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RED FLAG

No. 17, 1 September 1980

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5 December 1980

CHINA REPORT

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No. 17, 1 September 1980

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

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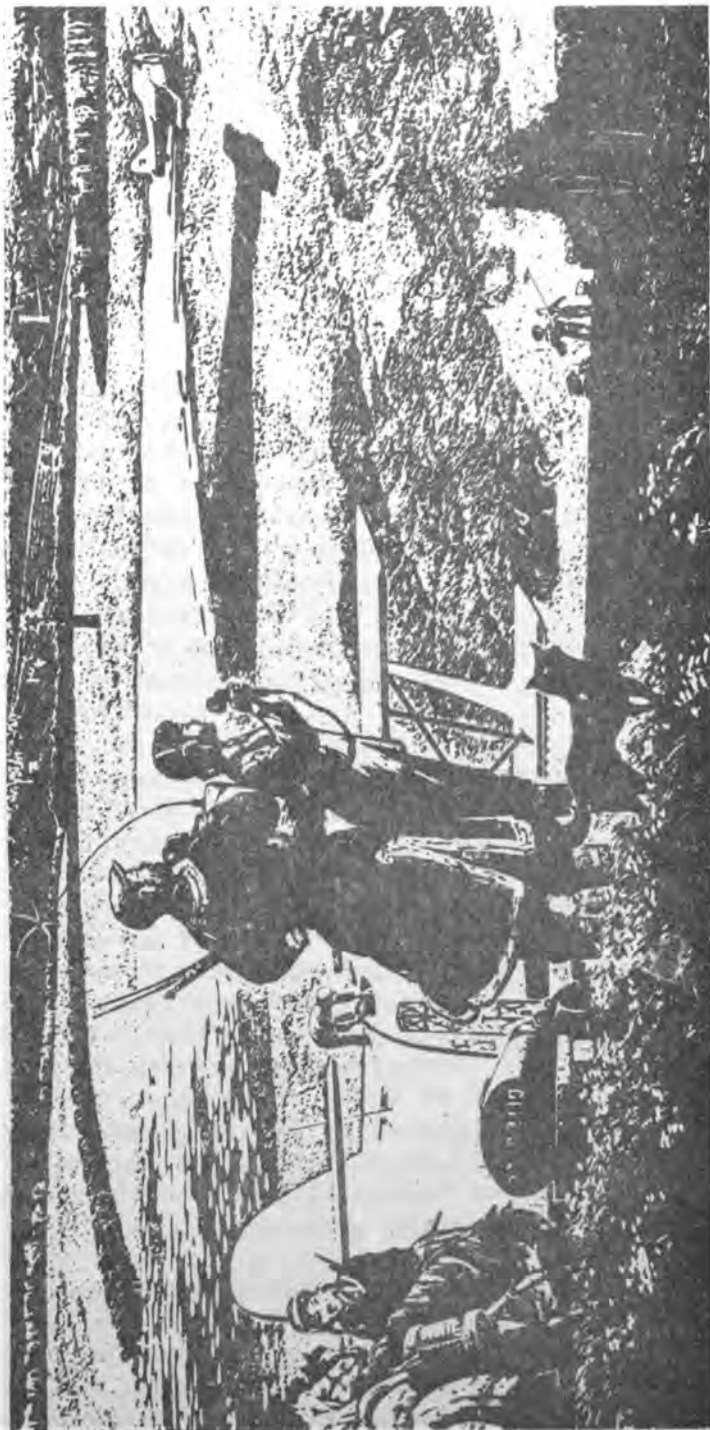
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THE PARTY BRINGS GOLDEN WINGS TO THE PEOPLE OF EWENKI NATIONALITY

Beijing RED FLAG in Chinese No 17, 1 Sep 80 inside front cover

[Woodcut by Chang Yuchang [1603 3768 2490]]



CSO: 4004

THE LEADERSHIP SYSTEM MUST BE REFORMED

Beijing RED FLAG in Chinese No 17, 1 Sep 80 pp 2-4

[Commentator's article]

[Text] After the shift in the work focus of the party, to give full play to socialist democracy and step up the tempo of the four modernizations, the reform of the leadership system of the party and state has become an extremely pressing problem. The decision of the 5th Plenary Session of the 11th CCP Central Committee to set up a Secretariat of the CCP Central Committee was the first step taken in this direction. The Third Session of the Fifth NPC now being held will carry out a reshuffle of the leading functionaries of the state, and this will also be another important step. Reform in this direction must still continue. Through reform, a perfect leadership system will be established and strengthened, and this is an important event in the political life of our party and state.

The leadership system of our party and state has been established and developed in practice over scores of years of revolutionary struggle. There are successful experiences as well as profound lessons. Our country is a socialist state of the dictatorship of the proletariat and is organized on the principle of democratic centralism. On the whole, the political system of our country is suited to the socialist economic base. However, the concrete leadership system has some very unsuitable conditions. Following the development of revolution and construction, some conditions which were suitable in the past have become unsuitable in the new situation. In the past we did not pay enough attention to this, and problems which must be solved remained unsolved for a long time. This caused serious results. Facts have proved that there are many defects in the existing leadership system. The most outstanding of these are bureaucratism, excessive concentration of power, patriarchy, the system of lifelong leadership positions for cadres and all manners and forms of privileges. The masses of cadres and people are very anxious and worried about this. If these conditions are not changed, it will be impossible for modernization to be effectively carried forward.

The leadership system is a very important problem. Whether or not there is a good leadership system has a direct bearing on the success and failure of the four modernizations. Whether or not leadership organs can provide correct leadership based on the line, policies and principles of the party, work for the good of the people and contribute to the four modernizations is of course inseparable from the theoretical training, ideology, moral character and work style of the leading members. At the same time, it is also determined by the kind of leadership system

practiced. By comparison, the problem of system is even more important and has a more fundamental and overall nature. A good system will enable the leading members to give full play to their wisdom and ability and can keep bad people from running amuck. If the system is bad, even good leaders cannot avoid making mistakes, and this will give bad people the opportunity they seek. To be sure, the reason for the serious harm caused by the 10 years of upheaval is very complicated. However, we can categorically say that it was closely related to defects in our leadership system. We must never forget this lesson. We do not subscribe to the view that the system is omnipotent, but we also definitely cannot underestimate the importance of the system. If we do not carry out reform of the existing leadership system, it will be very difficult to avoid repeating the same historical tragedy and to thoroughly implement the line, policies and principles of the party. Then there will be no hope for our four modernizations.

To reform the leadership system of the party and state means that we must guarantee democratization in the system. The four modernizations cannot succeed without political democratization. In the past, although much has been said about inner-party democracy, people's democracy, collective leadership and democratic centralism, because we did not set up a strict and perfect system or genuinely practice collective leadership and democratic centralism, there was no practical safeguard for the democratic rights of the party members and masses. This explains why political democratization must have a democratic system. In the existing leadership system, the phenomenon of an excessive concentration of power is quite universal. Under the slogan of unified leadership and centralized leadership, power is inappropriately vested in the party committee and particularly in the first secretary. If the first secretary does not give his approval, nothing can be done. The excessive concentration of power can easily develop into patriarchy. Patriarchy in leadership work seriously interferes with the realization of political democratization. We must resolutely reform this type of irrational leadership system. We must separate the party from the government, abolish the phenomenon of the party replacing the government and set up a relatively independent system of government work. We must put into practice the system of combining collective leadership with a division of labor and individual responsibility and strictly implement the stipulation that the vote of the first secretary carries the same weight as the votes of other people. We must establish and strengthen the system of inner-party democracy and people's democracy and guarantee the rights of the party members and masses to elect, criticize, supervise and recall leadership cadres. Only then can there be democratization in political life, economic management and social life.

The reform of the leadership system of the party and state has an important bearing on improving relations between the cadres and the masses and maintaining close ties between the party and the masses. The defects in the existing system of our party and state have caused many cadres to become seriously divorced from the masses. In particular, the bureaucratic work style and the phenomenon of cadres having special privileges that universally exist have diminished the prestige of the party and led to dissatisfaction among the masses. To treat this stubborn disease of bureaucratism and of cadres having special privileges, we must not only have a confrontation of ideas but also the guarantee of a system. Experience has proved that ideological education without the control of a system will prove ineffective. We must set up strict administrative laws, a system of

responsibility and the necessary reward and punishment system, draw up rules regarding the power and function as well as working conditions of cadres at various levels and perfect a system of impartial inspection and supervision by specialized departments and mass supervision. Only thus can we effectively overcome bureaucratism and restore and enhance the prestige of the party, so that the masses will enthusiastically support the line, policies and principles of the party and work wholeheartedly for the four modernizations.

The basic aim of reforming the leadership system is to give full play to the superiority of the socialist system and speed up the development of socialist modernization. Our socialist system is infinitely superior to the capitalist system, but this superiority has not been fully brought into play. What is the reason for this? To a certain extent this has a great deal to do with some of our work systems and with our leadership system in particular. For example, the system of lifelong leadership position for cadres actually exists, and this has caused senility to appear from top to bottom in leading bodies at various levels. People in the prime of life and with real ability and learning are unable to get in. This has seriously hindered the rejuvenation and specialization of the leading bodies. In addition, there are too many cadres holding concurrent posts, and this has diverted the energy of some leading cadres and given rise to bureaucratism. This not only affects work efficiency but also is detrimental to the promotion and training of middle-aged and young cadres. The problems existing in the leadership system are not only detrimental to giving full play to the functions and power of government organs, but are also detrimental to strengthening party leadership and often give rise to the phenomenon of a great deal of affairs with nobody to look after them. All these are hindering the development of the productive forces. The superiority of the socialist system cannot spontaneously and naturally develop by itself; it must be brought about through our efforts. If the defects in the leadership system are not reformed, it will be difficult to give play to the superiority of the socialist system. Reform is the only way. Through reform we must get rid of what is harmful and promote what is beneficial and make the leadership system scientific, so that it will cater to the needs of modernization. This means that politically it must contribute to encouraging the airing of views and promoting political democratization. Organizationally it must contribute to opening avenues for people of talent and promoting the rejuvenation and specialization of leading bodies. Economically it must contribute to developing the productive forces in society and promoting socialist modernization. The reform of the existing leadership system is definitely not an easy task, and it will invariably encounter all kinds of resistance. This resistance includes not only the influence of bourgeois ideology but also the traditional forces of habit, and what is more, the very deep-rooted influence of feudal ideas. Since embarking on the period of socialist revolution and construction, we have paid attention to criticism of bourgeois ideology but have not placed the elimination of the vestiges of feudal influence on our agenda. The defects in our existing leadership system are to a greater or lesser extent colored by feudalism. Some defects such as patriarchy are essentially signs of feudalism. If we do not wage a struggle against feudalist ideas, it will be impossible to reform the leadership system. The process of reforming the leadership system must be one of hitting out at, criticizing and eliminating the influence of feudalist ideas. Therefore, we must continue to emancipate our minds and resolutely carry this work through to the end with great courage and determination.

The reform of the leadership system of the party and state is of great significance to the history of the development of our party and state. Based on the teachings of Marxism-Leninism-Mao Zedong Thought with regard to the party and state and the lessons of experience at home and abroad and in the leadership system of the party and state, we will discover a road that suits conditions in China. There are many things that must be reformed at present; as to how to carry them out, there still are many problems for us to explore in practice. However, reform we must, and this is certain. We must adopt a positive attitude and take steady steps in this work. Comrades of the whole party and senior cadres holding leadership positions must try their utmost to regard making a success of the leadership system of the party and state their own responsibility.

CSO: 4004

POWER MUST NOT BE OVERCONCENTRATED IN THE HANDS OF INDIVIDUALS

Beijing RED FLAG in Chinese No 17, 1 Sep 80 pp 5-8

[Contributing commentator's article]

[Text] The "Great Cultural Revolution" has taught our party and people numerous lessons. One of the most profound was the serious results brought about by the overconcentration of party power in the hands of individuals.

The concentration of power in the hands of individuals runs counter to the principle of democratic centralism. This question is not difficult to explain theoretically. However, in actual political life many people have wittingly or unwittingly overconcentrated power in the hands of individuals and practiced patriarchal rule in the name of safeguarding the system of democratic centralism. Our party was plunged into such a situation for a considerable length of time.

The overconcentration of power in the hands of individuals in our party during that period of time had the following manifestations:

1. The power of making the final decision in the party was given to individuals. During the time of the revolutionary war, due to emergency and extraordinary conditions, it was sometimes necessary to give the power of final decision to individuals. However, the giving and using of individual power to make a final decision in the party and under the system of collective leadership in the party--particularly during the period of peaceful construction after the founding of the PRC--is obviously improper.
2. Individuals presumptuously overrode the decisions of the party and the collective. How to look at these decisions of the party and the collective is a question involving the relationship between the individual and the organization. Within the party, everyone, including the first secretary himself, is entitled to only one vote. If an individual has an opinion which differs from the decision of the party and the collective, he can have his reservations or voice his opinion in the organization. Even if corrections need to be made, they must be done through organizational channels. The individual should not presumptuously override the decision of the party and the collective. However, decisions of the collective and resolutions of the party have been invalidated in the past only because the No 1 man had a different view or said something else.

3. One individual held too many concurrent positions. In many localities, leading positions and important responsibilities were concentrated in the hands of one person. Under the slogan of unified leadership, power was indiscriminately concentrated in the hands of a few secretaries of the party committee, particularly the first secretary. Thus, the following abnormal situation was created within the party with the acquiescence of the members: Individuals equated themselves with the party or were even above the party; people could only praise but not criticize the leaders of the party, and individual opinions were allowed to be imposed on the organization in the name of the organization, and others were asked to obey them. When differences of opinion or debates occurred, comradely discussion was not allowed; instead, people could only agree or side with one party. This resulted in the legitimatizing of the system of "only one person has the say" in the party, as well as in patriarchal rule.

Any individual's power in the party is delegated by the party and must be used for the party's interests. For any individual, this power is limited, not limitless. When power is overconcentrated in the hands of an individual, under certain conditions it can even result in an inevitable "alienation" of power. Then the party's power becomes individual power, or power that should be exercised for the interests of the party becomes power that opposes the party's will and interests or is even used to control the party. Those who hold great power can get rid of the restrictions of organizations, can be above the party and can demand that the organization obey them and not the other way around. They want others to obey them and do not follow the principle that the minority should obey the majority. This lays the groundwork for antidemocratic individual dictatorship.

When power is overconcentrated in the hands of the individual for a long time and the phenomenon of "alienation" results, the following problems will certainly appear: First, democratic life inside the party will be undermined. Those holding great power can disregard restrictions and use power to enforce their own proposals and suggestions. Other people cannot or dare not voice dissenting opinions. Those holding great power usually can only hear praise. They cannot readily see their own weak points, shortcomings and errors, and therefore they rarely conduct self-criticism. In political life, if people cannot say what they want to say and conduct criticism and self-criticism, then democracy is only nominal. Second, the system of lifetime tenure for cadres in positions of leadership which exists in practice is consolidated and developed. When individuals monopolize great power, they are bound to keep power in their hands perpetually. Historically, people who have practiced the system of lifetime tenure in the international communist movement were able to do so not only because they had made tremendous contributions and enjoyed great respect and trust inside and outside the party, but also because they also held great power.

With their great power they were in the position to struggle for the protection of their personal power, authority and position. They could even disregard the prevailing institutions, party constitution and state constitution. Third, factionalism is encouraged, while the unity of the party is undermined. In our party there is indeed a group of persons who like to lavish praise on some people and attack others. These people do not live by truth. In interpersonal relations they do not care for comradely relationships and have no principles, but are only interested in building relationships of political patronage. Those holding too much power can easily be overwhelmed by their own power. Those who submit to

their power prosper, while those who resist perish. They build up their cliques and factions and want a group of people to lavish praise on them, "blow their horns" and "carry their sedan chairs." On the other hand, there are some people who are willing to disregard principles and be appendages of others in consideration of their own selfish interests. When power in the party is overconcentrated in the hands of individuals, these opportunists and careerists are given ample opportunities. Once they are able to grasp a "strong backer" they lavish unprincipled praise on him, use him to gain selfish benefits and achieve their ambitions, making honest and upright people who dare to uphold principles suffer discrimination and ostracism. Fourth, the deification of individual persons is bound to happen. The contributions of the party and the people are all credited to the individual. The image of the leader is more illustrious than that of the party. The people's servants who ought to live among the people and serve the masses become bosses and masters who control the people. They even unwittingly transform them into "gods." Once the leader is deified, the lively and vigorous political atmosphere, the system of democratic centralism and collective leadership are necessarily buried. Then, idolatry, fanaticism and irrational acts become widespread.

In the history of our party there have been many tragedies resulting from the overconcentration of power in the hands of individuals and the practice of "only one person has the say." During the infancy of the party there was the patriarchal rule of Chen Duxiu. He concentrated all powers in his own hands, regarded the party as a clan under his personal rule and thought that only he, the "patriarch," had the right to speak while denying this right to others. Whenever he did not like someone, he reprimanded him and gave that person a scathing scolding. During the latter part of the second revolutionary civil war, the Wang Ming opportunist line was on the rise. "Ruthless struggle and merciless blows" was practiced in the party. Dissenting opinions were all suppressed, the atmosphere of democracy was stifled and democratic life was strangled. Zhang Guotao also practiced patriarchal rule. After the Zunyi Conference, particularly after the Yanan rectification campaign, until the eighth party congress there was no overconcentration of power. Under the leadership of Comrade Mao Zedong, intra-party democratic life was fairly normal. However, with the great victory of the revolution and construction, the prestige of the party's leader was greatly enhanced. On the other hand, the socialist democratic system has had imperfections for a long time. Thus, the phenomenon of overconcentration of power gradually developed. This phenomenon became more and more marked during the time of the campaign "against premature advance" and after the antirightist campaign. Throughout that period we repeatedly stressed socialist democracy and the system of democratic centralism. However, as we can see, theory and practice are two different things. On this question we have suffered a great deal and paid a high price. But there are still some people who act like Confucius and "feel anxious if there is no emperor for 3 days." Is this not strange? From this we can see that this problem is indeed difficult to solve.

The existence of the phenomenon of overconcentration of power in the party, aside from being traced to individual personalities, also has deep-rooted social, historical and ideological causes.

Our society went through a long period of feudalism and emerged directly from the womb of a semifeudal and semicolonial society. Therefore, feudal ideology is

still rampant and has penetrated every corner of society. Some ideas have even become part of the people's habits. Ideas like the concept of social status, differences in rank and patriarchal behavior, and residue, fragments and tinges of feudalism are common in social life. The influence of feudalism is deep rooted. As Comrade Mao Zedong said in his article "The Struggle in the Jinggang Mountains": "The evil feudal practice of arbitrary dictation is very deeply rooted in the minds of the people and even of the ordinary party member." At the same time, the mentality and behavior of small producers, particularly peasant small producers, surround us like a vast ocean. The characteristic feature of the small producer mentality is: They cannot control their own fate and always want to entrust their fate to the hands of a certain "savior." This presents a vast social foundation for the overconcentration of power in the hands of individuals in our society. At present some people have shifted from a belief in idols to the repudiation of all authority, which results in the rise of anarchism. Outwardly, anarchism does away with authority, but in reality it is the worship of another type of authority. It is the perverted manifestation of worshipping authority. If believers in anarchism do not change their petty bourgeois ideological nature, then under certain conditions, if a new idol which they acknowledge appears, they will still be supporters of an overconcentration of power. We can certainly say that, if the pernicious influence of feudal ideology is not eliminated and the small producer mentality is not completely reformed, the possibility of an "alienation" of power will always exist in our society.

Second, there are factors to be found in people's conceptualization. The party is composed of its leadership, that is, the Central Committee, various party organizations and the mass of party members. The line, principles and policies of the party are formulated by a group of leaders and cadres in the central leadership after pooling the wisdom of the masses. All work in the party is implemented and accomplished by the masses of party members and the masses through the organizational efforts of the leaders of the party. People know about the party through these concrete activities and work procedures and through the activities of party members, cadres and leaders. Therefore, they naturally associate the victory of the revolution and the achievements in party work with the leaders of the party. They easily credit the contributions to individuals. Quite a few people, including some leaders holding very high positions, do not understand this question. They often value themselves too highly and underestimate the strength of the party and the collective. This one-sidedness and superficiality of their understanding is an important factor contributing to the overconcentration of power in the party in the hands of a few persons and the improper use of power by certain people.

Third, the overconcentration of power in the hands of the individual in the party is related to the tradition of a high degree of centralization of power in communist parties during the period of the Communist International. During the period of the Communist International, due to the revolutionary situation at that time and the actual requirements of the struggle, there was a need for the concentration of power in the hands of certain individuals in various communist parties. However, after the situation changed, particularly after the communist parties became ruling parties, corresponding changes did not occur in the system of leadership where there was an overconcentration of power in the hands of individuals. In the theoretical realm, this tradition of a concentration of power in the hands of individuals changes into undue emphasis on centralism in

the principle of democratic centralism. In the history of our party, we can see that we have had struggles which overemphasized opposition to decentralism and independence, but we never had any period in which decentralization and self-determination were overemphasized, nor any struggle against an overconcentration of power in the hands of individuals. This history of an overconcentration of power in the hands of individuals gives people the erroneous idea that an overconcentration of power in the hands of individuals in communist parties is a matter of course. If we do not consciously try to limit this system of overconcentrating power in the party, which has resulted from historical factors, and instead turn an exigency measure into a normal course, or even institutionalize this system, then the results will certainly be serious and dreadful to contemplate.

Our goal in our political life is to achieve a political situation in which there is both centralism and democracy, both discipline and freedom, both unity of will and personal ease of mind and liveliness--a political situation of unity and vitality--to insure the smooth advance of the building of socialist modernization. Therefore, we must continue to perfect and improve the system of democratic centralism and socialist democracy. All factors and actions which are harmful to the formation of a situation of vitality and obstruct the implementation of the system of democratic centralism, including factors and actions that will reinforce a concentration of power in the hands of the individual, should arouse our full attention and push us to take concrete action to gradually correct and overcome them in a planned manner.

Naturally, when we oppose the system of a concentration of power in the hands of the individual, we do not negate the necessity of centralization, the strength of authority and the role of the individual. Marxists believe that, as the party organizes the broad masses of people to fulfill the historic mission of the proletariat, the authority of the individual is also indispensable. Engels said: "Whoever mentions combined action speaks of organization. Now, is it possible to have organization without authority?" ("Selected Works of Marx and Engels," Vol 2, p 551) It is an erroneous theory to regard all personal authority to be absolutely evil. The important thing is that this personal authority does not mean that only one person has authority, or concentrating all the powers of the party in the hands of one person. In the process of leading the Chinese people to conduct struggle, our party has cultivated a group of leaders who are closely integrated with the masses, are well supported by the masses and enjoy high prestige. These leaders have intellectual, organizational and professional ability and rich revolutionary experience. They became leaders because they enjoy public confidence. They are not self-appointed, nor are they artificially groomed by certain forces. They emerged naturally in the course of struggle and are selected by the broad masses of people. If the revolution did not have a group of leaders trusted and respected by the masses, it would not have been possible to gain the victory that we are enjoying today. Therefore the party of the proletariat still needs its own outstanding leaders who enjoy high prestige. But such a leader is not only one individual, nor does it mean personal dictatorship, but it is a collective leadership.

