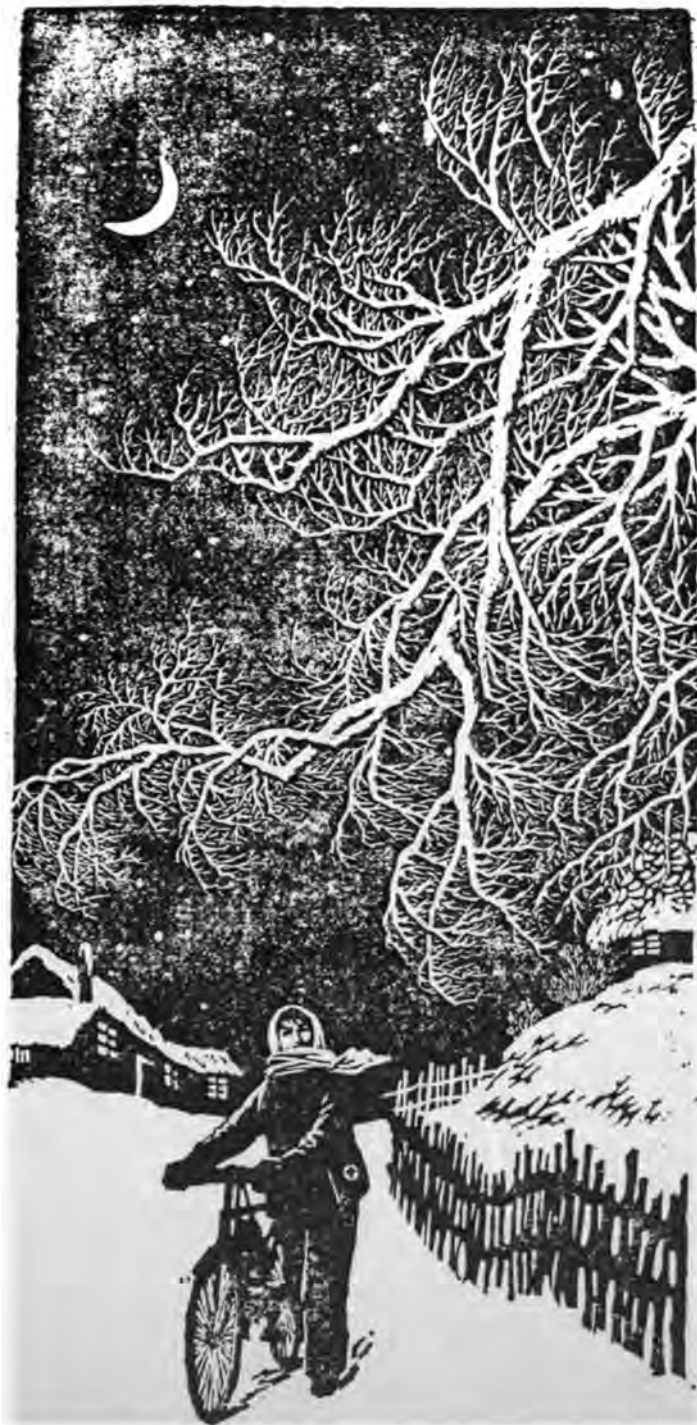
Cost accounting is economic accounting. It concerns planning, labor, finance, distribution and many other aspects. The task is heavy and complex. However, there are now very few business management cadres. In some production brigades or teams it is even hard to find a cadre with a knowledge of bookkeeping. Therefore, effective measures must be adopted to train a finance and accounting contingent for business management at the county, commune, production brigade and production team levels. At the same time, we should study some policy questions of agricultural cost accounting, such as the computation of prices for products used by the producers, the criterion for remuneration according to workpoints, the depreciation of fixed assets, the outlay on farmland capital construction, and so forth. Unless there is a unified system of handling these policy problems, it will be difficult to compare the production costs of different units and regions. Moreover, the system of bookkeeping should also be revised to suit the requirements of cost accounting. If agricultural cost accounting has to be carried out on the spur of the moment, it will mean inaccuracy and waste of energy. At present we should be guided by the special features of the collective ownership system and act according to the present level of accounting and the principle of being "simple and practical, crude at first and refined later, and then gradually improved." The method to be used is first to account for expenses in the books, leaving cost accounting to be worked out separately. When the system of bookkeeping has been duly improved, cost accounting will be included in the books. The objects to be accounted for should be dealt with differently. For example, a separate account should be set up for the main crops, while the other crops can be grouped together in a collective account. After all, we must be bold and yet steady in order to set up a system of agricultural cost accounting to help improve the economic results of agriculture.

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RETURNING FROM A MEDICAL HOUSE CALL

Beijing RED FLAG in Chinese No 10, 19 May 80 outside back cover

[Woodcut by Wu Jiahua [0702 1367 5478]]



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