We must also point out that in opposing the overconcentration of power in the hands of the individual in the party and emphasizing collective leadership we do not totally negate the division of labor and system of responsibility in the

party. Lenin said: "At all times and under all conditions, there must be explicit stipulations on the specific responsibility of each person in certain matters under collective leadership." ("Collected Works of Lenin," Vol 29, p 398) Lenin stressed that a comrade who is known for being firm and courageous, is good at dealing with practical questions and enjoys the utmost public confidence should be appointed to a position in which he handles practical affairs. Each party member and leading cadre should exercise his legitimate power within the limits of his duties to do his work well. Failing to exercise one's legitimate power for fear of criticism from other people, not saying what ought to be said and not doing what ought to be done amount to negligence in performing one's duty. That is not permissible in the party.

However, the party's need for its own outstanding leaders who enjoy high prestige and the fact that leaders are urged to exercise their legitimate power within the limits of their duties, and the overconcentration of power in the hands of individuals are two different things. The former is an indispensable part of implementing the system of democratic centralism, while the latter is antidemocratic centralism and undermines democratic centralism. The cause of the proletariat is the cause of millions upon millions of people. The leader of this cause is the vanguard of the proletariat and the party and not individuals. In the context of the revolutionary cause of the proletariat, no matter how talented, capable and experienced an individual is, his abilities will still be insufficient. It is impossible for him to be able to do everything well. Furthermore, every person has his own limitations, his inherent weak points and shortcomings. That is why human beings are human beings and not God. To insist on the overconcentration of power in the hands of individuals and giving the power of final decision in the party to individuals is tantamount to negating the most basic principle of Marxist historical materialism.

CSO: 4004

EFFECTIVELY SAFEGUARD THE PEOPLE'S DEMOCRATIC RIGHTS

Beijing RED FLAG in Chinese No 17, 1 Sep 80 pp 9-11, 4

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

[Text] After the experience acquired from experimental elections in selected counties, direct county-level elections and the building of local political power [di fang jian zheng 0966 2455 1696 2398] is continuing by stages and in groups throughout the country. This is of tremendous significance, because it systematizes China's socialist democracy, guarantees it by law and safeguards the democratic rights of the people as masters of the state.

Socialist democracy, or people's democracy, means that the people of the whole country enjoy the supreme right to manage the state's affairs. In addition, it means that the people share the ownership and control of the means of production in various forms. To effectively safeguard the people's right to take part in managing the state's affairs is the fundamental issue in advancing socialist democracy. An important point of the Marxist theory of the state is to have all the people taking part in managing the state and preparing the conditions under which this can occur. Lenin said: "To us, the important thing is to universally draw all the laborers into the management of the state. This is a very arduous task. Socialism cannot be achieved by the minority or a party. Only when people in their millions learn to do this themselves can socialism be achieved." ("Collected Works of Lenin," Vol 27, p 123) The people running their own affairs covers many aspects, including political life, economic life and social life. Comrade Mao Zedong pointed out that the workers' right to take part in managing the state enterprises, culture and education is the greatest and most fundamental right of people under the socialist system. Regarding the democratic rights of the people as masters of the state, the only question is whether these rights are fully exercised; there is no such thing as overexercising them; the so-called overdevelopment of democracy merely means that some people indulge in anarchism and bourgeois liberalization. This is not a product of advancing socialist democracy but a deviation from its course--a deviation that hampers and disrupts socialist democracy. By criticizing and correcting these tendencies, we do not restrict or weaken socialist democracy; rather, we advance it.

The people take part in the management of the state's affairs through the representatives they elect to represent their interest and wishes. The highest organs of state and local power, the people's congresses, are composed of representatives elected by the people, and they in turn elect the members making up the

party. Lenin said: "At all times and under all conditions, there must be explicit stipulations on the specific responsibility of each person in certain matters under collective leadership." ("Collected Works of Lenin," Vol 29, p 398) Lenin stressed that a comrade who is known for being firm and courageous, is good at dealing with practical questions and enjoys the utmost public confidence should be appointed to a position in which he handles practical affairs. Each party member and leading cadre should exercise his legitimate power within the limits of his duties to do his work well. Failing to exercise one's legitimate power for fear of criticism from other people, not saying what ought to be said and not doing what ought to be done amount to negligence in performing one's duty. That is not permissible in the party.

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

[Text] After the experience acquired from experimental elections in selected counties, direct county-level elections and the building of local political power [di fang jian zheng 0966 2455 1696 2398] is continuing by stages and in groups throughout the country. This is of tremendous significance, because it systematizes China's socialist democracy, guarantees it by law and safeguards the democratic rights of the people as masters of the state.

Socialist democracy, or people's democracy, means that the people of the whole country enjoy the supreme right to manage the state's affairs. In addition, it means that the people share the ownership and control of the means of production in various forms. To effectively safeguard the people's right to take part in managing the state's affairs is the fundamental issue in advancing socialist democracy. An important point of the Marxist theory of the state is to have all the people taking part in managing the state and preparing the conditions under which this can occur. Lenin said: "To us, the important thing is to universally draw all the laborers into the management of the state. This is a very arduous task. Socialism cannot be achieved by the minority or a party. Only when people in their millions learn to do this themselves can socialism be achieved." ("Collected Works of Lenin," Vol 27, p 123) The people running their own affairs covers many aspects, including political life, economic life and social life. Comrade Mao Zedong pointed out that the workers' right to take part in managing the state enterprises, culture and education is the greatest and most fundamental right of people under the socialist system. Regarding the democratic rights of the people as masters of the state, the only question is whether these rights are fully exercised; there is no such thing as overexercising them; the so-called overdevelopment of democracy merely means that some people indulge in anarchism and bourgeois liberalization. This is not a product of advancing socialist democracy but a deviation from its course--a deviation that hampers and disrupts socialist democracy. By criticizing and correcting these tendencies, we do not restrict or weaken socialist democracy; rather, we advance it.

The people take part in the management of the state's affairs through the representatives they elect to represent their interest and wishes. The highest organs of state and local power, the people's congresses, are composed of representatives elected by the people, and they in turn elect the members making up the

people's governments, people's courts and people's procuratorates at various levels through people's congresses. They represent the people in drawing up or amending the constitution, statutes, decrees and local laws, examining and approving national economic plans, budgets and final accounts of the state and their own administrative districts, and hearing and examining the work reports of standing committees, people's governments, people's courts and people's procuratorates of people's congresses of their own level, supervising the work of state organs, recalling cadres guilty of incompetence and dereliction of duty and carrying out readjustments according to the requirements of work. Whether or not the people and their representatives can actually exercise these rights is an indicator of whether or not socialist democracy is really being advanced. In summing up the experience of and drawing lessons from the Paris Commune, Engels pointed out: "To safeguard against the transformation of the state and state organs from servants of society into masters of society, the Paris Commune took two correct measures." One was to "give all executive, judicial and national educational posts to those elected through general elections, with the electors being able to dismiss and replace the elected at any time." ("Selected Works of Marx and Engels," Vol 2, p 385) Here it is pointed out that state organs must be the servants of society and that working staffs are elected by the people and may be dismissed and replaced at any time. This insures that servants of society do not become masters of society. Although it is impossible for our country to hold universal direct elections at present, the principle that government workers are elected and supervised and may be recalled by the people should be adhered to resolutely. Extending the scope of the people's direct election of their people's congress deputies to the county level and implementing the electoral law for the national and local people's congresses and the organic law of the local people's congresses and local governments (hereafter referred to as the two laws) are important measures in further expanding and advancing socialist democracy in the new historical period.

In the first place, electors can play an even greater role in managing the state through their representatives. This is of vital importance in consolidating the system of the socialist state. The socialist state is one in which the people are masters of their own affairs, and the people's congress system is the basic political system of our country. All authority belongs to the people. To expand and advance socialist democracy continuously, it is absolutely necessary to establish a system whereby decisions will, in reality, be made according to the will of the majority. The two laws formally legalize this system. Implementing the two laws conscientiously will guarantee that major decisions of the state and localities are made according to the will of the majority.

Second, the system in which the representatives are the people's public servants and are held directly responsible to the electors will be further guaranteed. Representatives of people's congresses and functionaries of state organs at various levels are all service personnel of the people and public servants of society. Their work and actions must represent the interests of the people and reflect the wishes, views and demands of the people. When they are directly elected by the people, the representatives will feel that their authority is given by the people and that they are responsible to the people for their actions and must do their work according to the opinions of the majority of voters. This further harmonizes their responsibility to the people and their responsibility to

the higher leading organizations and prevents the phenomenon of people's deputies not representing the people. At the same time, this will help the voters' supervision over their representatives and the staff of the state organizations. On the one hand, the representatives must promptly solicit and accurately reflect the views of the voters and promptly reflect their work to them. On the other hand, the voters have the right to recall and dismiss representatives who are guilty of incompetence and dereliction of duty or who have violated law and discipline. This will act as a restraint on people's representatives and functionaries of state organs. The representatives and the state organizations' staff will then work only for the interests of the people, be the people's public servants and lead the people to struggle to speed up socialist modernization; they will be unable to seek prerogatives and private interests for themselves and become overlords who ride roughshod over the people.

Third, people's enthusiasm can be mobilized, and the development of socialist modernization can be raised. Socialist modernization is the cause of hundreds of millions of people, and it can only be realized when their enthusiasm has been given full play. To implement the two laws and insure the people's right to administer the state, it is imperative to arouse the sense of responsibility and socialist enthusiasm of the people, who are the masters of their country. The experience of experimental direct elections of the preceding stage has indicated that, if properly carried out, they will greatly arouse the sense of proprietorship of the masses and their awareness of taking part in the management of state affairs; they will develop the political situation of stability and unity; and they will promote the development of production and construction.

Fourth, the building of our political power can be enhanced. When the two laws are implemented and direct elections are extended to a county, the repeated deliberations of the masses, who are relatively familiar with the government organizations and their staff, will enable the candidates to share the opinions of the majority and will enable the masses to choose representatives who can really represent their opinions. This will also be helpful in strengthening county government organs and will lay a solid and reliable foundation for direct provincial--or even national--elections.

In the implementation of the two laws there will be numerous new situations and problems that must be dealt with earnestly. We must emancipate our minds, give full scope to democracy and uphold the mass line to make democratic elections a success. Therefore, we must first strengthen party leadership and guarantee the implementation of the two laws. Second, we must extensively and conscientiously publicize the two laws, so that they will be known to every household and their basic contents will be understood by everyone. Third, we must strengthen education in democracy and the legal system, for our party members and cadres and the leadership cadres in particular, so that they will conscientiously respect and safeguard the democratic rights of the people and strictly act in accordance with the law. Fourth, we must correctly recognize and deal with the relations between implementing the two laws and carrying out production and construction, link this work closely with production and construction and promote the development of production and construction.

The people of our country have gone through an arduous and tortuous course in struggling for people's democracy. Marx and Engels said in their "Manifesto of

the Communist Party": "The first step in the revolution by the working class is to raise the proletariat to the position of ruling class and to win the battle of democracy." ("Selected Works of Marx and Engels," Vol 1, p 272) Under the leadership of our party, people of all nationalities throughout the country have won the victory of democratic revolution and the battle of people's democracy after a protracted struggle. The people have become the masters of the country. Since the establishment of the republic, we have also achieved remarkable results in fostering socialist democracy. However, following the victorious development of socialist revolution and construction, some of our leading members of the state organs, under the influence of feudal ideology, frequently deviated from the correct principles of our state system and neglected the work of carrying forward the people's democratic right of being the masters of their own affairs and the work of letting the people elect their own representatives to administer state affairs. They even maintained that an election was an unimportant formality. Therefore, within a certain period and to a large degree, elections became a mere formality. Lin Biao and the "gang of four" took advantage of these shortcomings to systematically destroy the democratic system of the party and state and to carry out a feudal and fascist dictatorship, causing an extremely abnormal situation in which they, the minority, could coerce and oppress the majority of people. Following the smashing of the "gang of four," particularly after the 3d Plenary Session of the 11th CCP Central Committee, our party, in view of the bitter lesson learned from the catastrophe inflicted on the state and the people by Lin Biao and the "gang of four" through destroying democracy and trampling on the legal system, put forward the correct principle of fully fostering socialist democracy and perfecting the socialist legal system and adopted effective measures to safeguard the citizens' democratic right to manage their own affairs.

Our country's socialist nature and our party's correct principle of fostering democracy are important prerequisites and basic requirements for fostering socialist democracy. But our socialist state emerged, after all, from the womb of a semicolonial and a semifeudal society. The spiritual shackles left by the old society, in addition to the numerous biases of the small producers, also included the influence of the feudalist and bourgeois ideologies. These ideologies, particularly the feudalist and despotic ideologies and their influence, are still obstacles hindering the development of socialist democracy and democratic elections. Some leading comrades are quite seriously influenced by such ideologies. They have become used to practicing the patriarchal system and think that only they can lay down the law. They do not respect, and have even violated, the people's democratic rights and have always wanted a situation in which only what they say goes. They regard elections as a way to realize their personal opinions or the opinions of a small number of people. They do not follow the election law but act arbitrarily, monopolize everything and want the masses to carry out elections according to their opinions or the opinions of a small number of people. They want people to vote for whomever they put on the ballot. Some have even casually disqualified the candidates nominated by the masses according to law and denied recognition for those who were elected according to law. When the people's congress of Lishi County, Nei Monggol, was electing the county magistrate, the league and the county authorities guessed that Comrade Yang Leshan, who was not a candidate, might be elected. Therefore, prior to the election they urged the representatives not to vote for Yang. But in the election Comrade Yang Leshan was elected to be the county magistrate. Seeing that they had failed to attain their expected goal in the election, some comrades of

the league and the county sent their representatives to the autonomous region's organization department for emergency help and to request instructions as to whether the election should stand. This episode shows that some of our comrades have a very faint conception of democracy. Although they verbally stress the need to foster democracy, they have actually never respected the democratic rights of the electors and the representatives. Certain leaders of some areas, realizing that the officially appointed candidates have not been elected, have said such things as: "You have your right to vote; I have my right to approve." Some have even brazenly overturned election results and violated the election law, thus reducing the election to a mere formality, impairing the solemnity of the socialist legal system and dampening the masses' enthusiasm. Some other comrades, who have become used to the conventional system of appointment that had been followed for many years, support the system of lifetime leadership tenure for cadres, only want promotions and do not want to work in the lower units. These comrades feel that elections are not only uninteresting but disgusting, and they have used various means to boycott them. In these comrades' minds there is only their authority and not the masses' viewpoint. These comrades have put themselves above the masses and have set the task of strengthening the leadership against the task of fostering democracy. They have actually refused to believe that the masses are the masters of the country. Strengthening leadership over election work is, of course, very necessary, and the recommendation of candidates by party organizations is also permitted by the electoral law. However, party organizations recommending a list of candidates must seek the consent of the majority of electors and representatives before it becomes valid. Whether or not such candidates win the election is the primary means of judging whether their nomination was in line with the will of the people. The failure of such candidates and the success of others not recommended by the party organizations in an election can only prove that the party's choice of its candidates was wrong. Party organizations have no reason or power to negate the results of people's elections.

A tiny number of others, who have indulged themselves in extremes of democracy, use the proletarian stand, viewpoint and methods in elections. Some others try to please the public with a proletarian democratic platform and use claptrap to vie in an election campaign. Some who assert anarchism describe orderly and well-led democratic elections as undemocratic and resist and oppose them, while some others gang up and form factions in the course of an election. All these harm socialist democracy.

Although these negative factors exist only in some localities of the country, we must not underestimate their influence and destructive role. We should fully arouse and educate the masses to understand the significance of democratic elections, to have a serious and earnest attitude toward them, and to struggle against the various unhealthy tendencies that hinder this democratic process. We should urge the masses to value their vote from the angle of upholding the interests of the state and the people and to use their democratic rights properly. The people's democratic rights, like their other rights, are restricted by social, economic and cultural conditions. Marx once said: "Rights can never be higher than the economic structure of society and its cultural development conditioned by it." ("Selected Works of Marx and Engels," Vol 3, p 12) The advance of our socialist democracy to a high degree of development,

in the final analysis, is determined by whether or not we can accomplish our socialist modernization. The development of socialist democracy is not spontaneous but occurs in the course of our struggle against the ideological influence of feudalism and the bourgeoisie. As long as we give full scope to the superiority of the socialist system and mobilize the people throughout the country to work hard, with one mind and one heart, unwaveringly for the purpose of enhancing socialist democracy and improving the socialist legal system, we can certainly overcome obstacles, advance democracy to a high degree of development and quicken the pace of our modernization.

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CERTAIN QUESTIONS ON FINANCE, CREDIT AND BALANCED SUPPLY OF COMMODITIES

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[Article by Duan Yun [3008 0061]]

[Text] In the course of socialist construction, conscientious efforts must be made by the state treasury, the credit sector and the supply departments, respectively, to balance revenue with expenditure, assets with liabilities, and supply with demand in terms of goods. These efforts are of practical and vital significance to the planned and proportionate development of our national economy. At present our country is still devoting itself to implementing an eight-character policy aimed at readjusting, restructuring, consolidating and improving the national economy. We must strive to coordinate the development of industrial production with that of agricultural production and on that basis achieve a balance between revenue and expenditure by the state treasury, a balance between assets and liabilities in the credit sector and a balance between the supply of and demand for goods. In addition, we must modify the ratio of accumulation of funds to consumption and gradually improve the economic structure. All these will constitute an important step in accomplishing the readjustment of the national economy. Recently many comrades have made known their views and opinions on the problems of how to achieve a balance in the aforementioned three fields and how to further give full play to the role of the state treasury and the bank credit sector in the development of the national economy. Now I want to take this opportunity to express some views of my own on the history of our country's economic development and its present status.

I. Balances in the Fields of Finance, Credit and Supply Form an Organic System of Comprehensive Balance

Balances in the fields of finance, credit and supply form a comprehensive balance of the economy which reflects an objective requirement for a planned, proportionate development of the national economy. Years of practice prove that only by doing a good job in making ends meet in the three major sectors of the economy can we effectively develop the national economy and achieve better economic results. If we fail to do so, or if we devote ourselves to achieving a balance in only one sector and neglect balances in two other sectors of the economy, we will not be able to achieve a genuine balanced development of the economy, and we will risk the danger of disrupting the proportionate development of the economy, which may cost us an enormous effort to restore it.

To achieve a comprehensive balance in the three major fields of the economy, we must first gain an insight into the interactions between the movement of material supplies and that of value in all their forms in the process of social reproduction. Because there still exists a relationship between currency and commodities in our socialist society, investment in the production of commodities and in its expansion usually takes the form of either material resources or value. In other words, currency still has to be used to accomplish the process of this investment. As economists we must play a direct role in the production and circulation of a variety of goods and must use all kinds of material resources to organize the production of commodities and their supply and marketing as a guarantee to meet the requirements for other forms of production and construction and to satisfy the people's daily needs. At the same time, ways must be devised to concentrate, distribute and use funds in all forms of value and to make them serve as an economic lever in achieving maximum economic results with minimum expenditure. To develop the national economy in a well-planned way, a socialist country is required to employ finance and credit as an important tool of economic management to collect and distribute funds and to coordinate the production of commodities with their circulation and the accumulation of funds with expenditure. Revenue and credit are two forms of value in circulation. In the process of distribution of social products, they circulate in conformity with the specific laws governing their movement and reflect the status of the development of the national economy from different angles.

Of the balances in the three main economic fields, balance in the financial field holds the key to balances in the fields of credit and supply. The government in our socialist country controls the principal means of production and most of the funds in circulation in society, which can be used to organize the economic, cultural and national defense construction. In addition to controlling most of the net income of our socialist economy, the state treasury must work out plans to distribute funds in support of the development of various construction projects. A balanced financial status with a slight surplus basically reflects a balance between the sources of funds controlled by the state and the needs for capital and between the sources of social products controlled by the state and the demands for such products. In organizing the collection of revenue the state treasury must do everything possible to tap the potential of various units for increasing production and income. In allocating expenditures it must distribute financial resources reasonably and with careful calculation and strict budgeting and exhort various units to economize on the use of funds. In other words, in shaping the budget it must persist in making ends meet; while the budget is being enforced, it must strengthen the management of funds to insure that the balance will not be disrupted. Only in this way can we help the credit sector balance its assets with liabilities and keep the supply sector in good shape to meet the needs of society.

A balance in the credit sector epitomizes balances in the sectors of finance and supply. As the center of national economic activities, the bank can draw on deposits and savings, mobilize temporarily idle capital and lend it to units short of working capital so as to insure the continuation of production and circulation. On the basis of the granting of loans and their redemption and the settlement of bank transactions, one can determine the performance of the units in charge of production and its management and of the departments in charge of the implementation of state plans and economic contracts and of purchases, sales

and inventories of commodities. Although the bank credit and state revenue services allocate capital for different purposes and function in their own ways, they usually coordinate closely with each other. Overspending by the state will certainly result in deficits, which in turn will force it to overdraw or borrow from the central bank, thus disrupting the balance between assets and liabilities in the credit sector. On the other hand, when liabilities exceed assets in the credit sector, the state treasury should provide an additional amount of capital to insure stability in the value of the currency and in prices. Conversely, a successful operation of the credit service can speed up the circulation of capital, reduce the excess supply of money by the state treasury and strengthen the financial power to make ends meet.

A balance between the supply of and demand for goods is a basis for balancing expenditure with revenue in the financial sector and assets with liabilities in the credit sector. If the financial sector can truly make ends meet and the credit sector can truly balance its assets with liabilities, a balance between the supply of and demand for social products can be basically maintained. The reason is that profits and taxes delivered by various economic units represent specific forms of products, and a specific amount of revenue represents a specific quantity of material supplies and commodities. If the treasury's expenditure exceeds its revenue, a deficit will result. The general stock of social products consists of the means of production and consumer goods, agricultural and industrial products and many other kinds of valuable and useful goods. Before money is spent and loans are handed out, it is necessary to assess the current conditions for production and the status of the supply of and demand for goods. Investors interested in capital construction must first consult the departments concerned with the supply of the means of production. Likewise, the supply of consumer goods must keep pace with the growth of the social purchasing power fed by the handouts from the treasury and credit units. Only in this way can we insure that all funds to be allocated will have a material backing and that the circulation of the currency and that of goods will go hand in hand. In the final analysis, whether we can promote the planned and proportionate development of the national economy and whether a reasonable ratio of expenditure to the accumulation of funds can be maintained depend on how successful the large-scale production of commodities is organized to meet the needs of society. If the distribution of capital by the financial and credit sectors is not based on a balanced supply of goods, the two sectors will find themselves unable to coordinate the production of commodities with their distribution in a well-planned manner. This being the case, the balance between the supply of and demand for social products will be disrupted, and the disproportions in our national economy are bound to develop from bad to worse.

When the First Five-Year Plan was about to end, Comrade Chen Yun [7115 0061] drew up a proposal on the basis of China's experiences in socialist construction which called on the three major sectors of the economy--finance, credit and supply, respectively--to do a good job of balancing expenditure with income, loan grants with returns on outstanding loans and supply with demand in order to insure a steady and well-coordinated development of our national economy. This is really an important question. Under our socialist system of a planned economy, conscientious efforts must be made by the three major sectors of the economy to balance expenditure with revenue, assets with liabilities and supply with demand

and to create a situation in which they can bring into full play their role in the management of the planned economy in conformity with objective laws and can develop a relationship which enables them to coordinate, cooperate and compete with one another in promoting the planned and proportionate development of the national economy. This is indeed an important but complicated matter that involves some specific problems which deserve a conscientious analysis from the theoretical and pragmatic points of view.

II. With Economic Improvement Comes Greater Demand for Financial Balance

With production developing at a faster pace than ever and with the financial situation improving, should we still consider it necessary to concentrate our efforts on balancing expenditure with income? Some comrades have called for increased spending on construction in gross disregard of the need for a balance between expenditure and income and the requirements for economic efficiency. This has come at a time when the situation on the production front is improving. These comrades also contend that as long as production expands no problem will result from more spending. This tendency deserves attention.

Economics is a foundation of finance. State revenue is bound to increase when the people strive to increase the output of social products and their circulation. At present our state revenue comes mainly from the two primary sectors of production—industry and agriculture. Some of the revenue also comes from the sectors of commerce and transportation. For years our state revenue has grown at a pace basically consistent with the economic growth rate. Normally, a greater increase in revenue can be expected in years of expanded industrial and agricultural production, especially in a year when there is a bumper agricultural harvest and in the following year. For this reason, it is necessary to expand production, to tap the potential of various units for expanding production and to speed up the circulation of commodities as a step in improving the state financial status with new sources of revenue.

We must nevertheless realize that the revenue of the state does not represent the total output of social products, which involves the consumption of raw materials and energy, the payment of wages for workers and other expenses. To continue production, enterprises must also retain necessary working capital. In view of this, that portion of capital delivered to the state treasury by the state-operated enterprises for redistribution is only a part of their net income, excluding production costs (a specific percentage of net income must be retained by enterprises themselves as reserve funds and bonuses). Collective enterprises have to deliver a specific percentage of their net income in the form of taxes to the state treasury. In this connection, the costs of production and circulation and economic performances will have an important role to play. In some years past we have watched the economy develop excellently and production progress rapidly. But many units ended up with no profit, but instead losses, because of their high consumption of raw materials, low efficiency and other uncontrolled expenditures. Mismanagement has also forced many other units to sharply cut prices for their poor-quality products which were in excessive supply or even to junk them. This being the case, no new wealth could possibly be created, and no economic gains could be made to augment the reserves of state revenue. There were other years in which the growth of labor productivity lagged behind the

rising prices of raw materials and the increase in other costs in terms of wages and bonuses. Consequently, increased production led to no increase in income, thus widening the gap between the growth rate of production and that of revenue.

It is therefore not true that the treasury can claim immunity to problems as long as the economy grows rapidly. A review of our 30-year history of socialist construction starkly reveals a lack of coordination between economics and finance on several occasions. Most of our past financial deficits occurred in years of the relatively rapid development of production, except for those years in which Lin Biao and the "gang of four" did damage to production, thus creating deficits. There were also years in which the situation on the production front was excellent and the masses were eager to promote production. Despite this, our state revenue declined rather than increased, because the subjective thinking of our enterprises was out of touch with objective reality and because they set their production targets too high in disregard of the need for improved quality, economic efficiency and lower production costs and consumption of raw materials, thus causing their profits to decline or losses to rise. On the other hand, wishful thinking sometimes drove some units to do too much at one time, to overextend their financial resources and to squander money. Consequently, deficits resulted from a loss of balance between income and expenditure.

The principles of balancing expenditure with revenue, tapping new resources, economizing on the use of funds and basing our expenditure on our income constitute an important economic law. Certainly a small deficit may not spell big trouble. Some deficits in a certain year are permissible if they can be made up in the following year. But resolute efforts should be made to prevent deficits from occurring year after year, or any large deficits in any single year. Historical experience reminds us of the need to maintain financial balances in normal years. When the masses and cadres are eager to vigorously develop production and construction, it may bode well for the economy. But great attention still has to be paid to the overall economic performance. For example, we must shape our budget within the bounds of available resources in accordance with the principle of balancing expenditure with income. Only thus can we achieve a comprehensive balance and improve the financial management system. It is quite likely that people will lose sight of unfavorable factors and will pay too much attention to the favorable ones when a relatively good situation develops on the production front and when successes are scored in all fields of work. This being the case, people are apt to act recklessly and come up with some unreasonable demands. To counter this situation, we must persevere in balancing expenditure with income and in following the correct principles, policies and systems, act in line with the objective economic law and lead people to create a healthy environment in which they can strive to achieve better economic results. Only in this way can socialist production advance faster than ever without risking any danger of disruption.

Perseverance in increasing production and practicing economy simultaneously and in constantly improving the economic performance is an important step in resolving financial problems. At present, wasteful practices still exist on all fronts. This means that efforts still can be made to tap the potentials of various units for increasing production and income by putting their manpower, material and financial resources to good use. Compared with the advanced levels of our past

economic achievements, during the last few years there has been a decline in labor productivity, in the total value of output provided by the fixed assets of the industrial sector, and in net income drawn from the total value of industrial output. Our financial status is bound to improve markedly as long as we strive to run the economy according to the economic law and to achieve maximum economic results with minimum expenditure. With the production scale remaining at its present level, many enterprises have increased their deliveries of profits to the state treasury by further reducing the consumption of raw materials and labor in the process of production. On the construction front we still can use the same amount of capital to achieve greater economic results and to speed up the tempo of construction if reasonable arrangements are made and careful calculation and strict budgeting are practiced to concentrate our already available capital and equipment on building projects and putting them into operation one by one. We must practice economy as a step in increasing income, improving the economic performance and reducing expenditure. Only thus can we increase the state revenue, help achieve the financial balance and speed up the readjustment of the national economy.

III. Inflation Cannot Spur Construction

The economies in some capitalist countries are still expanding despite big deficits and runaway inflation. Can our country follow suit?

Perseverance in making ends meet is an important financial principle of the planned socialist economy and a consistent policy adopted by our party and state. Under the socialist system, the state revenue is a concentrated expression of our national economic program in terms of capital. Its receipt and expenditure indicate how well social products controlled by the state are distributed and consumed. A balanced budget with a surplus means that the resources controlled by the state in the form of social products and the people's needs for these products are in balance, that the material affluence in society is on the rise and that it can be made available for production and construction projects in the years to come.

If the budget is not properly prepared, if expenditure exceeds income, or if revenue cannot be collected as scheduled, deficits are certain to emerge. This indicates that many of the social products in circulation are beyond the control of the state and that a gap exists between their output and demand for them. This being the case, the state treasury will have no alternative but to overdraw or borrow from the banking system, which in turn will be forced to print more paper money to make up the deficit, paper money which has no material backing. Consequently, the circulation of currency in the market will outweigh the circulation of commodities, thus creating a situation in which too much money chases too few goods, forcing prices to rise and the value of the currency to drop.

Inflation will first lead to a decline in the people's income. Eventually the additional paper money printed by the state will fall into the hands of workers and peasants in the form of wages and payments for agricultural products and sideline produce. In other words, that portion of expenditure that exceeds the state revenue will become paper money or a form of purchasing power in the urban and rural areas. Because this purchasing power is not backed up by

commodities, market prices rise and workers' and peasants' incomes from wages and from the sales of agricultural products decline. The result is devaluation of the currency.

Many capitalist countries have been financing by deficit and by inflation to solve their economic crises and to prevent economic recession. They have also adopted the same method to increase expenditure, to stimulate consumer demand and to speed up the recovery of the economy. The implementation of this policy has also provided the bourgeois governments and monopoly-capitalists with an opportunity to amass a large amount of wealth in the form of profits and to exploit the working people. Some of them have even shifted the burdens of inflation onto the shoulders of other countries and regions through their international trade connections and financial transactions. Inflation today resembles a runaway horse. It is worsening with each passing day, running out of control and becoming a big headache for the capitalist countries. It is strongly opposed by the working class there. Clearly this method cannot be adopted by our socialist country.

Our country's socialist economic system differs in an important way from the system of the capitalist countries, where production proceeds in an anarchic atmosphere and surplus goods are stacked up everywhere. In the capitalist countries the overwhelming majority of industrial and commercial enterprises are owned and operated by private citizens who control a large share of the capital and goods; the revenue that goes to the government treasury accounts for only a small percentage of the gross national income. In these countries, financing by inflation and by deficit is permitted; corporate bonds can be issued to absorb a large amount of idle capital in society; one can borrow money from the bank to buy the goods one needs. Furthermore, in capitalist societies credit can be tightened or expanded to meet the specific needs of their economies. Our socialist country has adopted a system of planned economy under which all economic activities are directly or indirectly planned by the state. Under our socialist system of ownership the state controls almost all means of production; our state budget authority controls most of the net income delivered by enterprises throughout the country and funds from various sectors of the economy. The use of capital and goods is also planned by the state (in whatever form of circulation they may take). If our budget is planned in such a way that expenditure is allowed to exceed revenue or that deficits are allowed by the printing and floating of more paper money, it appears unlikely that those amounts of money printed without material backing can be used by anyone to buy anything in our society. One may suggest that the people's interests be temporarily sacrificed in order to expand and step up construction in our country. Even this suggestion is not realistic or workable in our society. If excess money is circulated, it will chase around everywhere, compete for the planned distribution of goods and disrupt the order in which production and construction are organized and carried out. It will also serve to overextend the resources for capital construction and greatly slow down progress in construction. By relying on inflation to speed up construction, we will end up slowing it down, because haste will not bring it to a quick conclusion. Inflation undoubtedly is counterproductive to the planned economy and therefore should be resolutely opposed and avoided if we want to achieve a planned and proportionate development of the national economy. Deficits that have shown up in our balance of payments have been caused by 10 years of catastrophe and

mismanagement of our economy. Financing by deficit has not been prescribed as part of our policy. An important objective of readjusting our national economy is to do everything possible to make ends meet and to gradually eliminate deficits.

Some capitalist countries owe their relatively rapid economic growth rate to certain specific factors and conditions rather than to inflation, which does not contribute to the development of the economy. During the past 20 or 30 years, science and technology in the capitalist countries have developed rapidly, boosting their labor productivity, and have become decisive factors that have contributed to the development of their economies. For a long time a few countries such as Japan and West Germany have progressed more rapidly than other countries and have been able to concentrate more capital on developing their economies because they don't have to contribute too much to their national defense in terms of military expenditure. During the lengthy postwar period they have benefited greatly from a large amount of foreign aid, including economic and technical assistance, when they themselves didn't have to give other countries similar aid. Among other factors which have helped them progress more rapidly than other countries are their past achievements in science and technology and experiences in economic management. Judging from this fact, one can realize that inflation exists in varying degrees in the capitalist countries. To them, inflation is an economic malaise rather than a factor that boosts their economic development. Inflation also exists in many other countries of the world, including some developing countries, where the economies are not faring any better than in other countries. Isn't this fact clear enough to all? We have accumulated similar experiences since liberation. Our economy progressed more rapidly during the implementation of the First Five-Year Plan. That was also a period in which our national economy was readjusted and currency and prices were relatively stable.

Facts show that the economy can grow only when the currency is stable and a financial balance is maintained. No economy will benefit from inflation. True, a large amount of capital is needed to accelerate the socialist modernization; contradictions always exist between the accumulation of funds and the demand for expenditure. This type of contradictions can be resolved only by tapping financial resources, increasing income, reasonably allocating expenditure and economizing on the use of funds. Only in this way can we balance expenditure with revenue, keep the output of social products apace with the demand for such products, insure the proportionate growth of savings and consumption, promote the normal development of the national economy and gradually improve the people's standard of living. As the national economy develops, new dislocations in our economy may occur from time to time, along with some unanticipated problems. A perfect and fault-proof planning seems impossible. On the agricultural production front, natural disasters may strike, reducing our harvests; to counter any unexpected international developments, we must be prepared to meet any contingency. In light of this situation, we are required to leave an appropriate margin for unforeseen circumstances. Of course, in the process of its implementation, any economic plan is subject to changes whenever such needs arise. In the event of revenue exceeding expenditure, we can add new items of expenditure and balance our budget on a new basis. Without additional income, no new item of expenditure should be added to the budget. Spending in excess of revenue should be avoided in every possible way.

IV. It Is Necessary To Balance Asset With Liability

The demand for investment in capital construction today is so great that it has clearly exceeded the limits of funds available in our budget. This being the case, is it advisable for banks to hand out additional loans to expand our investment in capital construction? Many factories in foreign countries have been built with bank loans. Can our country follow suit?

The government in our socialist country can control and use two different kinds of funds: the state revenue, which derives from the income of various units and which is usually distributed by the state for the purpose of developing the economy, culture and other undertakings; and funds earmarked for investment in capital construction and in expanding fixed assets of enterprises. These constitute gratis aid that need not be repaid. Returns on investment in capital construction can be gradually redeemed through the collection of taxes and profits and through property depreciation after factories are built and put into operation. The fund earmarked for bank loans is drawn from temporarily idle capital circulating in society and can be lent out to support production and to meet the short-term needs of some units for a revolving fund. This form of loan is repayable and cannot be amortized over a long period of time.

Capital construction is an important measure for expanding investment in fixed assets and for strengthening the material foundation for boosting the national economy, and it takes a fairly long time to complete. When a project is under construction, it must employ a great number of people and consume enormous amounts of equipment and material. But it cannot provide society with any kind of products. Investment in capital construction has nothing in common with working capital, which can recycle itself in a relatively short period of time after it is spent on buying raw materials and fuels and on employing labor to turn them into products or commodities for distribution to the market. On the basis of the different functions between investment in capital construction and working capital, the state has promulgated regulations stipulating that capital construction should be financed by state funds, and even those investments in capital construction that are not listed as part of the state budget should also be coordinated with the national capital construction plan; suppliers of building materials and equipment concerned with capital construction should be consulted first when funds are earmarked for capital construction. The state also stipulates that the working capital needed by enterprises must be provided by banks, except for that amount of funds that must be directly granted by the state; state funds earmarked for loans and for investment in capital construction and working capital for other purposes should be handled by different agencies; loans from banks shall not be used as part of state funds; nor shall the working capital be transferred to the account for investment in capital construction. This decision is based on the fact that these funds come from different sources, are spent for different purposes and are recycled in different ways. For this reason, they should be handled by different organizations. If equipment and materials for capital construction are in abundant supply and if a bank has surplus funds, it can certainly earmark part of these for capital construction under the guidance of the state plan. If the revolving funds in the form of short-term loans are spent as part of an investment in capital construction or for other unauthorized purposes beyond the state plan, and if later they are tied down with the capital construction

projects or used as part of an investment which cannot be redeemed in a short period of time, this may cause a shortage of working capital for production purposes and disrupt the order in which production is organized by some enterprises. Furthermore, it may leave the banks in a seriously depleted working capital position, forcing them to print more paper money and thus causing inflation and price hikes. Both the state treasury and the credit sector have at least one thing in common: they face the same problem of how to make ends meet.

Generally speaking, the banks may lend money to some enterprises concerned with commercial production and circulation for purchasing raw materials and equipment while other enterprises are paying off their loans or increasing their bank deposits with proceeds from the sales of their products or commodities. It is in this manner that capital flows in the form of a revolving fund between different trades and different enterprises during the different seasons, so that surplus can be used to alleviate shortages. Normally, loans granted by the banks are automatically balanced by savings deposits they draw from the public in urban and rural areas; the credit sector will have no difficulty making ends meet as long as the state treasury provides enterprises with adequate working capital and avoids overdrafts with the central bank, which must consider it absolutely necessary to balance loans with deposits in an effort to promote and expand the normal production and circulation of goods. Financial balance must be considered in conjunction with credit balance, because the former has a direct effect on the latter and vice versa.

As I advocated earlier, some intermediate- and short-term loans should be authorized by the banks to purchase equipment and to carry out technical innovations and equipment renewal projects which can achieve maximum economic results with minimum expenditure. But the lenders of such loans should have a reliable source of funds and should insure the supply of necessary equipment. It is gratifying to note that some enterprises have already scored some success in using such loans to tap their potentials for production. Lenders of such loans should also insure that loans to be approved will neither disrupt the balance between assets and liabilities nor create any deficit. In other words, the loans to be granted are within the limits of funds which are at the lenders' disposal. It is inadvisable to rely on the printing of more money to carry out capital construction. Many comrades have suggested recently that the function of overseeing investment in capital construction be transferred to the construction bank or the people's bank, and that the state's investment in capital construction in the form of gratis loans be converted to repayable loans drawing interest. This proposal will serve to strengthen the sense of responsibility among the units engaged in capital construction, the economic accounting system, and the supervision and management of the utilization of funds. This proposal has been tested by some selected units and has produced some remarkable results. The decision to authorize the banks to provide loans for investment in capital construction is an important reform in the capital construction management system and should be actively carried out on the basis of our past experiences in this field. In carrying out this decision, the state treasury is advised to turn over the fund earmarked for investment in capital construction to the banks for distribution to the capital construction units in the form of loans, along with the capital that is not included in that fund but can be used as capital for investment in capital construction in the future.

Banks in foreign countries can offer loans for investment in capital construction because they have an abundant supply of capital at their disposal. In the capitalist countries, banks can attract capital from wealthy capitalists who do not want to go directly into business but want their money to draw interest; the banks can also attract some of the profits earned by entrepreneurs who own businesses but do not want to invest all of their profits in opening new businesses or expanding existing ones. In short, banks in the capitalist countries can control a large share of time deposits in addition to some idle capital circulating in society. They can lend this money in the form of long-term loans for investment in capital construction. Through their international banking operations, they can also attract a large amount of foreign capital. Our socialist country differs in its economic system from the capitalist countries. In our country there exist no such capitalists who live on interest from bank deposits; most of the net income from our industrial and commercial enterprises is delivered to the state; even that idle capital which is absorbed by the banks is included in the state budget and is distributed through a unified credit lending program. Nevertheless, our banks now anticipate an increase in deposits from local collectives and enterprises after the reform in the financial structure is completed and the power of self-determination delegated to the enterprises is expanded. In other words, the situation will undergo changes which will present an opportunity we must firmly grasp. On the other hand, the capital that comes to our country from international sources is regulated and controlled. A portion of foreign capital absorbed by our banks has been used to import technology and equipment according to the state plan. It is absolutely necessary to use foreign capital. First consideration must be given to the use of those low-interest and long-term loans or loans granted to us on the most favored terms, which will play an active role in alleviating our shortage of capital at home and speeding up the tempo of modernization. But we must assure that production is carried out with no lack of complementary components, and that all forms of investment will produce results and will be repaid as required. In short, in the past, when we formulated our credit program each year, almost all returns on outstanding loans were redistributed in the form of new loans in order to meet the needs of various projects. In years past the credit sector often fell short of funds to meet the demands for loans. In the lending business the banks must first consider whether funds are really available for this purpose. Even in the capitalist countries, long-term bank loans are not up for grabs, and their amounts are not unlimited. In considering loans, they too are restricted by the availability of funds. Our socialist banks, which have been overwhelmed by demands for loans for investment in capital construction, are not advised to offer loans beyond the state budget and beyond the capacity of the building materials industry to provide the necessary equipment and other materials. This is determined by our social system and economic structure, which are at variance with those of other countries. In other words, what suits other countries does not necessarily suit our country.

There has been a suggestion that our banking organization and structure should be reformed to create a central bank of the state authorized to print and release currency and to recall part of the currency issued, if necessary, and to organize a balanced supply of capital in the form of credit; the present people's bank would still be authorized to handle deposits and savings, the processing of loans and the settlement of transactions. This means a strict division of responsibility between the sectors in charge of the printing of the currency and the lending activity. If this suggestion is accepted, the people's bank will be authorized

to offer all forms of loans as long as it has funds available for this purpose. It can also draw on deposits and raise funds in order to expand its lending operation on the basis of actual needs. In addition to strengthening the management and supervision of the credit sector, it can help enterprises improve economic accounting with the aim of economizing on the use of funds. It can provide some economically viable enterprises with long-term loans if they can guarantee the amortization of these loans on terms insured by state laws. In short, the revitalization of the banking operation in this way can help various sectors of the economy demonstrate their superiority and tap their potentials for promoting the development of industrial and agricultural production and for expanding the circulation of commodities without risking the danger of disrupting the implementation of the state monetary circulation plan or increasing monetary expenditure that may result from the expansion of credit. Only in this way can we truly uphold the principle of shifting the power to print money to the central authorities and help our socialist banks play an active role in promoting production and bringing prosperity to our economy.

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IT IS NECESSARY TO MAKE CLEAR THE SCIENTIFIC IMPLICATIONS OF THE GOALS OF
SOCIALIST PRODUCTION

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[Article by Wu Zhenkun [0702 2182 1024]]

[Text] In a socialist society the goal of production is the primary substance of the basic economic laws of socialism and is a goal which ought to be followed in our total economic life. However, to date people still have different understandings of just what the goal of socialist production is. If the understanding of the goal of production is inconsistent, and if the nature of the goal is not clear, then we will not have a strong and correct leading ideology for socialist construction. If this is the case, it will not be easy to mobilize and organize the masses, and it will not be easy to achieve the various correct proportional relationships in the national economy and thus point the development of the national economy in the right direction. Because of this, it is of extreme importance to continue discussion of this question.

Is the production goal of socialism to satisfy the livelihood needs of the people's material culture, or is it to satisfy the needs of the whole society; that is to say, is it a single goal theory or is it a multiple goal theory? This is an important distinction we must now make regarding this question. I believe that the goal of socialist production can only be the former and not the latter.

Comrades who advocate the multiple goal theory believe that the goal of socialist production is to satisfy the needs of the whole society. These so-called needs of the whole society include both the individual needs and the public needs of the workers. The individual needs refer to those needs which maintain life, provide descendants, improve material and cultural life and develop physical and intellectual strength. Needs such as these represent the workers' individual, present interests. In addition to the development of such areas as science, education, culture and health protection, public needs also include such needs as expanded reproduction, national administration and defense construction. Needs such as these represent the common, long-term interests of the workers. The goal of socialist production completely satisfies these needs. To recognize the goal of socialist production in this fashion appears to be complete and all-encompassing but actually confuses the true goal of socialist production.

The main basis for this view is a formulation by Stalin that the goal of socialist production is to satisfy the material and cultural needs of the whole society. Therefore, in order to have a clear discussion of this question, we must first study exactly what Stalin meant by the whole society.

Everyone is aware that in "Economic Problems of Socialism in the USSR" Stalin made two formulations regarding the goal of socialist production: One is "satisfy to the greatest extent the regular growth in the material and cultural needs of the whole society," and the other is "man and his needs." Because the first formulation is included in his definition of the basic economic laws of socialism, it has had a broader circulation. However, if this is viewed from its content rather than from the superficial meaning of the words, then Stalin's reference to the needs of the whole society means the material and cultural needs of the members of the whole society and actually does not imply anything else. Therefore, I believe that the spirit underlying these formulations is consistent and that the second formulation is an explanation of the first. The main reasons are:

First, Stalin said, "The goal of socialist production is not profit but rather man and his needs, i.e., satisfaction of man's material and cultural needs." Just as Comrade Stalin said in "Suggestions," "to guarantee to the greatest degree the satisfaction of the regular growth of the material and cultural needs of the whole society." This passage speaks simultaneously of man and his needs and the needs of the whole society, and no additional information is inserted between them, thus clearly stating the meaning of these two formulations.

Second, in a comparison with the goal of capitalist production, Stalin explains the goal of socialist production. Stalin said that the goal of capitalist production is to make profits, while the goal of socialist production is not profits but rather man and his needs. One is profits, the other is man and his needs, which sets up a clear opposition, thereby demarcating the basic differences between these two kinds of production goals. If the whole society mentioned by Stalin is not explained as man and his needs but as all-encompassing social needs, then there is no way to reveal the essence of socialist production, and the essential differences between the two kinds of production goals cannot be demarcated.

Third, in his criticism of Yaroshenko's mistaken views Stalin explains the goal of socialist production. Yaroshenko advocated production for its own sake. Stalin said, "Comrade Yaroshenko has forgotten that people do not produce just to produce, but rather produce to satisfy their own needs. He has forgotten that production which is divorced from the satisfaction of social needs will decline and disappear." The words "social needs" in the latter sentence are synonymous with the words "own needs" in the former sentence. If "social needs" is understood as all-encompassing social needs, then there will be no separation between production and needs, because no matter what you produce, as long as there is use value some social need will be satisfied, and there will be no question of producing for the sake of production.

Fourth, in his comments concerning the goals of socialist production, Stalin used the concept "the material and cultural needs of the whole society." These needs have both material and cultural aspects and obviously refer to man's needs. They define the nature of the goal of socialist production. At the same time, Stalin also used two other phrases: one is "the greatest extent" and the other

is "regular growth." These two phrases have special implications, as they stipulate the quantity of the socialist production goal. If the goal of socialist production is merely to generally satisfy man's needs, then this cannot be distinguished from a small-scale peasant economy--which satisfies only low-level consumer needs and the narrow range of family needs. Even if the goal of socialist production is seen only as a regulator of the number of goals, it can only be used for the people's needs and cannot be applied to the needs of governmental administration or building national defense. We can only speak of satisfying to the "greatest extent" the "regular growth" of the people's material and cultural needs. Expenses for governmental administration can only be reduced as much as possible, and national defense construction is coordinated with the international situation. If war breaks out, the needs of national defense construction of course must increase, and in order to be victorious the people must skimp on food and clothing. But this is a special condition.

It is obvious that to understand Stalin's needs of the whole society as all-encompassing social needs and thereby include all social needs within the goal of socialist production is not in agreement with Stalin's original idea. Of course, the starting point for our study of this question is not whether or not it accords with Stalin's original idea, as his statements can be subjected to study and discussion, but rather is whether the question is scientific or not. I believe that in theory it is unscientific to take socialist production as having multiple goals.

First, it confuses the goal of socialist production with the device for reaching the goal.

According to the above observation, satisfaction of the public needs of expanded reproduction, governmental administration and national defense ought to be the goal of socialist production, because these needs are the conditions necessary for the existence and development of socialist society and also are the prerequisites for satisfying and continually improving the needs of the workers. It of course is correct to understand the above-mentioned needs as being necessary to the workers. However, one cannot conclude from this that they must be included in the goals of socialist production. The explanation for this can be found in the nature of the needs themselves.

Expanded reproduction is the direct source of the people's consumption, and it provides the people with their daily increasing consumer goods; however, this does not mean that the needs of expanded reproduction should necessarily form a goal of socialist production. We do not accumulate and expand reproduction simply to do so, but rather have a particular goal which is none other than to satisfy the livelihood needs of the people. Satisfying the need for expanded reproduction is but a method of implementing the goals of socialist production rather than the goal itself. If satisfying the needs of expanded reproduction is seen as the goal itself, isn't that to say that production growth is for production, that the device has become the goal?

Needs in the areas of governmental administration and construction of national defense maintain normal social order and guarantee the people a safe and peaceful environment to carry out socialist construction; these needs also are unquestionably important. However, in the final analysis these are services

which satisfy the people's livelihood needs. Moreover, because the dictatorship of the proletariat is itself a device for building the socialist system, the need to maintain this dictatorship per se cannot become a goal.

From materials on the party program drawn up by the Russian Social-Democratic Workers Party, we see that Lenin's vague formulation of satisfying social needs as a goal of socialist production is quite unsatisfactory. In 1902 Plekhanov wrote the first draft program of the Social-Democratic Workers Party, the eighth article of which said: "Organize the production of socialist products to replace the production of capitalist commodities in order to guarantee needs and guarantee the welfare of all members of society." In the draft of "Views on Plekhanov's First Draft Program," Lenin criticized the words "satisfy social needs" as "unclear." To say that this is unclear is to say that it is an insufficiently clear statement of the question of the goal of socialist production. Based on Lenin's views, this article was later revised to read, "Organize the whole society to undertake production of products to replace capitalist commodity production in order to fully guarantee the welfare of all members of society and allow them to freely attain complete development."

Second, it confuses the general character with the specific character.

Comrade Mao Zedong told us, "As for the form of movement of any object, it is necessary to note the points it has in common with other forms of movement. However, it is especially important that, in the object which forms the basis by which we understand undertakings, we must take note of its special points, that is to say, note the qualitative differences between it and other forms of movement. Only if this point is noted will it be possible to distinguish objects." ("Selected Works of Mao Zedong," Vol 1, p 283) Therefore, when we investigate the question of production goals in any society, the first thing to note is not the general character it shares with any other society, but rather the special character which distinguishes it from other societies.

To include expanded reproduction, governmental administration and national defense needs in the goal of production is to ignore their special character. This is because these needs are commonly found in all forms of society which have made any progress. Among them, the need for expanded reproduction cannot be missing from any social form. The needs for governmental administration and national defense are found in all social forms. This is to say that for any society whatever, as long as there is a nation, then a portion of the social production must be used to support the needs of governmental administration and national defense. Therefore, these needs (although their conditions are different in various societies) are a common problem for all social forms or for any number of social forms. However, because a given social production goal is determined by given production relationships, it should not embody all the general features of each society, but only the special features of a specific society. Take the goal of capitalist production, for example; its special character is surplus value. The special character of the goal of socialist production is the satisfaction of the livelihood needs of the people.

Third, it confuses the goal of socialist production with the distribution of national income.

Although there is a close relationship between the goal of socialist production and the distribution and use of national income, they nonetheless are two different problems and cannot be confused in discussion. The question to be answered regarding the goal of socialist production is why production is carried out, not how the objects produced should be distributed and used in order to satisfy which needs. The latter question is one concerning which problems are to be solved through the distribution of national income. We must emphasize that the goal of socialist production can only be to satisfy the people's material and cultural needs and must emphatically deny that all social products should be "totally distributed and completely consumed" and given back to the workers without reserve. What we say is that only through correct understanding of the goals of socialist production can there be rational distribution and utilization of all social production and national income.

The people's various misconceptions of the goals of socialist production, basically speaking, arise from a lack of correct understanding of the economic category of the production goal. It must be understood that a socialist production goal is not any general economic category but is one of decisive significance in socialist ways of production. For example, the goal of capitalist production is the economic category of surplus value; this what decides the essential features of the capitalist mode of production and, moreover, controls all capitalist economic activities. According to Marx' analysis, surplus value determines the entire character of capitalist production, is expressed as the starting and ending points of capitalist production, and is the motivation and goal of capitalist production. Therefore, capitalist economics takes its production goal--surplus value--as its central movement. In terms of content, Marx' reasoning can be applied to the goal of socialist production. This is to say that the goal of socialist production is an economic category that also determines the essential character of the socialist mode of production and controls all socialist economic activities. This is because: First, it decides the nature of socialist production. Second, it is the starting point and the resting place of socialist production. Third, it is the motive force and overall regulator for developing the socialist economy. Therefore, socialist economics must take its unique production goal as its core and its movement. Since this question is so important, what, then, can become the content of this economic category of the socialist production goal? Can the need of expanded reproduction become its content? It cannot. Can governmental administration and national defense needs become its content? Again, no. Nothing will do but the people's livelihood needs. Only this can become the content of the economic category of the socialist production goal.

The multiple goal theory is not only theoretically unscientific but in practice is also dangerous. For example, since the goal of social production is to provide satisfaction of all social needs whatever, then no matter how production is organized there will be no way to lean toward the goal of socialist production. In this way it is very easy to overlook and exclude satisfaction of the people's livelihood needs, foster blindness in production and provide a theoretical basis for the error of producing for the sake of production. The previous occurrence of a tendency toward producing for the sake of production (in the past) cannot be said to be unconnected with such a view. To give another example, because the needs of expanded reproduction, governmental administration and national defense are included in the goal of socialist production and, moreover, still represent

the workers' overall interests and long-range interests, there is the possibility that in the handling of the relationships between the individual's immediate interests and the overall long-range interests there will be excessive emphasis on subordinating the former to the latter, and so proper consideration cannot be given to both of them. For many years now, the problem in our handling of this question has been emphasis on "subordination" and neglect of "concurrent consideration." This one-sidedness is always connected with an inability to correctly understand the goals of socialist production. In short, to use such a concept as the totality of social needs to generalize the goal of socialist production has in practice already brought serious consequences to our economic work. We ought to now undertake a discussion to clarify this muddled concept, which appears correct but actually is wrong, and thus put our understanding of the goal of socialist production on a scientific track.

Whether the goal of socialist production actually is use value or value is an important distinction in the question of understanding production goals.

We believe that, because socialist production is to satisfy the people's consumer needs, its goal ought to be use value rather than value and profit.

Some comrades believe that it is not the goal of socialist production to satisfy consumer needs, so the goal is not use value but rather value and profit. The comrades who hold this view believe that to take use value, that is, the satisfaction of the people's assorted needs, as the goal of socialist production is to take the natural attributes of a commodity as the goal of production. As they see things, socialist production is commodity production, and their products must demonstrate value before they can have any use value. In this way, the goal of socialist production must be examined only from the perspective of value. They also believe that if we say that satisfaction of the people's consumer needs is the goal of socialist production, it then ought to function as the driving force of economics, while actually the great majority of commodity producers (enterprises) and workers are not entirely concerned about satisfying the people's consumer needs. What they are concerned about is how much income and profit are derived from sale of the commodity, and the satisfaction of the people's consumer needs or use value is undertaken through the creation of super income (profits).

In connection with these views, still others believe that the goal of socialist production is both use value and value, which is the dual goal theory.

The common point of these two views is that they both start from commodity production in their arguments on the goal of socialist production. I believe this deserves some discussion.

They are mistaken about the real reasons that decide the goal of socialist production. We know that in no society is the production goal decided by commodity production, but is determined by the ownership system over the means of production. Small commodity production, capitalist commodity production and socialist commodity production have existed throughout history. If it is said that the production goal of a society is determined by commodity production, these three types of commodity production should be the same; all should be for value or should have dual goals. Actually, however, because of different systems of

ownership of the means of production, their production goals are all different. The goal for a small commodity producer in producing and exchanging his commodity is to obtain in return a different use value that he personally needs in order to satisfy the livelihood needs of himself and his family. The goal of capitalist commodity production is neither use value nor general value, but rather is surplus value. The goal of socialist commodity production is neither value nor profit, but is use value which will satisfy the consumer needs of all members of society. Obviously, a study of a society's production goal can only start from the system of ownership of the means of production and cannot start from commodity production. To start from commodity production easily leads to mistaken conclusions.

If, then, we conclude that the goal of socialist production is use value rather than value, does this not set up an opposition between use value and value? Just as we said that a production goal of satisfying the people's consumer needs does not mean there is an opposition between consumption and production, if we see value as a device, this does not mean that there is an opposition between value and use value. It is precisely the opposite; only if the device of value is properly handled can the production goal be better implemented. This is to say that only if there is strict economic accounting of the production process of value and a demand for the greatest economic results with the least labor expenditure can there be greater and better satisfaction of the people's consumer needs.

To believe that value is the goal of socialist production is actually to say that profit is the goal of socialist production. Can profit then become the goal of socialist production? It cannot. This is because under the socialist system the only direct goal of socialist production is to satisfy the people and their needs, and the material content of these needs can only be use value, not profits in the form of value. Does this character of scientific regulation in the goal of socialist production create an opposition between profit and production goals, and is satisfaction of the people's needs of no importance? The answer is no. The profits enterprises obtain through production management represent the corresponding material wealth. The more profits an enterprise obtains, the more wealth a society possesses. Therefore, under the condition of being in accord with the principles of socialist management, the more profits an enterprise obtains, the better. The larger the enterprise's profits, the greater the possibility of expanding reproduction and improving the people's livelihood. If a socialist enterprise cannot provide continuous, unending profits, this will affect the continual, rapid development of socialist production and the realization of the goals of socialist production. Therefore, socialist enterprise profits and satisfying the people's needs not only are not in opposition but are an indispensable major device for carrying out the goal of socialist production.

In connection with the above question, we can also bring up another viewpoint. This viewpoint holds that the production goal of a socialist society and the production goal of socialist enterprises are not entirely consistent, that the production goal of a socialist society can be described as satisfying man and his needs, while the enterprise's production goal is to obtain profits, which is because the enterprise has its own special material interests. I am also unable to agree with this viewpoint, because although the production goal is determined by the system of ownership of the means of production, under conditions of ownership systems of a similar nature the production goal of society and that of the

enterprise ought to be similar. Moreover, society's production goal is composed of the production goal of each enterprise, so they must be consistent; otherwise a society's production goal will lose its basis of composition. For example, the reason why surplus profit is the goal of capitalist society production is that surplus profit is the production goal of each capitalist enterprise that comprises this society's production goal. In the same fashion, the reason why the production goal of a socialist society is to satisfy man and his needs is also that each socialist enterprise also has this same goal. The consistent nature of social and enterprise production goals is a concrete embodiment of the superiority of the socialist system. Although socialist enterprises must have their own special material interests, nonetheless they cannot have their own special production goal. To make enterprise special interest their special production goal is to create a division between the production goal of society and that of the enterprises. This does not make sense in theory and would have no advantage in practice.

The scientific implication of our clarification of the goal of socialist production is the firm establishment of the satisfaction of the people's material and cultural needs as the basic leading ideology of socialist construction and organization and the arrangement of all of our economic activities according to this goal. In this way our undertaking to build modernization will be able to make rapid progress in the correct direction.

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A BRIEF DISCOURSE ON FEUDAL AUTOCRACY IN CHINA

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[Article by Bai Gang [4101 6921]]

[Text] Feudalism is a social formation based on natural economy. History shows that various countries in the world have experienced this stage of social development. The concrete conditions of such social development vary greatly with the country, the nation and the locality.

China has a long feudal history, and feudalism in China acquired many characteristics of its own in the process of its development. Politically, they were manifested in autocracy, patriarchy, bureaucratic politics, hierarchical prerogatives and contentions for political power among political factions. Economically, they were reflected in the exploitation of tenant-peasants by feudal landlords and in certain peasants' becoming appendages to feudal landlords under feudal landlord ownership of land. Ideologically and culturally, they were expressed in the theory of the mandate of heaven and the three cardinal guides and the five constant virtues as specified in the feudal ethical code. After Qin Shi Huang, the first emperor of Qin, unified the six states, established his feudal autocratic empire and centralized state power, Chinese feudal society began its development along the road of autocracy. This development continued for as long as 2100 years, and by the time of the 1911 revolution, feudal autocracy and feudal ideology had become highly developed. Although the 1911 revolution succeeded in driving away the emperor, this revolution failed to duly criticize the feudal system, nor did it change the economic foundation on which feudal autocracy rested. The May 4th Movement of 1919 was a direct onslaught on feudal culture, but it, too, failed to lash at the foundation of feudal autocracy. Therefore, feudal autocracy still exerted wide and profound influence on all aspects of social life.

One outstanding feature of conditions in China is that new China was born out of a semifeudal and semicolonial society without going through the historical stage of independent capitalism. This has been one of the strong points of the Chinese revolution. It has exempted us from exploitation and oppression by the bourgeoisie. The new democratic revolution led by our party was a revolution that was thoroughly against feudalism and imperialism. However, the new democratic revolution has not completely fulfilled the task of eradicating the vestiges of feudal autocracy. After the founding of new China, we paid attention to the importance of guarding against erosion by bourgeois ideas but not to the importance

of eradicating the ideological influence of feudal autocracy. This was our short-coming. As a result, the vestiges of feudal autocracy were able to continue their existence.

In the past 3 years and more since the smashing of the "gang of four," the CCP Central Committee has brought order out of chaos, made great achievements on the various fronts and issued the great call for realizing the four modernizations. However, the existence of the vestiges of feudal autocracy inevitably prevents us from carrying forward socialist democracy, and without socialist democracy the development of socialist mass production will become empty talk. Therefore, a reassessment of the conditions in our country and the eradication of the vestiges of feudal autocratic ideology is of great significance to the acceleration of the four modernizations.

I

By vestiges of feudal autocratic ideology we refer mainly to certain phenomena in modern Chinese society that give expression to feudal autocratic ideology. The major manifestations of the influence of feudal autocracy on modern political and social life in China can be summed up in the following three aspects:

First, "power means everything." Unlike the bourgeoisie, who are nominally restricted by law, the feudal ruling class wielded supreme power, and its will was law. Hence, once it seized political power the feudal ruling class had social wealth at its disposal. In the past centuries a feudal emperor established his supreme position and, once he had initiated his reign, was the only one who enacted laws and appointed officials. His likes and dislikes determined the fate of all the people in the state. This was true not only of the emperor who initiated a dynasty but of the emperors who became successors to his throne. For example, when Emperor Wuzong of the Ming dynasty was planning to tour the south of the country, civil and military officials in the Ming court headed by Xia Liangsheng remonstrated against the idea. The emperor flew into a rage, arrested Xia Liangsheng and some others and put them in jail. Some 107 others were made to kneel down at the Wu Men Gate outside the Imperial Palace for 5 days. Later these officials were also flogged. Some of them were then "sent into exile," some had "6 months' salaries confiscated," some were "dismissed" and some even died from the flogging. All such disasters were brought about by a piece of advice given by the officials that clashed with the emperor's wishes. When the emperor was engaged in such perverse acts, the ordinary officials followed suit. "Once they assumed office, they too began to abuse power." They held power over the people's lives and property, controlled the administrative organs, denied many people justice by receiving bribes and making arbitrary decisions in legal proceedings, unjustly occupied houses and farmland, willfully ordered people about, killed people with the intention of seizing their property, illegally kept others' wives and daughters in custody and took liberties with them, and so on. All this drove the people to the point where they could hardly bear it any longer. It was just like what is described by the proverb: "The magistrates were free to burn down houses, while the common people were forbidden even to light lamps." In his book, "Excerpts of Leisurely Notes of a Summer," Xia Gongxie wrote about how someone experienced "great changes" after he became a successful candidate in the imperial exams at the provincial level during the Ming dynasty. The

writer said that, as soon as the news came, landlords came up to the successful candidate's house to befriend him, some people proposed to marry their daughters to him, some called him their teacher and others presented him with gifts of 1,000 taels of silver. Why such sudden changes? It was because becoming a successful candidate meant becoming an official and hence "wielding power." As the saying had it, "One can accumulate 100,000 taels of sparkling silver after working as a magistrate for 3 years in the Qing dynasty." This is a vivid portrayal of the ways in which members of the ruling class took advantage of their public office and grabbed social wealth. Precisely because of this, deception and trickery in the scramble for power and profit became a persistent malady of feudal autocracy.

Second, patriarchy. After he seized supreme political power in the country, Qin Shi Huang, the first emperor of Qin, declared that "from now on I will call myself 'Zhen' and pass on my power to my sons, grandsons, great grandsons, and so on to infinity." "My word will be law, and everything, big or small, under the sun will be decided by me." ("The Records of the Historian," "Biography of the Shi Huang Emperor of Qin") Hence, the emperor "meant the state," and the word "zhen" came to be used to specially signify the supreme power of the emperor, which soon became a convention followed by the feudal ruling class of different dynasties. It was said that "his majesty is the sun of the heaven and the father of the people." The notion that "the emperor is the father of the people" ruthlessly exposed the patriarchal nature of the system of the emperor. Therefore, Lenin said that feudal autocracy in a word meant "the dictatorial rule by a single person." ("Selected Works of Lenin," Vol 4, p 49) The tall walls of the "Forbidden City" cut the emperors off from the ordinary people. The emperors listened only to reports from the officials and did not have any understanding of the sufferings of the people, because they failed to go deep among the people. The masses of people were only supposed to obey the will and decrees of the emperors; if they refused, they would be regarded as "traitors" or "heretics." The emperor was entitled to confer any noble title on any of his subjects, offer him any appointment and bestow on him any property or prerogative; the emperor could also take anyone's life under any fabricated charge. Hence, what the emperor said counted was the most important characteristic of feudal autocracy.

In the feudal era the country belonged to the imperial family. The family of Emperor Gaozu of the Han dynasty was once the imperial family; so were the families of Emperor Taizong of the Tang dynasty, Emperor Taizu of the Song dynasty and Emperor Taizu of the Ming dynasty. That is to say, the whole country was ruled by a certain clan. The emperor was the most powerful patriarch, while a certain civil or military official could be a less powerful patriarch. The fact that a country magistrate was often referred to in the feudal era as the "responsible official and father of the people" is proof of this. In each of the countless families of the people, the father was also the patriarch. The emperor and the patriarch of a family upheld the same ethical code; the emperor's subjects should be "loyal" to the emperor, and sons and daughters should show "filial piety" to the patriarch. It was said that "if the emperor wants one of his subjects to die, the subject must not refuse to do so, and if a father wants his son to die, the son should not refuse to do so." This most clearly proves that both the emperor and the patriarch were products of feudal autocracy, whose influence on Chinese history should not be underestimated.

Third, bureaucracy. In Chinese feudal society the emperors relied on a huge bureaucracy to enforce their will and rule the country. With regard to the formation of bureaucracy, which was an organic component of feudal autocracy, there are four questions worthy of our attention: 1) Rigid stratification. The bureaucracy took the shape of a pyramid with the emperor at the very top of it, and all the officials were divided into nine grades. The 9 grades were then subdivided into some 18 steps. In addition, there were other small officials and clerks who were not included in these grades or steps. It was said that "in this rigidly stratified society the emperor possesses absolute power and the most dignified position." ("A History of the Han Dynasty," "The Biography of Jia Yi") Under the hereditary system, the emperor enjoyed lifetime tenure, and the bureaucrats were given various kinds of prerogatives according to their different ranks. One of the systems that conferred prerogatives on people was called the "en yin" system. It originated in the Han dynasty, was applied by the ensuing dynasties and became most prevalent in the Song dynasty. Under this system, when a person became a successful candidate in the imperial exams, his sons, grandsons or other relatives could all benefit from association with him and secure official appointments. Sometimes one's aides or family doctors could also be given appointments, bringing the number of people who received benefits to over 20. There were even people who tried to "sell" such "rights" to the highest "bidder." 2) Usually the system of appointing and removing administrative personnel was implemented from top to bottom. In different dynasties the methods used to select officials were different. In the Han dynasty this was done by the method of recommending candidates for the position of "xiao lian." In the Wei, Jin and the Southern and Northern dynasties the method of the "nine-grade official selection" was in use. From the Sui dynasty to the Qing dynasty the system of imperial exams was practiced. However, there was not much change in the function of the bureaucracy. In Chinese history, bureaucracy in any dynasty always acted as a tool for the emperor's dictatorial rule. In the appointment of officials, talent and moral character were ignored, and emphasis was placed on people's family background. Nepotism and corruption ran rampant, and many people got good jobs by deception or by going through the "back door." In the Wei, Jin, Southern and Northern dynasties, officials were selected "only from among the gentry." For some time during the Tang dynasty, officials' promotions were decided in accordance with their "seniority" regardless of "talent and performance." As a result, many key posts were occupied by incompetent officials, the work efficiency of the government remained very low and there was quite a lot of chaos in the official ranking system. In the Song dynasty, 8 or 9 officials out of 10 "even did not know their terms of reference." 3) The emperors' in-laws and eunuchs controlled state power, and there were many factional struggles. In the Qin dynasty there were the prime minister, the defense minister and the imperial censor, respectively, in charge of administrative affairs, military affairs and censorship. Later, emperors of the Han dynasty felt that these three wielded too much power and therefore might endanger the emperor's rule. Hence, the Han emperors began to delegate more power to eunuchs. During the reign of the Wu emperor of the Han dynasty, state secrets were discussed only among the emperor and his eunuchs and in-laws. Eunuchs and the emperor's in-laws were able to exert immense influence on state affairs. Shortly after he came to power, the Taizu emperor of the Ming dynasty simply killed the prime minister in the official structure of the Ming dynasty. After the Cheng Zu emperor of Ming seized power with the help of eunuchs, the eunuchs' political power drastically increased. In the middle part of the Ming dynasty a

lot of power was conferred on organizations like the "jin yi wei," the "dong chang" and the "xi chang," which were controlled by the eunuchs. The eunuchs simply bypassed the civil and military officials and reported directly to the emperors. In this way, the administrative, military and judicial powers were controlled more and more completely in the hands of the emperors' in-laws and eunuchs. Eunuchs who won the emperors' favor never played any glorious role in Chinese history. The collusion between the emperors' in-laws and eunuchs and their grip on state power often led to inconsistency in government policies, widespread factional strife and the practice of fawning upon the emperors and people in high positions and bullying and fabricating unjust charges against those below. The emperors' in-laws and eunuchs "fished for fame, sought material benefits, built up personal influences, discriminated against people holding views different from theirs, deceived the emperors and took pleasure in flattering them." ("Factual Accounts About the Emperors of the Qing Dynasty," Vol 18) Officialdom was simply foul at that time. 4) Overlapping bureaucratic organs became increasingly overstuffed, and bureaucratic ways were passed on from generation to generation. In the Song dynasty there were many redundant officials; sometimes five or six people were appointed to the same position. In the Yuan dynasty it was said that "officials outnumbered ordinary people." By the middle part of the Ming dynasty, bureaucratic organs took on unprecedented dimensions. The number of civil and military officials, eunuchs, members of the "jin yi wei," the "dong chang" and the "xi chang," and imperial kinsmen exceeded 400,000. They lived in luxury, squandered public money but took no part in social production and were reluctant to shoulder responsibilities. It would "take them months or even years to carry out a task assigned to them by higher authorities," and they would "make numerous reports to higher authorities about even the most trivial matters" in order to avoid making decisions and to dodge responsibilities. Officials at that time "devoted more time to watching their superiors' every mood and readjusting their behavior accordingly than to attending to their official business." This means they did everything according to their superiors' likes and dislikes. It resulted in rampant red-tapism, and things got lost in the maze of official papers. Such bureaucratic airs have historically been an inseparable companion to autocracy and have survived all changes of dynasties.

II

Economically, feudal autocracy had three major manifestations: First, land ownership by feudal landlords. This type of land ownership was the economic foundation of feudal autocracy. In other words, it was the material support for the emperors' centralized power and also provided the guarantee for the existence of bureaucracy. In feudal society the mode of production that combined agricultural labor with land--the basic means of production--played the decisive role in the entire social life. When land was owned by a proportion of the people in society, the peasants, who used land in their labor, were forced to enter into a relationship of subordination with the landowners to an extent determined by the peasants' dependence on the use of land. The peasants then had to hand over to the landowners in the form of tribute, rents and so forth their surplus labor and in some cases part of the labor that yielded their means of subsistence, or the products of their labor. In addition, the peasants had to enter into political, ethical and legal relationships equivalent to the economic relationship of subordination to the landowners. The emperors were the leaders of the landlord

class. They had absolute power to allocate land and seize from the peasants all their surplus labor or products of labor. Since the emperor "ruled the country in conjunction with the literati and the officialdom," officials at various levels and landlords, big or small, obtained various political and economic prerogatives by relying on the backing of the emperors and through the redistribution of property and power. From the time of Qin Shi Huang, the first emperor of Qin, onward, the peasants' products--grain, cotton and silk--formed the revenue of the government. Officials' salaries were paid mainly in grain. For example, during the Han dynasty the "three top-ranked ministers" were each paid "10,000 shi" of grain; other "senior ministers" each received "2,000-odd shi" of grain; and other "ministers" received around "2,000 shi" each. Sometimes the term "2,000 shi" was used as a synonym for the official title of "prefectural magistrate." After the middle of the Tang dynasty, a two-tier tax system was introduced under which the government collected taxes twice a year, in summer and in autumn. Such taxes were paid in grain and other farm produce. During certain periods taxes could be paid in silver. Then there was the "capitation," a tax paid "equally by all people." This tax system, which collected mainly farm produce, determined the nature of Chinese feudal society over the past 2,000 years and more, with agriculture being its foundation.

Second, natural economy was the basic feature of the feudalist mode of production. Each household was a production unit engaged in scattered individual production. Individual peasants produced grain, cattle and domestic fowl, cotton yarn and cloth to satisfy their own needs. The society was composed of many economic units like this, and each unit carried out all aspects of economic work from the gathering of raw materials to the final stage of the manufacture of consumer items. Such a unitary small-scale peasant economy possessed great power of regeneration due to its patriarchal clan connections. The changes of dynasties did not cause its disintegration, because some reorganization was enough for it to adapt itself to the needs of the new environment. In the time of Qin Shi Huang, "agriculture was encouraged and other trades suppressed." In all the ensuing dynasties, "agriculture was emphasized while other trades were pushed aside." Attaching great importance to agriculture and discriminating against commerce was the tradition of all feudal dynasties in Chinese history. Commodity production was suppressed and neglected. Science and technology was considered to be "evil" and "sordid." Therefore, for many thousands of years, hundreds of thousands of peasant households shared the same tradition of "working to grow grain for food." Since ancient times China has been a unified multinational country. However, despite the fact that nomadic races or tribes conquered China proper on several occasions, these nomadic people always abandoned their original mode of production--animal husbandry--and switched to a small-scale individual peasant economy like that of the Han nationality once they took political control over China proper.

In Chinese feudal society, landholding peasants existed as a supplement to land ownership by the feudal landlord class. However, because land could be sold freely, land annexation became very popular. After the time of the Wu emperor of Han, there were numerous historical records about "the rich owning a great deal of land but the poor living such a wretched life that they had no roof to sleep under." Land annexation led to further developments in the relations between the landlords and their tenants, and the peasants had to rely more heavily on the landlords for land. Many of the peasants who lost their land rose in revolt and "died in trenches on the battlefield." The rest were reduced

to landlords' tenants or hired farmhands relying on landlords for a living. There was no qualitative change in the structure of the small-scale peasant economy.

There have been tens of thousands of peasant uprisings and peasant wars in the history of Chinese feudal society due to land annexation, feudal oppression and feudal exploitation. Wave upon wave, the peasants' struggles continually deepened, and the spearhead of their struggles were always directed toward the land ownership by the landlord class. Egalitarian ideas permeated their struggles, as evidenced by such programs as the one that called for "equal social status and land ownership for all" and slogans like "equalizing land ownership and abolishing taxes." Another example of egalitarianism was the "land system" advanced by the "heavenly kingdom." Egalitarian ideas in those times were the most revolutionary and played a positive role in the peasants' struggles against feudal exploitation and oppression. However, the peasants did not, after all, represent any new productive force, nor were they able to create new modes of production. Although in the course of peasant wars some land previously owned by landlords was seized and a number of old landlords killed or driven away, the leaders of the peasants became new landlords. Therefore, peasant uprisings and peasant wars never replaced the unitary small-scale peasant economy with anything else.

Chinese feudal society also had its periods of full boom. These included the "periods under the rule of the Wen emperor and the Jing emperor of the Han dynasty" and the "period under the Taizong emperor of the Tang dynasty," as well as short periods of economic prosperity at the beginning of many dynasties when the founders of the dynasties laid down policies of mollification to give the people "a chance to have some rest." During such times the wounds of war were healed, social wealth increased, social order returned to normal, "state coffers became fuller" and people "did not take any article left by the wayside." However, this invariably was achieved through the implementation of the policy of "encouraging agriculture and sericulture" in an effort to stabilize the small-scale peasant economy. During the Ming and the Qing dynasties the development of commodity economy and the emergence of certain capitalist factors in the economy brought small-scale changes to the economic structure of Chinese society. However, capitalism was nipped in the bud in China before it was able to transform the self-supporting small-scale peasant economic structure because of the feudal autocratic rule, the closed-door policy toward customs administration and the exploitation and suppression of commerce and handicraft production.

Third, extra-economic coercive measures and the wanton squandering of public money by the ruling class led to a monstrous waste of social wealth (including manpower). In the feudal era, social labor took the form of individual manual labor, and labor productivity was very low. To quench its insatiable desires, the feudal ruling class resorted to extra-economic coercive measures and human wave tactics to launch large-scale construction projects in complete disregard of the enormous costs involved. The savage economic exploitation of the peasant class severely sapped the economy and exhausted the people. The construction of the Afang Palace and the Lishan Tomb ordered by Qin Shi Huang, the first emperor of Qin, was a typical example of this. It was recorded: "Qin Shi Huang wanted to build a vast palace complex that would cover more than 300 square li and include mountains, valleys, pavilions and palaces, as well as wide roads crisscrossing the area and linking it with the Li Shan more than 80 li away. The front portion of the palace

complex would be constructed on the top of the Biao Nan Shan, and below it a lake would be dug to link up with the Fan Chuan River." ("The Geography of the San Fu Area," Vol 1) From this one can imagine the huge dimensions of the project and the amount of money and manpower it required. For another example, the Yang emperor of the Sui dynasty decided to build his eastern capital soon after he came to power. Under his orders, "20,000 laborers were assigned to the work every month." Among the buildings in the palace was a hall named "Xian Pen" and a garden named "Xi Wan." The hall was so designed that it projected over a brook, and in the garden "many rare animals were kept and outlandish plants were planted after the emperor made a tremendous effort to have them gathered from all corners of the land." Furthermore, the "Xi Wan" garden occupied "an area of some 200 square li with a large lake in the middle of it." In the lake there were three mountains--the Peng Lai mountain, the Fang Zhang mountain and the Ying Zhou mountain--all of them rising more than 100 chi above the water. Altogether the mountains had a circumference of more than 10 li. They were dotted with numerous raised terraces, pavilions, halls and palaces." ("Zi Zhi Tong Jian," Vol 180) Some "labyrinthine structures" were also designed, and the elaborate patterns with their "thousands of windows and doors" took "tens of thousands of workmen" a long time to finish. What a life of wanton extravagance was lived by the feudal ruling class, who looked upon the people's labor and the country's material resources as dirt! Such oppressive extra-economic measures destroyed much of the work force in the rural area and caused great damage to the economy. While the emperors indulged themselves to their hearts' content, they ruined thousands of families. There have been many examples of this in history. We know that progress is based on accumulation and that the exhaustion of material resources and manpower hinders the development of science and technology. During the middle ancient times China was well in the fore with regard to scientific and technological development in the world. However, the feudal ruling class in China often neglected and even wreaked havoc on the development of science and technology. As a result, China was prevented from making further rapid progress in science and technology and began to fall behind others in this respect after the middle part of the Ming dynasty.

III

Cultural autocracy was a characteristic of feudalism in its ideological and cultural spheres. To unify thinking, Qin Shi Huang "burned books and buried Confucian scholars alive," thereby putting an end to the contention among 100 schools of thought during the Period of the Warring States and setting a precedent for cultural autocracy. He "forbade starting rumors" and "forbade gossiping in the street." He did not allow people to express their views. He only allowed the government cultural office to keep "the book of poetry and the books of various schools" and the scholars to "take the government officials as the teachers." Doubtless, this was a measure to control the mind. However, the Confucian doctrine was a type of magic for defending the autocratic centralist rule. For this reason, the situation began to change during the Han dynasty. During the reign of the Gaozu emperor of the Han dynasty, Han Xin, Peng Yue and other ministers who had rendered outstanding meritorious services rose in rebellion. Later the Lu brothers, who were the emperor's in-laws, also rose in rebellion. What was the best way to maintain a unified situation under autocratic centralism? Dong Zhongshu, who was a minister during the reign of the Wu emperor of the Han

dynasty, found a way from practice. He said: "There are different schools of thought at present. Different people have different opinions. The various schools of thought adhere to their own principles. For this reason, the officials at the higher levels are not unified in their thinking and change their policies from time to time, while the lower-level officials have no rules to follow. In my opinion, all subjects of study which have nothing to do with the six arts—rites, music, archery, driving chariots, learning and mathematics—taught by the Confucian school should not be allowed." ("Biography of Dong Zhongshu" in "History of the Han Dynasty") His opinion was adopted by the emperor. Thereafter, "all heretical thoughts were eliminated," and the Confucian school of thought was "regarded as supreme." As a result, "only the Confucian school was held in esteem, and all other schools were forbidden." Reformed and developed by Dong Zhongshu, the Confucian doctrine was adopted by the emperors of the succeeding dynasties. After that, Confucian thought was upheld by the ruling class and absolutely dominated Chinese history. During the Song and Yuan dynasties and even the Ming and Qing dynasties, only the "Four Books" and "Confucius' Analects" were taught in schools. "A magistrate of a prefecture or an official in charge of the discipline of public functionaries in a prefecture should establish an academy, build a memorial hall for the former sages, make annotations on the Four Books and elaborate on the Analects to gain a reputation as a virtuous official in order to be promoted. In the civil service examination, a candidate must quote from the Four Books and the Analects in order to gain credit." ("Principles of Learning" in the last part of the third volume of "Miscellaneous Information" by Zhou Mi) Whoever acted at variance with this practice would be labeled as "deviating from the right path" and attacked. Because of its lopsided development, the system of civil service examinations adopted during the Ming and Qing dynasties reached an impasse. Accepting Liu Ji's proposal, Zhu Yuanzhang, the Taizu emperor of the Ming dynasty, ordered that questions set for the civil service examination should be limited to the Four Books and the Five Classics and that the answers should be based on the annotations by Cheng Yi, Cheng Hao and Zhu Xi. Zhu Jianshen, who was the Xianzong emperor of the Ming dynasty, even created the calamitous "eight-legged" style of writing, which tightly fettered people's thinking for several centuries. Gu Yanwu said in his "Setting of Topics" in "Collection of Daily Knowledge," Vol 16: "In my opinion, the eight-legged style of writing is as disastrous as burning the books and is more destructive in wiping out talent than the incident of burying more than 460 Confucian scholars alive in a suburban area of Xianyang City during the reign of Qin Shi Huang." Moreover, many people were imprisoned for writings which were considered offensive to the government. Rules and regulations were strictly applied against them. They were executed if their writings were regarded as offensive to the emperor. Throughout the past dynasties, many rulers burned large numbers of books disadvantageous to them in order to consolidate their rule. Subsequently, cultural autocracy led to the fettering of the mind. In philosophical terminology, these rulers were pursuing obscurantism.

In pursuing obscurantism, the feudal rulers chiefly resorted to two magic weapons: One was the conception of the mandate of heaven. In his "Spring, Autumn and Gems on the Crown," Dong Zhongshu said that "the officialdom can be likened to the celestial system," vigorously creating public opinion for bureaucracy. He held that "the ruler can be matched with the heaven" and extolled the emperor as "son of heaven." An emperor's edict usually carried the phrase "by command of heaven,"

thus disguising an emperor as an envoy to "maintain communication between heaven and man" and as a "god." A "deification campaign" took place in every dynasty in Chinese history. Its purpose was to "deify" the emperor. Being a "god," the emperor was holy and inviolable. This point was officially written in the law during the Han dynasty. Violations of this rule were regarded as "a great disrespect," and the offender would be given severe punishment. During the succeeding feudal dynasties, provisions were laid down in the law against "10 major crimes." One of these provisions was drawn up against the violation of imperial dignity. For example, anyone found guilty of falsifying an imperial edict, harboring "great disrespect," cursing and calumniating the emperor, forming a faction to cheat the emperor, spreading a rumor against the government or plotting a rebellion was given capital punishment without exception.

The other magic weapon was the ethical conception of "the three cardinal guides and the five constant virtues." This ethical conception focused on the three cardinal guides, which meant "the sovereign guides the ministers; the father guides the son; the husband guides the wife." (Ban Gu, "Ethical Discussions at Baihu Palace") Actually, the powers of the sovereign, the father and the husband were combined and regarded as the moral standard in society which was applied to all, from the emperor to the ordinary citizen. In this way, political relations were taken as clan relations and clan relations as political relations. The so-called way to cultivate oneself, govern one's family, administer one's country and bring peace to the world became the standard for the feudal landlords, and especially for the feudal officials and scholars, to conduct themselves in society. The main point of the three cardinal guides was to advocate blind devotion to one's superiors. All should be "devoted" to the emperor, whether he was a child or a fool. The three cardinal guides aimed at combining the clan relations and the political relations. For this reason, when one handled these guides well, "one would meet with success and benefit one's relatives." But if one did not handle these guides well, "one would commit a crime and get one's relatives involved in trouble." Therefore, for the sake of one's personal safety as well as that of one's family, one would invariably follow these guides. A salient feature in the development of the history of Chinese feudal society was that the dead were always a drag on the living. This was true of the Chinese feudal society for the past 2,000 years. This concept was like invisible shackles fettering the people. Occasionally some "intelligent people" cast doubt on it. They were invariably met with brutal persecution from the authorities. What happened to Li Zhuowu, a noted thinker of the Ming dynasty, was an outstanding example. This concept generated a force of habit and had an evil influence on Chinese society. For this reason, the concept of the mandate of heaven and the ethical concept of the three cardinal guides and the five constant virtues were the ideological foundation of feudal autocracy.

The above is an account of the basic characteristics of feudal autocracy in China and the evil role it played in Chinese history. Chinese feudal society lasted for a long time, with rare parallels in world history. In addition, the Chinese bourgeoisie did not completely liquidate feudal autocracy. As a result, we are seriously impeded by feudal bureaucratic ideas. After liberation we did not clearly estimate the influence of these ideas and promptly take action to eliminate the feudal remnants. This gave Lin Biao and the "gang of four" a chance to exercise feudal fascist dictatorship and to bring boundless disaster to the party,

the state and the people. We should remember this lesson, which we learned through bloodshed, and wage a struggle to criticize feudal autocracy. The pernicious influence of feudal autocracy is an obstacle to the development of productive forces. Only when we have completely wiped out the ideological influence of feudal autocracy and shattered the structure of the natural economy will we be able to develop productive forces to a great extent, promote the development of socialist production and quicken the four modernizations.

CSO: 4004

THE WAY TO SOLVE THE ENERGY CRISIS AS SEEN FROM ENERGY SCIENCE AND TECHNOLOGY

Beijing RED FLAG in Chinese No 17, 1 Sep 80 pp 31-43

[Article by Wu Zhonghua [0702 0112 5478]]

[Text] Energy is an important requirement for raising the people's standard of living and pursuing socialist modernization. The pace and scope of economic construction depends on the production and utilization of energy. If the energy supply failed to meet the requirements of economic development, there would be an energy crisis which could arrest the progress of the four modernizations.

This article proposes to analyze the exploitation and utilization of energy in our country and the trend of future developments as seen from energy science and technology.

I. Our Country's Energy Resources and the Energy Requirements of the Four Modernizations

(1) The Existing State of Energy Resources

1. Energy Reserves: Our country is comparatively rich in energy resources. Our known coal deposits amount to 600 billion tons, the world's third largest. Our petroleum reserves rank eighth in the world, and there are also exploitable resources in such places as Xinjiang, the Bay of Bohai, Hainan, etc. yet to be ascertained. Our natural gas reserves rank 16th in the world. We have ample waterpower, theoretically amounting to 680 million kilowatts, the world's largest. Although the exploitable installed capacity is as high as 380 million kilowatts, the actively used installed capacity is only 19 million kilowatts. Our deposits of uranium, thorium and other new energy resources also are comparatively abundant.

2. Energy Production: Energy exploitation in our country has been proceeding at a rather fast pace since the liberation. The total amount of energy produced in 1979 (not including noncommodity energy produced in rural areas) equals 643 million tons of standard coal, 27 times that produced in the early stage of liberation. Noncommodity energy produced in rural areas accounts for an estimated annual total of 290 million tons of standard coal, including 458 million tons of stalks and twigs, 153 million tons of night soil and manure and 28 million tons of firewood.

Energy consumption in our country (not including noncommodity energy consumed in rural areas) in 1979 totaled 586 million tons of standard coal, the third largest in the world. However, since we are a very populous country, the average annual energy consumption per capita is only 0.6 ton (still less than 0.9 ton even if the figure included noncommodity energy consumed in rural areas). The ratio is quite small, only one-fourth of the world average of 2.3 tons per capita. Compared with the world's developing countries, this ranks us a little below the medium level. Compared with the industrialized countries, we rank even lower (for the United States, the Soviet Union, West Germany and Japan the ratios are 12.8, 6.8, 6.3 and 4.7 tons per capita, respectively).

3. Estimated Energy Requirement of the Four Modernizations: The four modernizations require a lot of energy. If we were to achieve a per capita output value of \$1,000 by the end of the century, how much energy would be required?

Judging by history, Britain, West Germany, the Soviet Union and Japan consumed 4.9 (1955), 3.8 (1957), 2.8 (1960) and 1.9 (1966) tons of standard coal, respectively, to achieve such a level of per capita output value.¹ According to published data² on energy consumption in 85 developing countries and localities in 1975, the amount consumed to achieve an annual per capita output value of \$1,000 was 1.6 tons of standard coal.

In 1978 the amount of energy consumed in the United States, the Soviet Union, Japan and West Germany to achieve a per capita output value of \$1,000 was 1.28, 1.20, 0.71 and 0.54 tons of standard coal, respectively. Since the GNP of these countries is so large and their fuel composition contains a large percentage of oil and gas, the per unit energy consumption is actually lower. As a rule, when industry and technology develop, energy consumption per unit of output value will go down.

The energy consumption for \$1,000 of output value per capita (the output value in our country differs in content from that of other countries, and the comparisons given here represent only a general picture) in our country is 1.7 tons of standard coal, much higher than that in industrialized countries. What accounts for the difference is: technological backwardness; the use of coal as the principal fuel; irrational, scattered and duplicated distribution of industry; poor management; lack of coordination between the different sectors; and the fact that more than half the enterprises, which are small and medium-scale manufacturers, produce energy-consuming products. What is worth noting is that the energy consumed in the industrialized countries consists mainly of oil and gas, while we still depend on coal (see following table³ for a comparison). Compared with oil and gas, coal has a number of disadvantages. It is solid and difficult to transport. Coal contains sulfur, nitrogen, etc. which cause pollution during combustion. Its complicated molecular structure retards reactions and the ratio of utilization.

	<u>Petroleum</u> <u>%</u>	<u>Natural</u> <u>gas</u> <u>%</u>	<u>Coal</u> <u>%</u>	<u>Hydro-</u> <u>electric</u> <u>power</u> <u>%</u>	<u>Nuclear</u> <u>energy</u> <u>%</u>
China	22	3	71	4	0
Japan	75	3	15	5	2
West Germany	49	13	35	1	2
United States	43	29	21	5	2
World average	44	18	30	6	2

If we want our gross industrial and agricultural output value to reach \$1,000 per capita by the end of the century, and if our energy consumption per \$1,000 of output value is 1.6, 1.2 or 1.0 tons of standard coal, the energy consumption by that time for the whole country with a population of about 1.2 billion will be as much as 1.92 billion, 1.44 billion or 1.2 billion tons of standard coal. The corresponding annual increase in energy production should be 5.6 percent, 4.5 percent or 3.5 percent. Judged in the light of our current energy production, it is estimated that the production quota could not go any higher by the end of the century. That is to say, we must plan carefully and take various measures to eliminate waste, conserve energy, speed up research work, employ advanced technology as much as possible and reduce energy consumption by manufactured products. This is the only way to insure adequate production of energy to meet the needs of the four modernizations.

(2) An Energy Flow Chart of Our Country

A chart of a country's energy flow reflects the movement, conversion and utilization of its energy as well as the crisscross energy relations between various sectors. We have prepared an initial chart of our country's energy flow for 1978 (Chart 1).

The chart shows that the greatest proportion of our country's energy is consumed by the industrial sectors, especially electric power, smelting and the chemical industry, which are the major consumers of energy.

Only 30 percent of all forms of energy in our country is utilized efficiently for purposes of production and livelihood. The following is a comparison between our ratio of utilization and that of the industrialized countries:

	<u>USA</u> <u>1970</u>	<u>Britain</u> <u>1973</u>	<u>Japan</u> <u>1975</u>	<u>China</u> <u>1978</u>	
Energy consumption per annum	23.3		5.2	5.78	(100 million tons, standard coal)
Ratio of utilization	51	40	44	30	%
Industry	78	67	77	39	%
Electric power	31	27	36	27	%
Communications	25	20	25	20	%
Civilian use	80	70	80	20	%
Source of data (see footnotes)	(4)	(5)	(6)		

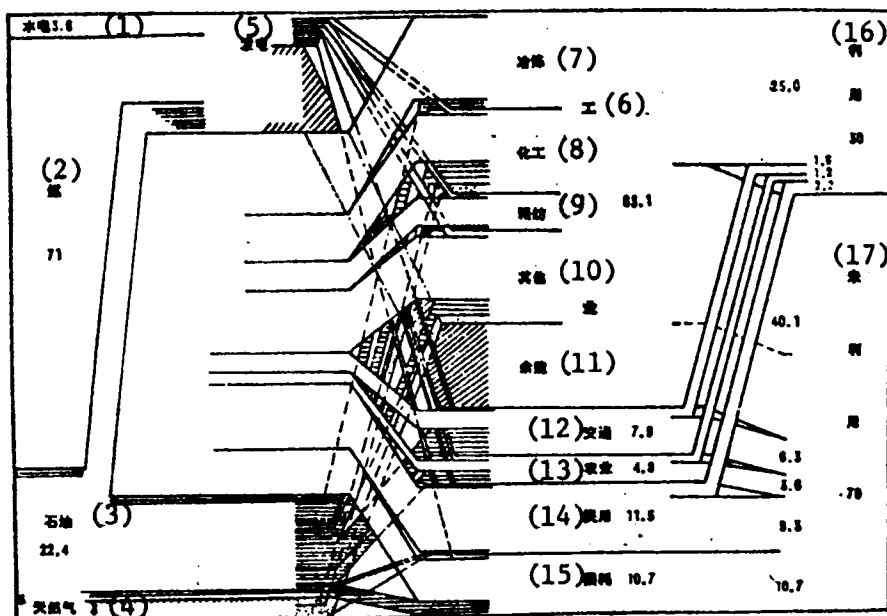


Chart 1. Chart of Energy Flow of Our Country (1978)

Key:

- | | |
|--------------------------------|---------------------|
| 1. Hydroelectric power | 10. Others |
| 2. Coal | 11. Residual energy |
| 3. Petroleum | 12. Communications |
| 4. Natural gas | 13. Agriculture |
| 5. Electric power generation | 14. Civilian use |
| 6. Industry | 15. Loss |
| 7. Smelting | 16. Utilized |
| 8. Chemical industry | 17. Not utilized |
| 9. Light industry and textiles | |

Obviously, the ratio of energy utilization in our country is comparatively low. We must work hard to reduce energy consumption (especially by industry) and raise the ratio of utilization.

II. Analysis and Evaluation of the Quality of Energy

(1) Energy Resources, Their Conversion and Utilization

Chart 2 shows the various energy resources, their conversion and utilization. The top row of the chart consists of natural energy resources. Those in the left center are energy resources which have been in use for many years, known as regular energy resources. Those in the right center are new energy resources, because they have been put to use only recently. Of the regular energy resources, natural gas, petroleum and coal are fuels derived from ancient fossils, often called fossil fuels. They are the major energy resources today.

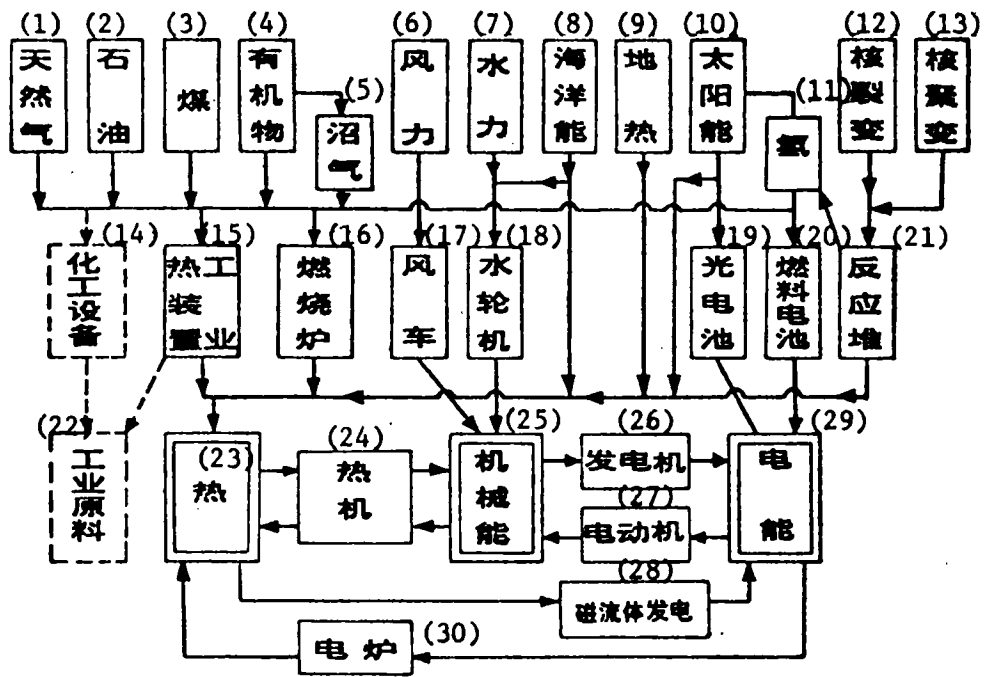


Chart 2. Energy Resources, Their Conversion and Utilization

Key:

- | | |
|-----------------------------------|-------------------------------------|
| 1. Natural gas | 16. Combustion furnaces |
| 2. Petroleum | 17. Windmills |
| 3. Coal | 18. Hydraulic turbine |
| 4. Organic matters | 19. Illumination battery |
| 5. Methane | 20. Fuel battery |
| 6. Windpower | 21. Reactor |
| 7. Waterpower | 22. Industrial raw materials |
| 8. Oceanic energy | 23. Heat |
| 9. Geothermal energy | 24. Heat engine |
| 10. Solar energy | 25. Mechanical power |
| 11. Hydrogen | 26. Electric generator |
| 12. Nuclear fission | 27. Electric engine |
| 13. Nuclear fusion | 28. Magnetic fluid power generation |
| 14. Chemical industry | 29. Electric power |
| 15. Industrial heat installations | 30. Electric furnace |

Heat, mechanical power and electric power are three popularly used forms of energy. They may be interchangeably converted by means of certain equipment, such as the heat engine. Most primary energy resources are heated before they are used, either directly or converted into mechanical or electric power. So furnaces and heat engines are important links in energy conversion systems.

(2) Evaluation of the Quality of Energy Resources and Existing Conditions

There are numerous energy resources, and each has its strong as well as weak points. First, let us evaluate the density of energy flow, which is the energy

or power actually derived from a given energy source in space or a given locality. Obviously, if its density of energy flow is too small, it could not be used as a major "source" of energy.

To put a given energy resource to practical use, it is necessary to estimate its exploitation cost and the price of equipment to use it. The cost of exploitation and utilization depends on the degree of technical sophistication involved in its conversion and utilization. The latter bears heavily on the order of priority in using different sources of energy.

A good source of energy should supply energy continuously according to the amount and pace of the requirement. This may call for storage to insure continuity of supply. This means that it may be stored up when not in use and can generate energy instantly when the need arises.

Most customers do not live near the source of energy, and this requires careful consideration of transmission and energy loss.

The main source of pollution is energy-consuming equipment. We must remember that pollution worsens as the consumption of energy increases as time goes on.

A dependable source of energy must have plentiful reserves. The possibility of regeneration and geographical distribution are factors to be considered in evaluating energy reserves. For instance, our country's coal resources are in the northwest, while waterpower resources are in the southwest. These are factors which may affect the utilization of these resources.

Finally, there is the question of grading the conversion of energy. An energy resource which can be turned directly into mechanical or electrical power (such as waterpower) should be graded higher than any other energy resource which requires heating (such as petroleum).

(3) Selective Use of Our Country's Existing Energy Resources

We can see from the above that natural gas and petroleum are better than other regular energy resources. They pose practically no problems other than exploitation costs and pollution. The spectacular development of production and economic growth experienced by many countries in the 1950's and 1960's are attributable to cheap petroleum at that time. We missed that opportunity. Now we must keep in mind that our per capita oil extraction and reserve is low when we plan for the four modernizations. Oil of course is more convenient and efficient than coal. But when the oil supply is insufficient, we have to let transportation machinery and mobile power equipment use oil ahead of fixed ground facilities which can use coal.

Judging by the existing conditions in our country, the major source of energy during the present century will still be coal. Compared with natural gas and oil, coal poses more problems for efficient utilization of energy and pollution control. Beijing is badly polluted, and the main source of pollutants is burning coal. This deserves serious attention.

We have plentiful waterpower resources, the foremost in the world. Waterpower may be efficiently converted into mechanical power by hydraulic turbines. It is a regenerating resource, cheap to exploit and free of atmospheric pollution. The utilization of waterpower usually requires dams involving heavy capital construction costs, long construction time and investment. Compared with thermoelectric power which depends on coal, the construction time and investment are about the same in both cases if the construction cost of coal mines is included. However, we have to study more seriously the impact of water dams on the ecology and the transmission of electricity over long distances. At any rate, we should exploit as much as possible our rich waterpower resources, including giving priority to small hydroelectric power stations which could more effectively provide electric power for villages and remote districts as locally required.

We should also begin to develop nuclear power.

It is a very serious problem to provide energy for a population scattered in villages over a vast expanse. We will discuss this in a separate section.

As for new energy resources (including wind), they are not likely to become the major energy resources at this point because of the high cost of the required equipment under existing technological conditions and the low density of energy flow. However, since most of them are available and do not pollute so much, they deserve careful study. Once a breakthrough is achieved in the crucial scientific and technological areas, they may become practical energy resources of the next century.

III. The Science and Technology of Energy Conversion and Utilization

(1) From Fuel to Heat

Most materials used for energy, except certain industrial chemicals, have to go through the medium of heat to be serviceable. (Strictly speaking, the definition of "heat" in physics is heat conduction. The Chinese character for "heat" denotes high temperature. Consequently, most people regard the inherent energy of a substance which fluctuates with temperature changes as heat. The former definition of heat is kept in most cases throughout this article, even though the latter, a loose popular meaning, is also implied in certain cases.) Over 90 percent of the serviceable energy in our country requires heating, while the world average is over 85 percent.

The calorificity of a chemical fuel is the amount of heat into which its chemical energy is converted. The amount of effective conductible heat into which the chemical energy of a fuel is converted in a furnace is known as the rate of furnace efficiency. The efficiency rate of the different kinds of furnaces used in our country is as follows: the boilers of big electric power generation stations (90-94 percent), industrial furnaces (50-70 percent), small-type furnaces (20-60 percent), domestic gas ranges (about 50 percent) and domestic coal stoves (10-20 percent).

It is comparatively easy to convert the chemical energy of fuel into heat. Theoretically, the combustion rate could get close to 100 percent, and heat loss

during conduction could be kept to a minimum. So the efficiency rate of furnaces could be quite high. Low efficiency in furnaces is due to incomplete combustion, inefficient heat conduction and loss of heat in smoke emission, in residual heat and in other forms of heat loss. The efficiency of furnaces has a lot to do with the quality of fuels. For instance, ash and rock contained in coal carry away heat when they are discharged as coal cinder, affect the process of combustion and lower the efficiency of furnaces. Thus, coal must be washed and sorted before it is used. During combustion, all fuels (especially coal) discharge SO₂, NO_x, CO, CO₂ and dust, causing environmental pollution and an ecological imbalance. We must be fully aware of the danger. It is very costly to control pollution. Electric power plants in some foreign countries have to spend 20-30 percent of their total investment for pollution control. The new trend is to employ new combustion technology which eliminates pollutants during combustion. Generally speaking, the smaller the furnace, the lower its efficiency and the more serious the pollution.

Civilian consumption of coal used mainly for cooking and heating amounts to 100 million tons in our country. But the heat-efficiency of household coal stoves is just a little over 10 percent, far behind the heat-efficiency of natural gas and electricity. Small coal stoves should be eliminated, and high-efficiency gas ranges should be used widely in cities. The heat-efficiency of small boilers for heating is less than 50 percent, so we must plan to use central heating to raise the energy utilization ratio and reduce pollution.

Industrial consumption of energy in our country accounts for 65 percent of all the energy consumed. It is the biggest consumer of primary energy resources. Industry uses all kinds of furnaces to convert the chemical energy of fuel into heat to meet the needs of its technological process. The use of heat, therefore, accounts for a rather large proportion of energy consumed by industry. The ratio of energy utilization should be higher. In industrialized countries the ratio is over 70 percent. But the ratio of energy utilization in our industrial sectors is less than 50 percent, and here lies a great potential for energy conservation.

Our country's industrial sectors, especially small-scale enterprises, are so backward in technology, so outmoded in equipment and so irrational in technological process (including product design) that their energy consumption is far above the advanced international level. Our small steel mills, small chemical plants, small electric power plants and small cement plants consume five times, four times, three times and two times more energy, respectively, than their counterparts in Japan. Since these small enterprises account for more than 50 percent of our gross industrial output value, the energy consumption of our industrial products far exceeds that of foreign products.

Many of our industrial products consume a tremendous amount of energy. For instance, it takes 1-2.5 tons of standard coal to produce a ton of steel, and the cost of energy consumed to produce certain products accounts for 30-50 percent of their price.

Consequently, to raise the ratio of energy utilization we must adopt advanced technological processes, eliminate energy-consuming enterprises, promote the renewal of equipment, increase the efficiency of all kinds of furnaces, provide a centralized supply of heat, run a simultaneous supply of heat and electricity

and make good use of residual energy. The industrial sectors are potential savers of energy.

(2) From Heat to Mechanical Power

1. The Basic Laws of Energy Conversion

The First Law of Thermodynamics--The Law of Energy Conservation: There are various forms of mutually convertible energy, but energy cannot be produced out of the void, nor can energy be destroyed. Its total amount remains unchanged. This is a universal law.

The substances we study in thermodynamics are called "systems." The aforesaid law may be represented like this: After a heating process, the total heat transfer Q of the system equals the total output of work W of the system plus the total increase of the internal energy ΔE of the system. That is: $Q = W + \Delta E$.

The Second Law of Thermodynamics: A heat engine is a machine which works continually to convert the heat of an external medium into mechanical power. The second law of thermodynamics tells us that the heat of a medium Q_1 transferred to a heat engine cannot be completely converted into work W . After the medium goes through a number of thermodynamic cycles, its internal energy does not change, i.e., $\Delta E = 0$ (see Chart 3). Since the heat transferred from a high temperature heat source to the medium Q_1 cannot be completely converted into work, a certain amount of heat Q_2 would go to a lower temperature heat source. So the work output of the heat engine is $W = Q_1 - Q_2$. Heat efficiency is used to represent the degree of efficiency of the conversion of heat into mechanical power, i.e., heat efficiency:

$$\eta = W/Q_1 = 1 - (Q_2/Q_1)$$

It is difficult to give a general description of a heat engine which is so complicated. Thus, in studying heat engines we employ a hypothetical ideal heat engine which performs isothermal transfer with the outside under temperature T_1 and T_2 without any heat loss. This ideal heat engine and ideal heat efficiency may be given as:

$$\eta_{\text{ideal}} = 1 - (T_2/T_1)$$

It must be pointed out that the temperature in the above formula is not the ordinary Centigrade temperature. It is the absolute temperature which equals Centigrades plus 273 degrees (see Chart 4). Actual heat transfer in a heat engine does not always take place under isothermal conditions, and there may be heat losses due to friction, leakage or cooling. The actual heat efficiency, therefore, is much lower than the ideal heat efficiency. But the ideal heat efficiency shows the impact of the temperature of both heat source and cold source as well as areas for possible improvement. These are important in engineering. For instance, the ideal heat efficiency formula demonstrates that the higher the temperature at the heat source T_1 , the lower the temperature at the cold source T_2 , and the higher the ideal heat efficiency, the greater would be the amount of heat converted into mechanical power. We rank any energy source with high T_1 as a high-grade energy resource; otherwise it is ranked as a

low-grade energy resource. Of course, any energy resource (such as water) which may be converted directly into mechanical power should be rated an even higher grade of energy resource. We should make proper use of different grades of energy resources where they fit best. Take geothermal energy, for example. Since its temperature ranges below 200-300 degrees, it is a low-grade energy source, unlikely to be heat efficient when used for generating electricity. But it is good for heating purposes. On the other hand, it would be a waste to use a high-grade energy source for heating.

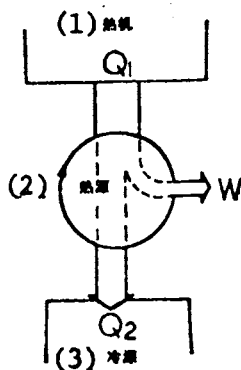


Chart 3. Second Law of Thermodynamics

Key:

1. Heat source
2. Heat engine
3. Cold source

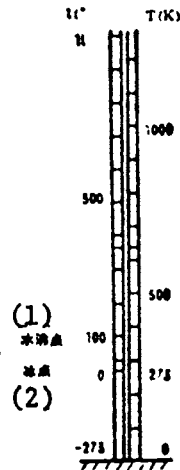


Chart 4. Temperatures

Key:

1. Boiling point
2. Freezing point

As far as heat engines are concerned, both high T_1 and low T_2 are important. So we have been working on a combined rotative power generation which will be taken up later.

To reduce the difference between actual heat efficiency and ideal heat efficiency, we have to study the way to improve the structure of heat engines, including better systems of internal flow, more efficient heat transfer and better combustion. These are topics of engineering thermodynamics as developed in the middle of the century.

2. Power Generation and Energy Consumption--Employ Simultaneous Supply of Power and Heat and Combined Rotative Power Generation. Industry, urban enterprises, urban residents and vast rural areas together consume a tremendous amount of energy. At present the amount of energy consumed to generate electricity (15.8 percent for thermoelectric power) accounts for 19.4 percent of all the energy consumed. This ratio falls far behind the need for power in developing industrial and agricultural production. If we are to realize the four modernizations, the ratio of energy consumed to generate power should increase. At the same time, we must increase the efficiency of power plants and reduce energy

consumption per unit of power generated. The average rate of power generation efficiency (1975) in such industrial countries as Japan, West Germany and Italy is about 36 percent, about 25 percent more efficient than our own rate of 29 percent. And we have not yet begun to use residual heat. So the most urgent problem now, which is also a long-term research project, is to study heat engine technology and develop high-efficiency facilities for simultaneous supply of electricity and heat.

High Power Steam Turbine and Simultaneous Supply of Electricity and Heat: Steam turbines are now the major power installations in large thermoelectric power plants (power for industry and large ships). When the capacity (power) of a machine increases, the temperature of the steam T_1 rises, the power it generates increases, the power it consumes decreases and its efficiency increases. Another area of improvement covers the design of the pneumatic capacities of the steam turbine, such as applying the principle of ternary flow, which may raise the efficiency of the steam turbine. If all the steam turbines in our country could increase in efficiency by 1 percent, they would generate 2 billion kilowatts more power per annum. Additionally, improved boilers could also increase the efficiency of power plants.

The most effective way for a steam turbine power station to increase its fuel utilization rate is to run a simultaneous supply of electricity and heat. That is to say, a thermoelectric power station supplies both power and steam required by nearby factories for their technological process and by residents and enterprises for heating. The steam, no more than 300°C in temperature, comes from the steam exhaust of steam turbine power plants and may replace steam produced by scattered medium and small coal-burning boilers. Since the temperature of combustion gas in the boilers is 1600-1800°C, it is a waste to use it to provide steam under 300°C. A thermoelectric power station which does not supply heat needs lots of water to cool its cooling equipment, and this takes away 50 percent of the heat of the burning fuel (heat in discharged water may be used in agriculture and fishery, but this requires additional investment). When a steam turbine power station begins to simultaneously supply electricity and heat, the rate of its fuel utilization could go over 60 percent. The capitalist countries of the West paid very little attention in the past to energy conservation, and it is now too late to change. But northern European countries are seriously concerned about this particular problem. Take Finland, for example. By 1990 the amount of electricity generated by power stations which supply both electric power and heat will be 32 percent of the total amount of electricity generated, and the energy saved will be 7 percent of the energy consumed in the whole country. Being a socialist state, we may be able to do well in planning and achieving excellent results in energy conservation.

High-Efficiency Combustion Gas Turbine Power Stations: A combustion gas turbine usually means an open-cycle gas turbine. Fuel, such as oil and gas, burns with compressed air in the combustion chamber to produce high-temperature burning gas which enters the gas turbine as work (Chart 5A). The precombustion medium is air, while the postcombustion medium becomes burning gas. Compared with a steam turbine power station, this has a higher T_1 , does not need a huge boiler and occupies only 0.5 square meter of land per kilowatt. Light in weight, small in size and requiring less time and money to build, it does not need water and has high

efficiency potentials. To increase the thermoefficiency of the installation, it is necessary to raise the temperature T_1 of the burning gas entering the turbine, lower the temperature T_2 of the exhaust and improve the air compressor and the aerothermodynamic capabilities of the gas turbine parts. The parameters at present are: compression rate 10-30, temperature of the burning gas before entering the turbine 900-1150°C, and thermoefficiency 30-38. The thermoefficiency will increase as turbine cooling technique and materials improve. The maximum power output of a turbine unit recorded in foreign countries (1977) is 114,000 kilowatts. Usually several combustion gas turbines are installed in a power station to increase its capacity.

The temperature T_2 of the exhaust of an open-cycle gas turbine is 400-600°C. Like the exhaust of a steam turbine, this exhaust may be used to produce steam for industrial and other purposes. Because both electricity and heat are supplied, the fuel utilization rate may go up to 65 percent or higher. Due to the rising price of petroleum, many foreign countries are adding regenerators to their gas turbine generators (Chart 5B), using the preheated air forced into the combustion chamber to further reduce the exhaust temperature T_2 in order to enhance thermoefficiency.

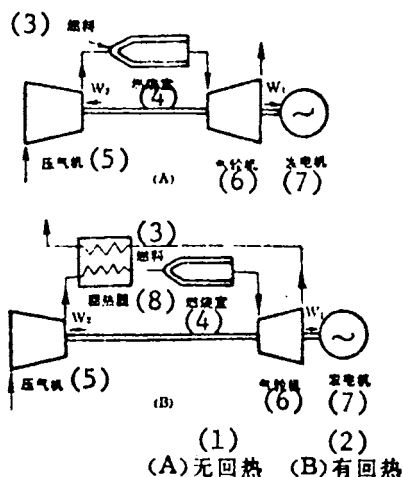


Chart 5. Combustion Gas Turbine

Key:

- | | |
|------------------------|-----------------------|
| 1. Without regenerator | 5. Air compressor |
| 2. With regenerator | 6. Gas turbine |
| 3. Fuel | 7. Electric generator |
| 4. Combustion chamber | 8. Regenerator |

A 10,000-horsepower installation test-built in a foreign country may increase its thermoefficiency by 43-44 percent if a regenerator is included, plus intermediate cooling in an air compressor. All high-thermoefficiency gas turbines in foreign countries are new industrial models of high-parameter aviation engine. For instance, the industrial model of the Spay engine increased its thermoefficiency from 34 percent to 38 percent after a regenerator was installed. This kind of gas turbine which burns natural gas or heavy oil is good for oilfields and coastal oil wells.

We can remodel the Spay engine we have imported and use it in industry or on naval vessels. The major modifications needed are to remove some external accessories (including shortening fan blades and reducing the power of the low-pressure gas turbine), to remove the combustion chamber for additional power and a tail exhaust pipe and to install a power gas turbine and an exhaust passage.

Combined Gas-Steam Turbine Power Installation (Combined Rotation): When the temperature T_1 of a gas turbine is high, the temperature T_2 of its exhaust would also be high (400-600°C). If the exhaust heat is channeled to a residual heat boiler to produce steam for steam turbines, more power would be produced, and the generating efficiency would increase by 5-10 percent over that of an ordinary steam turbine power station. Compared with an ordinary steam turbine generating station, a generating station with combined power installation, according to data from abroad, requires 15 percent less investment, 10 percent less in generating cost and 20 percent less construction time. It takes less land, emits fewer pollutants and uses 50-75 percent less water. It represents the trend of development of the world's thermoelectric powerplants. The most crucial thing is that it requires a high-thermoefficient (high temperature T_1 and high-efficiency parts) gas power turbine. Japan began her Gekko plan of energy conservation in 1978 and is going ahead with the development of such power facilities. In the United States the first step is to increase T_1 to 1150-1200°C and substitute heavy oil for natural gas and light oil as fuel. The second step (about 1995) is to raise T_1 again to 1400-1650°C and use gasified coal and liquid fuel. We should also step up our study and development of this project. Right now we may build, step by step, this promising system of combined gas-steam installation on the foundation of our existing higher thermo-efficient gas turbines.

When a combined installation supplies both electricity and heat (exhaust from a steam turbine may be used for heating and industrial production), its fuel utilization rate may go even higher.

Closed-Cycle Gas Turbine--Using Solid Fuel: To generate electricity and provide power for transportation, a closed-cycle gas turbine has been developed in recent years to use coal, other forms of fuel (coke oven gas, blast furnace gas, garbage gas), other sources of heat (nuclear fission, solar energy) and more suitable thermodynamic media and parameters. It takes only one-fifth of the cooling water required by a steam turbine plant (may employ complete air cooling).

West Germany is working to use coal efficiently to generate electricity. Five closed-cycle gas turbines with a total generating capacity of 46,000 kilowatts were built in 1975 to burn coal and blast furnace gas. To raise fuel-efficiency, the exhaust heat from the heating furnaces is used to heat steam and water for industry and heating. This completes a closed-cycle gas turbine installation for both electricity and heat. Another West German gas turbine of this type which uses helium as a medium generates 50,000 kilowatts of electricity, recording thermo-efficiency at 31.3 percent. It also supplies 53,500 kilowatts of heat. The total utilization rate is as high as 65 percent.

The technology of coal fluidization and gasification is tied to using coal as fuel for combined high-efficiency gas-steam turbine plants. Our country will be using coal to generate electricity now and for a long time to come. Apart from the closed-cycle gas turbine plants which burn coal, various countries are now

studying two different methods to use coal as a fuel in gas turbine or combined gas-steam turbine plants. One of the methods is to gasify coal into gaseous fuel of either high or low calorificity and burn it in the combustion chamber of a gas turbine. Even though there is a 20-30 percent loss of energy when coal is being gasified, the combustion efficiency of the gas turbine combustion chamber is 8-9 percent higher than that of coal-burning boilers. So the real loss is just a little over 10 percent. Another method is to burn coal in a fluidized (boiling) combustion chamber. After removing dust at high temperature, the heated gas enters the gas turbine (Chart 6). Combustion efficiency achieved by this method could be as high as 99 percent. Moreover, sulfur may be removed by adding limestone during combustion, and the discharged residue is good for making cement or soap. NO_x may be reduced by using surplus air to control the boiler temperature to help control pollution from burning coal, a big saving in investment otherwise required for pollution control in ordinary thermoelectric powerplants. Many countries have begun using this kind of combustion since the energy crisis of 1973. One American company has installed a 1,000-kilowatt experimental plant to try out this method. Next year it will build a plant with a generating capacity of 25,000 kilowatts. The third stage will see the completion of a 165,000-kilowatt model plant. A 500,000-kilowatt plant will be ready in 1985 for commercial use. We should begin with research and experiments to study this approach and then proceed from smaller plants to bigger plants as we surge ahead.

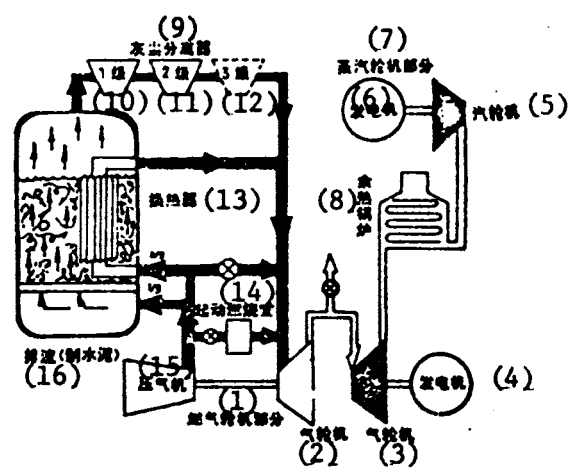


Chart 6. Fluidized Combined Rotation

Key:

- | | |
|-------------------------|--|
| 1. Gas turbine parts | 9. Dust separator |
| 2. Gas turbine | 10. Stage 1 |
| 3. Gas turbine | 11. Stage 2 |
| 4. Electric generator | 12. Stage 3 |
| 5. Steam turbine | 13. Heat exchanger |
| 6. Electric generator | 14. Starting combustion chamber |
| 7. Steam turbine parts | 15. Air compressor |
| 8. Residual heat boiler | 16. Residual discharge (for making cement) |

Magnetic Fluid Power Generation Facilities: To further increase power generation efficiency, there are studies on the use of oil or pulverized coal to heat gas to 1800-2200°C and accelerate it through a thrust jet to discharge electric power by means of a magnetic field. This is known as direct magnetic fluid power generation. Its generation efficiency rate is 30-35 percent. Gas from its exhaust passage may be channeled to a gas or steam turbine installation to form combined circulations to achieve thermoefficiency as high as 55 percent. The largest experiment plant in foreign countries today is a 2,500-kilowatt unit which may become industrially functional in 10-20 years.

The average thermoefficiency of our thermoelectric power stations is about 29 percent. If all additional electric power stations we build in the next 20 years could use generating facilities with a thermoefficiency rate of over 40 percent, the average thermoefficiency rate of our thermoelectric power stations, adjusted to accommodate increasing demand, may reach 37-38 percent 20 years from now, even if the original power stations remain unchanged. By that time we may save as much as 80 million tons of standard coal per annum. If the existing low-efficiency power stations were overhauled technologically, such as replacing old facilities with high-efficiency steam turbines or installing additional gas turbines to form combined gas-steam turbine installations, the average generating efficiency rate would be even higher.

3. Energy for Communications and Transportation--Suitable Fuel and Preferential Supply of Oil

Railroads: Our country depends mainly on railroads to provide transportation for passengers and cargo. Our country and India are the only two expansive countries which still use steam locomotives, the energy-efficiency rate of which is less than 8 percent, and they need water continually. It is a waste of energy to keep using steam locomotives. Internal combustion and electrical locomotives are more energy-efficient. But our diesel oil supply has been pretty tight, and the installation of cables for electric locomotives costs too much. A practical way out is to substitute coal used in locomotives for heavy oil used at power plants and then let gas turbine locomotives use heavy oil. Thus, one steam locomotive may be replaced by two gas turbine locomotives of practically equal horsepower without increasing fuel consumption or reducing the generating capacity. That is to say, the transportation services will double while energy consumption remains unchanged. This is made possible by suitable use of fuel and improved thermoefficiency. These gas turbine locomotives which do not need water are good for areas where there is a shortage of water.

In recent years, gas turbines have been widely used on vehicles. For instance, the United States uses gas turbines on tanks and achieves 28 percent thermoefficiency.

Highways: Our automobiles are imitations of foreign models from the 1930's to the 1960's. They consume more fuel than foreign cars and ought to be improved. When an engine operates at different rotational speeds, its power and fuel consumption will also differ. The lowest rate of fuel consumption may be achieved only if it operates at a given rotational speed constantly. So, engines should be operating at such a speed most of the time. Due to differences in the use and

maintenance of our country's automobiles, cars of the same model may vary a great deal in fuel consumption during operation. Take the "Liberation" trucks, for instance. To cover a distance of 100 kilometers, a gas-efficient truck takes 28 liters, while a gas guzzler requires 36 liters. A practical way of correcting this is to popularize gas-saving technology and better management. A more basic approach, however, is to speed up the manufacture of a newer generation of cars. This does not mean copying foreign cars blindly. All new cars must meet our practical operating conditions, such as gas efficiency, reduction in car size and weight and synchronization of the most efficient engine rotation speed with the practical minimum driving speed in our country. We must study how to mix gas with water to increase its octane value, improve the combustion process, reduce gas consumption and reduce CO in the exhaust. We must also study combustion technology to slow down gas consumption by engines running at different rotational speeds so that the total energy consumption may be reduced even though cars travel at different speeds. There are serious improprieties in the use and maintenance of our tractors in the villages, and they consume too much gas. The technological level of village mechanics should be raised. Our farm tractors today are used for transportation. When conditions permit, smaller farm vehicles should be manufactured in order to bring tractors back to farm jobs. To compensate for the petroleum shortage, we may develop battery-operated automobiles. People in other countries have been studying this type of smaller cars and lighter trucks.

Waterways: Most of our steamers depend on internal combustion engines for power. The per ton/kilometer consumption of energy by ships is much lower than that of trains. Waterway transportation should be developed extensively. However, since the oil consumption rate of our diesel engine steamers is 8-20 percent higher than that of foreign ships, we have to conserve oil and improve our ships.

In a word, except when petroleum is used for essential industrial chemicals, priority should be given to transportation services and tractors to use petroleum as fuel. Our petroleum production is not likely to increase rapidly in a few years. It is therefore necessary to reduce oil consumption by internal combustion engines and develop gas turbines, which burn heavy oil, in order to provide better transportation.

(3) Utilization of Residual Industrial Heat

Industrial consumption of energy constitutes an especially large proportion of the total amount of energy consumed in our country. All possible potentials should be explored to increase the rate of energy utilization. Apart from better management, rational planning and improvement of production technology, we must also pay close attention to the utilization of residual energy and heat. For example, the temperature of the exhaust of industrial flues is usually over 600°C (some may go as high as 1000-1650°C). The temperature of steel products (except those still being processed), ash and coke is usually 1000°C or more, and that of industrial fluid (such as heated oil) is 100-300°C. These are all useful sources of heat. Compressed high-temperature residual gas from petrochemical and metallurgical plants is an even better source of energy and ought to be utilized.

There are two ways to utilize residual heat. One is to force the residual heat through heat-exchange equipment (requiring investment) to preheat the air, to

desiccate products, to supply hot water, to produce steam and to refrigerate. These are comparatively simple operations. The other method is to utilize the power. But this depends on the pressure of the residual gas. High-pressure and high-temperature residual gas which is as good as the high-pressure and high-temperature gas coming out of the combustion chamber of a gas turbine powerplant may be forced through a gas turbine to be converted into direct output of mechanical work. The amount of the output again depends on the temperature and pressure of the residual gas. The process is easy, but the rate of utilization rests on the efficiency of the gas turbine, which usually could be as high as 70-80 percent. After expansion of the gas in the gas turbine, the temperature of the heated gas will drop, but the exhaust gas may still be led into a residual heat boiler for further utilization. Low-pressure and high-temperature residual gas is good as an ordinary source of heat. To generate mechanical power, it has to go to a heat exchanger to pass the heat to another medium for the heat engine to do the job.

To fully utilize the residual heat is not only a problem of how to use it but also one of using it efficiently according to the basic principles of thermodynamics. For instance, high-temperature flue gas at 1000°C or more with a comparatively high T_1 would be wasted if it were used to produce low-pressure steam or hot water. It would be more thermoefficient to use it to generate electricity.

To use residual heat effectively and rationally in order to conserve fuel, we must not think of it as "something to get over with," nor should we try "to make coarse grain out of delicacies." We must plan carefully for comprehensive utilization of residual heat according to its grading (temperature and pressure). At the same time, it is also necessary to study and improve the facilities for efficient utilization of residual heat, including such equipment as high-efficiency heat exchangers, heat pipes to recover low-temperature residual heat, heat pumps, axial flow or centripetal gas expansion turbines, residual heat boilers, high-efficiency organic media, recycling steam power, etc. With adequate investment in advanced technology and equipment, we may be able not only to make good use of residual heat and shorten its recycling time but also to raise the thermoefficiency of industrial fuel to a more advanced level and conserve even more fuel.

(4) Rural Consumption of Energy

Our rural population is so large that the rural energy supply has been a tough problem. A great deal can be done to farm production equipment, such as tractors, water pumps and electrical engines, to conserve energy. Energy required for subsistence purposes may be improved by developing methane. As of now there are over 6 million methane generation pits in our country, capable of producing 2.1 billion cubic meters of methane and 680,000 tons of organic fertilizers per annum. If 50 percent of farm stalks and manure were utilized, the annual production of methane could reach 65 billion cubic meters, enough to meet the basic subsistence fuel requirement of the villages. This could be further developed to provide heat or energy for production needs. Since rural consumption of energy is huge in volume and yet scattered over vast areas, it is advisable to build firewood and charcoal forests, small hydroelectric power plants, facilities for solar energy, wind and geothermal energy and small coal mines under uniform

state plans. The use of new sources of energy, however, should be in keeping with the development of technology.

In a word, the important points are to conserve gas and electricity and develop local resources wherever locally possible.

(5) The Efficiency of Electrical Appliances

To study ways to increase the efficiency of electrical appliances is also an important measure to conserve energy. At present the efficiency of our electric and wind-driven motors and pumps, especially small electric motors and farm water pumps, is quite low. They were once designed to conserve materials, and they must now be improved to conserve energy. Since electric motors consume a large portion of our electric power, we should develop a new series of electric motors to achieve still higher efficiency. New technology and improved equipment no doubt will bring about more energy conservation in the electricity-driven production process. These are the problems we must tackle in our endeavor to conserve energy.

(6) Energy Transmission

The toughest problem confronting the development of waterpower in the southwest of our country is long-distance transmission of power. The United States uses 760,000-volt high-tension transmission, and the voltage will increase to 1.2 million volts in 1985. The Soviet Union has always preferred high-tension direct current transmission. A 1 million-volt direct current transmission system covering several thousand kilometers will be installed during the coming five-year plan period. Underground transmission technology, such as superconduction transmission, is under intensive research in foreign countries. We ought to direct our attention to this area of research.

The problem of transmitting power from our coal mining bases involves a choice of either transmitting power from mining-site power stations or shipping coal by railroad or pipelines. This calls for overall planning and careful analysis. In the United States⁷ high-tension transmission of electric power is most expensive. Shipping coal by pipelines is the least expensive if the annual shipment exceeds 6 million tons. The cost of shipping by pipelines is half the cost of super high-tension transmission if the annual shipment reaches 18 million tons. Electric power stations by the mining site require an adequate local supply of water for cooling, because this method consumes eight times more water than shipping by pipelines.

IV. Concluding Remarks

To do better in developing and utilizing our country's energy resources to meet the needs of the four modernizations, it is recommended that we do well in the following eight areas.

(1) Determine the facts and ascertain the requirements.

Energy waste in our country is pretty serious today. The ratio of energy consumption by the industrial sectors is especially great, while efficiency is low.

It is advisable to organize investigations to determine the facts and ascertain the requirements so as to adopt proper measures to reduce waste. We must also study the energy needs of the four modernizations.

(2) Enact necessary laws and regulations and strengthen energy-related organizations.

To carry out a scientific and stable energy policy is to insure the realization of the four modernizations. We recommend that the Energy Commission organize its leading cadres, specialists in energy science and technology, energy consumers and management personnel to conduct thoroughgoing investigations for the enactment of energy-related laws. At the same time, it should strengthen all the organizations concerned to implement the energy laws and regulations. The Energy Commission of the State Council should hire more professional energy science and technology specialists. All factories and enterprises should have energy conservation engineers and technicians.

(3) Give priority to orderly, step-by-step scientific research.

Energy is the vanguard of our entire national economy, and research in energy science should proceed ahead of them all. We must step up research in energy utilization technology and the economics of energy technology. The research work should proceed in orderly fashion and expand step by step to cover more ground. Indiscriminate expansion and irresponsible promotion should be avoided by all means.

(4) Keeping coal as the mainstay, give priority to oil and develop waterpower and nuclear energy.

Priority should be given to the exploitation and development of petroleum and natural gas. Coal no doubt is our major source of energy for realizing the four modernizations, but there are difficulties in its exploitation, shipment, conversion and utilization. So we have to strengthen the study of the science and technology of coal utilization. The development of hydroelectric power should have a headstart. Nuclear energy should be developed, too.

(5) Distribute energy properly to give each resource a role to play.

Various energy resources of different grades should be properly distributed so that each has a role to play (Chart 7).

(6) Renew equipment and control pollution.

We should adopt advanced technological processes and energy-efficient equipment, transform our technology, increase energy efficiency and control pollution. The state should provide funds and low-interest loans to assist the industrial and mining enterprises to renew their equipment and transform their technology.

(7) Achieve scaled utilization of energy at suitable temperatures.

To achieve scaled utilization of energy, we should select suitable heat engines and heat installations according to various ranges of temperature for combined

rotations, simultaneous supply of power and heat and utilization of residual heat (Chart 8). All localities and enterprises should plan and proceed step by step according to the overall energy system.

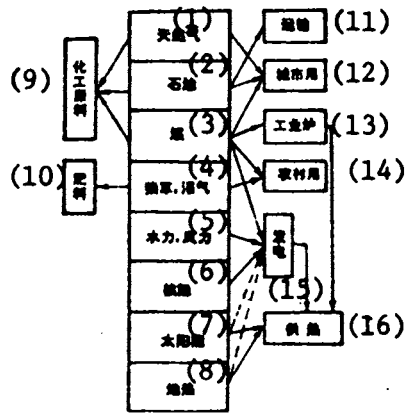
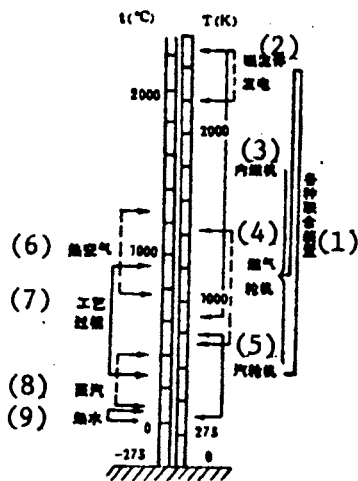


Chart 7. Proper Distribution of Energy and the Role of Each

Key:

- | | |
|-----------------------------|-------------------------|
| 1. Natural gas | 9. Industrial chemicals |
| 2. Petroleum | 10. Fertilizers |
| 3. Coal | 11. Transportation |
| 4. Firewood, grass, methane | 12. For urban use |
| 5. Waterpower and wind | 13. Industrial furnaces |
| 6. Nuclear energy | 14. For rural use |
| 7. Solar energy | 15. Power generation |
| 8. Geothermal energy | 16. Heating |



Key:

- | |
|------------------------------------|
| 1. Various combined installations |
| 2. Magnetic fluid power generation |
| 3. Internal combustion engine |
| 4. Combustion gas turbine |
| 5. Steam turbine |
| 6. Heated air |
| 7. Technological processes |
| 8. Steam |
| 9. Hot water |

Chart 8. Scaled Utilization of Energy

(8) Systematic planning and exhaustive utilization of energy.

We must make comprehensive studies of the cost of prospecting, exploiting, shipping, conversion and utilization of energy and its effect on the national economy. We should employ systems analysis to select the best projects which are most conducive to rational and exhaustive utilization of energy. For instance, we may discover during the progress of a project that, by providing the industrial and transportation sectors with petroleum to speed up our economic development, we can have more exportable industrial products which could earn more foreign exchange than by exporting petroleum. If so, that may prove even more beneficial to the development of our national economy.

In conclusion, judged in the light of energy science and technology, our energy resources are adequate to support the four modernizations. Modern science and technology have made it possible for us to increase energy efficiency. If we are successful in energy planning, in scientific research and related sciences and technology, in developing energy resources, especially energy conservation, and in transforming our technology and revitalizing our equipment, we will be able to overcome energy shortages, make our national economy grow continually and bring about the speedy realization of the socialist four modernizations.

(Comrades Cai Ruixian [5591 4213 6343], Ling Zhiguang [0407 1807 0342], Ye Jingwei [5509 4842 4885], Zhang Shizheng [1728 0013 6927], Chen Mingzheng [7115 6900 6154] and Jiang Shuqin [3068 3219 3830] of the Engineering Thermodynamics Institute, Chinese Academy of Sciences, participated in the investigations, research, data analysis and preparation of this paper. The author wants to thank those units of the departments concerned which offered him data and valuable comments during the progress of the work.)

FOOTNOTES

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(This article is an abridged version of a lecture given by Professor Wu Zhonghua at the Secretariat of the Central Committee.)

IN SUPPORT OF WRITING ABOUT THE TRUTH--A DISCUSSION WITH COMRADES LI YUMING AND HAN ZHIJUN

Beijing RED FLAG in Chinese No 17, 1 Sep 80 pp 44-48

[Article by Chen Liao [7115 6697]]

[Text] The column "Ideological Contention in Literature and the Arts" in Volume 4 of RED FLAG this year was written by Comrades Li Yuming [2621 3768 6900] and Han Zhijun [7281 1807 0689] and titled "Some Questions Concerning 'Writing About Facts'" (hereafter referred to as "Questions"). This article expresses "disagreement with the slogan 'write about the truth,'" in the belief that advocacy of this slogan is responsible for such harmful tendencies as "a lack of selective description of the finer details of life, an unanalytical description of evil and violence, pursuit of what is stimulating, complicated and bizarre, some even describing with approval and sympathy the sex lives of young men and women at night on stormy river banks and writing unrestrained, detailed descriptions of such criminal acts and filthy behavior as theft, violence, obscenity and rape." "The slogan 'write about the truth' is ambiguous; it seems to be correct but actually is wrong, and we are hard put to use it to demarcate the borderline between naturalism and realism." "To emphasize 'write about the truth' is to be unable to attain the sublimation of the beauty of life into the beauty of art." Therefore, even though the title of this article is "Questions," it actually is a rejection of "writing about the truth." This is a very serious matter and is related to the development and prosperity of creativity in socialist art and literature. Therefore, I wish to carry out a discussion with Comrades Li and Han in support of "writing about the truth."

First, "writing about the truth" is a development of the Marxist theory of realism.

Stalin advocated "writing about the truth" in the third decade of this century. His original words were as follows: "Write about the truth! Let the writers study it in life!" "If the artist truthfully depicts our lives, then he cannot but see and depict the things that direct our lives toward socialism." ("A Discussion of Party Policy on Art and Literature") It is widely known that Stalin was thoroughly familiar with the important works of Marxism and with Marxist literary theory, so he must have understood Engels' formulation of realism: "The meaning of realism is that, in addition to details and the truth, there must be truthful re-creation of typical scenes and typical people." ("Selected Works of Marx and Engels," Vol 4, p 462) Why, then, in the 1930's did not Stalin

promulgate Engels' formulation about realism, but rather advocate his new formulation "write about the truth"? We believe that Stalin was making new demands of writers and artists based on developments in socialist real life and on experiences and lessons in socialist literary and art movements, and that this was a contribution to the Marxist theory of literature and the arts.

Engels' formulation of realism mainly sums up the writing experiences of 18th and 19th century authors of realism. Most writers in these two centuries were bourgeois writers, but among them were a few authors who accurately wrote a great many works of realism. These works had faithful details and accurately reproduced typical characters in typical settings. Without this great mass of practical writing, no matter how great Engels' talent, he would not have been able to sum up and make a generalization to produce this classic definition of realism. However, on the question of how to both write detailed truth and truly produce typical people in a typical situation, in his letter "To M. Hackness," Engels did not get around to making an explanation, and later, for a variety of reasons, he never did expound upon this question. After the Russian October Revolution there was a socialist society with socialist literature. Starting in the 1920's, however, in the realm of Soviet art and literature the Rapp dogmatism and factionalism carried out long-term harassment and destruction of socialist literature and art. They disregarded their literary and artistic heritage and were cut off from real life and the people in the belief that reliance on revolutionary aspirations and on the "creative methods of the theory of dialectical materialism" (actually, this creative method never existed, and even though it was mentioned by Rapp many times, they never produced a model work written according to this writing technique) could produce good socialist works by writers closeted in their rooms. Under Stalin the Central Committee of the Soviet party consistently opposed the dogmatic and factional art and literary ideology of Rapp and carried out a long struggle against their literary and artistic theory and their views on art and literature. However, the Rapp faction's leadership obstinately held on to their theories and views on art and literature and seriously obstructed the development and prosperity of socialist art and literature in the Soviet Union. Under just such conditions, in 1932 the Soviet party Central Committee was forced to decide to reorganize the art and literature groups and disbanded the Rapp faction, and, moreover, in 1934 it convened the first Soviet writers congress. The congress summed up 20 successful years of creative experiences and offered the creative method of socialist realism (this creative method actually is also that of revolutionary realism, which was produced in 1932 in Gorkiy's home by Stalin and some other writers). The requirements of this creative style are to truthfully, historically and concretely describe the reality of revolutionary developments, all the while uniting this with the duty of educating the people in the socialist spirit. Although this creative method has some shortcomings in its wording, we nonetheless must admit that socialist realism objectively exists and that, moreover, it is the continuation and development of realism. How, then, does one succeed in truthfully, historically and concretely describing the reality of revolutionary developments, all the while uniting this with the duty of educating the people in the socialist spirit? Stalin, who was so skilled at grasping the "key point," believed that writing about the truth is the core of socialist realism. This is because only "writing about the truth" can truthfully, historically and concretely portray the reality of revolutionary developments. Only emphasis on "writing about the truth" can enable writers and artists "to see and depict the things which direct our lives toward socialism." Only emphasis on

"writing about the truth" can make writers and artists deeply enter into life, be close to the people and study life from within. Historical practice demonstrates that after the Soviet Union suggested the creative method of socialist realism, and after Stalin suggested the view of "writing about realism," Soviet literature and art made great developments and achieved general prosperity, and until the death of Comrade Stalin the international status and influence of Soviet art and literature could not be refuted or obliterated by anyone. This clearly shows that the viewpoint of "writing about the truth" was very useful in socialist literary and artistic creativity, developed the Marxist theory of realism and was Stalin's great contribution to the storehouse of Marxist theory on literature and the arts.

In order to negate the view of "writing about the truth," "Questions" even distorts Soviet literary history, saying, "After the 20th CPSU Congress there were a few authors who had great respect for the creative methods of naturalism and made such an uproar about 'writing about the truth'" that "a great many works showing a strong tendency toward naturalism were produced"! This is contrary to historical fact. Everyone knows that the 20th CPSU Congress was marked by anti-Stalinism, so how could Soviet literary circles possibly advocate Stalin's slogan "write about the truth" after the 20th congress? The "strong tendency toward naturalism" shown in Soviet art and literature after the 20th congress was but a result in art and literature produced by anti-Stalinism and the beginnings of political revisionism. Is it fair or historically worthy to blame this on Stalin or on his viewpoint of "writing about the truth"? The excessive vigor of the denunciation of "writing about the truth" in "Questions" even goes so far as to overturn historical fact.

Second, could "writing about the truth" lead to naturalism?

"Questions" asserts that "the slogan 'write about the truth' is ambiguous and seems correct but is wrong, so we are hard put to use it to demarcate the borderline between naturalism and realism." The authors go on to state that "under the slogan 'writing about the truth' naturalism passed itself off as realism and, moreover, bragged that it was the truest and most thoroughgoing realism." Actually, the "ambiguity and the appearance of being correct but actually being wrong" lies with "Questions" rather than with the viewpoint of "writing about the truth." This is because, on the one hand, "Questions" does not admit that "during the struggle to expose the 'gang of four' the slogan 'write about the truth' had revolutionary and critical significance, because it stood in opposition to the meaningless art and literature of the 'gang of four' and helped art and literature escape from that purely imaginary paradise and return to the world and replant its roots in the fertile soil of the people." On the other hand, the authors make an about-face and characterize "writing about the truth" as the evil source of several bad tendencies in current artistic and literary creation. Is this "being ambiguous and seeming to be correct but actually being wrong"? In our view, there is absolutely no common ground between "writing about the truth" and naturalism.

Naturalism is an antirealistic method of bourgeois art and literature which originated in the 1860's and was popular in the 1870's and 1880's. Later, it increasingly merged with decadence and became an ideological tool of the reactionary forces in capitalist society. The essence of naturalism is the

superficial depiction of the individual features of reality, a disregard for art and a lack of sociopolitical moral or esthetic evaluation of the events described. In depicting the affairs of life, naturalism seeks only to express apparent surface reality and merely records a description of the various phenomena without expressing their significance or revealing anything essential, typical or in accordance with laws. On the contrary, "writing about the truth" as Stalin advocated it wished precisely to depict our socialist life, to observe and write about things in the march toward socialism, to make sociopolitical, moral and esthetic evaluations of real life and to reveal and express those objective laws of life which are essential, typical and not subject to willful change by anyone. These constitute the continuation and development of realism. It is obvious that these are two diametrically opposed views on intellectual trends in creativity, as Stalin explained long ago in his formulation of "writing about the truth." Why, then, do the authors of "Questions" assert that it is not possible to clearly demarcate the borderline between the slogan "writing about the truth" and naturalism? Furthermore, what is the basis for saying that the creative tendency of naturalism is toward "the viewpoint of 'writing about the truth'"?

"Questions" says, "Practice is the greatest critic of all." This is correct. But ever since the founding of our nation practice has proved that, whenever emphasis is placed on "writing about the truth," literary creativity then rises and flourishes, and whenever there is criticism or negation of "writing about the truth" literary creation then stagnates and retrogresses. In 1956, after the party adopted the "hundred flowers" policy, many comrades in literary and art circles rectified the term "write about the truth" and restored its reputation. Consequently, in 1956-57, before the antirightist campaign, they produced a large number of "truthfully written" socialist works, such as "Newly Arrived Youths at the Organization Department" and "At the Bridge Construction Site," which still are like the fresh scent of flowers to us. Later the antirightist faction expanded and criticized the viewpoint of "writing about the truth" as an "antiparty and antisocialist" and an "antirealistic" view. Works which "wrote about the truth" were criticized as poisonous weeds. And what was the result of all this? The result was that in the 3 years from 1958 through 1960 our literature was saturated with cheap, vacuous and unrealistic works of romanticism. These works were completely unable to withstand the test of time and the masses and have long been forgotten and discarded by the people. In direct opposition to these abnormal conditions, Shao Quanlin [6730 5425 7792] and other comrades rose to the occasion and in 1962 advocated the viewpoint of "intensified realism," which then again restored the reputation of "writing about the truth." Under the influence of the Guangzhou Conference and the Dalian Conference, some rather good works which "wrote about the truth" were produced in 1961-62, such as "Constant Training," "Remarkable People in the Countryside" and "An Unofficial Biography of 'Old Resolute.'" In later literary rectification movements, however, "intensified realism" came under attack, and these works were overthrown as works "written about middle [vacillating] characters," and literature again exhibited signs of stagnation. When Lin Biao and the "gang of four" came into power, "writing about the truth" was strongly criticized as one of the main "eight black doctrines," and realism in art and literature encountered a severe setback, resulting in 10 years of calamity in art and literature. In the 3 years since the smashing of the "gang of four," people with insight have smashed taboos and liberated ideology, so that this repeatedly castigated theory of "writing about the truth" has received the support of a great majority of literary and art workers and brought

progress and prosperity to art and literature. Comrade Hu Yaobang has pointed out that ever since the destruction of the "gang of four" there has been an unprecedented flourishing of the arts and literature. I believe that one of the reasons for this is that they have again gained the approval and the practice of being inseparable from "writing about the truth." The writers of "Questions" have observed these historical practices without understanding them; the criticism of this "greatest of all critics" has filled their ears yet they do not comprehend this. It comes as a surprise that, given the present greatly favorable conditions in art and literary creation, because of the appearance of a few undesirable symptoms they should again attempt to cut down the great banner of "writing about the truth" and smash this theory. Is this not excessively disrespectful of the practices of this "greatest of all critics"?

Can the appearance of some unfavorable symptoms in current art and literary creation be ascribed to advocating the theory of "writing about the truth"? No. They appeared because some writers have a superficial understanding of life and in some ways are ideologically ignorant, so that they have been unable to "truly depict our lives" and to observe and describe "those things which direct our lives toward socialism." This is to say that they simply have rejected the basic requirements Stalin stipulated for "writing about the truth." How can any connection be made between some unfavorable symptoms in art and literary creation and advocating "writing about the truth," even claiming that "writing about the truth" is the "breeding place" of these symptoms? Is it scientific argumentation to take a nonrelevant factor as a "factor" and then add insult to the injuries done to this "factor"? Moreover, we must also point out that in current art and literary creation the concrete expression of these unfavorable symptoms is of incidental things in minor positions and is not as serious as "Questions" exaggerates. For example, the work "By the Riverside," which the authors of "Questions" believe describes with approval and sympathy "the storm-tossed nighttime sexual encounter of young men and women on a riverbank," as far as the whole work is concerned is still good literature. It reveals the serious consequences that befall certain units which are unwilling to implement party policy.

Most critics and the broad masses of readers are positive about this book. As for depicting the "nighttime, sexual encounter between young men and women on a storm-tossed river bank," there is a slight tendency toward naturalism, but it is incidental to the story. Just as Comrade Stalin said, the criticism of a work consists of seeing its main direction rather than merely observing separate details. As for the "unrestrained detailed description of such criminal acts and filthy behavior as theft, violence, obscenity and rape," "a lack of selective description of the finer aspects of life, and an unanalytical description of evil and violence and pursuit of what is stimulating, complicated and bizarre," we are unsure of what works they refer to. If the writers of "Questions" were to make these works public (they need only state the facts and speak rationally, and no one will accuse or attack them, thus avoiding implementing a "hundred flowers" policy), would the actual conditions be all that serious? Are these things of major importance and primary position in these works? This perhaps should also be brought into "question." Naturally, we also disapprove of and oppose such symptoms in creative works, but we believe: 1) No haphazard connection can be made between these symptoms in creative works and the viewpoint of "writing about the truth." 2) There must be concrete analysis of specific situations rather than

an all-encompassing general attack on creative works exhibiting a few of these unfavorable symptoms. 3) Does emphasis on "writing about the truth" obstruct the "sublimation" of the beauty of life into the beauty of art?

Our understanding of the significance and content of the viewpoint of "writing about the truth" has been stated above. Therefore, we believe not only that "writing about the truth" does not obstruct the "sublimation" of the beauty of life into the beauty of art, but, moreover, that it is only "writing about the truth" that can open the obligatory paths to follow in sublimating the beauty of life into the beauty of art.

This so-called "writing about the truth" is not merely writing about some of the truth in life but is writing about the living truth, and it is also the transformation of living truth into artistic truth. And to what, then, does the living truth refer? It refers to these things in life which have objective authenticity, "things which impel our lives toward socialism." You need only be capable of writing about this living truth, no matter whether it be the beauty of life or exposure of that which is ugly in life. This is because living truth refers to things in life which are objectively authentic; therefore, the primary implication of "writing about the truth" is to write that which has objective authenticity, that truth which is not subject to anyone's willful changes. This kind of truth has no class characteristics. Gorkiy's viewpoint from many years back about the so-called "existence of two kinds of truth" (that is, the viewpoint that truth in the eyes of the proletariat and truth in the eyes of the bourgeoisie are different, which sees truth as having different class standpoints, liable to capricious change because of differing subjective wishes and as not having objective standards) has already been proved through practice to be an outmoded viewpoint. Nonetheless, the authors of "Questions" firmly hang on to Gorkiy's viewpoint that there "exist two kinds of truth." To use this to establish the argument for rejecting the viewpoint of "writing about the truth" shows that the writers of "Questions" have not correctly understood the primary implication of "writing about the truth."

The secondary implication of "writing about the truth" is an even more important one, which is the requirement that the author put artistic truth into his works. This is because living truth is the natural pattern of man's social life and exists and develops according to its own definite rules. Artistic truth demands that when the living truth is reflected it be concentrated, summarized, heightened and typified, and that sociopolitical, moral and esthetic evaluations be made. Therefore, the artistic truth of literary and art works is living truth; it is an artistic and typified reflection and description of the living truth and a unification of the sociopolitical, moral and esthetic evaluations of living truth. The higher the degree of unification, the more moving and educational is the esthetic truth. It is just as Stalin demanded in his suggestion to write about the truth: the artist must truthfully express life, artistically write about the living truth, "describe the things which impel us toward socialism" and make a precise evaluation of the living truth. Because "writing about the truth" has these two implications, therefore, emphasis on "writing about the truth" definitely does not reject the active use of a progressive, revolutionary world view in a writer's creative works, but rather makes an even greater demand on our writers to study and grasp the Marxist world view. Therefore, the viewpoint of "writing about the

truth" is not, as the writers of "Questions" assert, an obstruction of the "sublimation" of the beauty of life into the beauty of art, but rather is a clear indicator of the path for "sublimating" the beauty of life into the beauty of art.

In our practices in literature and art over the past 30 years, a regular phenomenon has appeared: whenever the ideology of the workers in art and literature is relatively lively and relatively liberated and a number of good works are produced, a number of unhealthy things also appear in literary and artistic creations. Some comrades are unhappy over this complex situation and always grasp at the unfavorable symptoms in this period (they are difficult to avoid in any period of socialism), then exaggerate things and put the blame on some creative theory. This is followed by criticism and attacks, all in the belief that this is the only way to protect socialist art and literature. However, the theory they blame is the factor which promotes the prosperity of art and literature, so that this blame has the opposite effect and obstructs development and prosperity in art and literature. In fact, some comrades have not truly understood or investigated the content or the historical function of the viewpoints they blame, but merely assume that certain unfavorable symptoms in works probably originated in this viewpoint and immediately press the attack. It cannot be said that these people have bad motives, but 30 years of practice have proved that the objective results of such actions are bad. The present appearance of the article "Questions" is a repetition of this pattern. Nonetheless, we believe that our literary and art workers, who have weathered 30 years of storms in art and literary work, will correctly understand and practice the creative viewpoint of "writing about the truth," will strive to overcome unhealthy things in literary and artistic creation, and definitely will not let the article "Questions" affect their belief in and practice of Stalin's suggestion to "write about the truth."

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'IDLE TALK' SHOULD NOT BE ENCOURAGED

Beijing RED FLAG in Chinese No 17, 1 Sep 80 p 49

[Article by Xueh Ming [5641 7686]]

[Text] In recent years "idle talk" has flourished, and there has been an abundance of "commentators" with high-pitched, strong emotions.

Study shows that "idle talk" has long existed. In 1927 Lu Xun's textual criticism showed that in China "idle talk" originated with the metaphysicians He Yan, Xia Houxuan and Wang Bi during the Wei dynasty [A.D. 220-29], which was ruled by the Cao family. The metaphysicians revered the concept of "wuwei" [nonstriving] found in the thinking of Laozi and Zhuangzi and used it to explicate the Confucian texts. They neglected worldly duties and spoke only of "logic," and the gentry competed to emulate them. At the end of the Wei dynasty there were Yuan Jie and six others, renowned as the "Seven Sages of the Bamboo Grove," who not only engaged in empty talk but also were given over to drink. Later this trend gradually grew in society, so that "many people only engaged in pointless empty talk and conversation and were unable to manage affairs. This also influenced politics, so that people engaged in 'empty city stratagems' while actually lacking any real strength." (Lu Xun, "Collection of Mere Truths") This is why there is the historical saying, "impede state affairs through idle talk."

The intellectuals of the landed gentry class were pessimistic and felt hopeless over the future of their class dictatorship, so they used "idle talk" to avoid their worldly responsibilities, alleviate their sorrows and escape reality. This was determined by their class nature and therefore was not at all strange. It is worthy of note that, just as when our state first began to form, so today, with the first beginnings of the great plan of the four modernizations, we also see a number of people who call themselves "observers" and "commentators" and spend their days offering their comments, either making pointless and irrelevant big, empty talk or complaining about everything and everyone until one sickens just to hear them. They talk about everything except how to manage their unit and what they themselves ought to do. Their encouraging tunes are heard everywhere, in the conference rooms, offices, dormitories and in all the publications; some even ramble on as they lie in bed. This is entirely incompatible with what our proletarian revolutionary spirit ought to be. "Idle talk" must not be encouraged!

Because of various subjective and objective factors, all sorts of social comments have been made, and this is indisputable, so if some people happen to make some

"meaningless" remarks, it is nothing to wonder at. The problem is that there is a limit to all things; "going too far is as bad as not going far enough," "one extreme leads to the other," so that when "idle talk" becomes excessive and turns into a trend, not only is much time wasted but, furthermore, fighting spirit is blunted, perceptions are confused, the nation is imperiled and the people are harmed, all of which poses great dangers. Now, as far as discussions are concerned, there are a few reminders to be given: 1) Be practical and realistic, refrain from speaking groundlessly and don't pass on baseless rumor. 2) Pay attention to the situation, always distinguish between insiders and outsiders and do not make indiscreet remarks everywhere. 3) Make more positive suggestions and take concrete actions. 4) Be consistent in word and action, become involved in things and constantly ask oneself, "Have I done everything to the limit of my abilities?" In short, in my humble opinion, don't be an "idle talker," be a worker; even commentators should be men of action. Isn't it better to make nets than to watch the fish in the pond? Isn't it better to take vigorous action than to set around making empty talk? Isn't it better to say "Let me do it and do it now" than to make empty comments?

"Idle talk" impedes the state, taking action builds a nation!

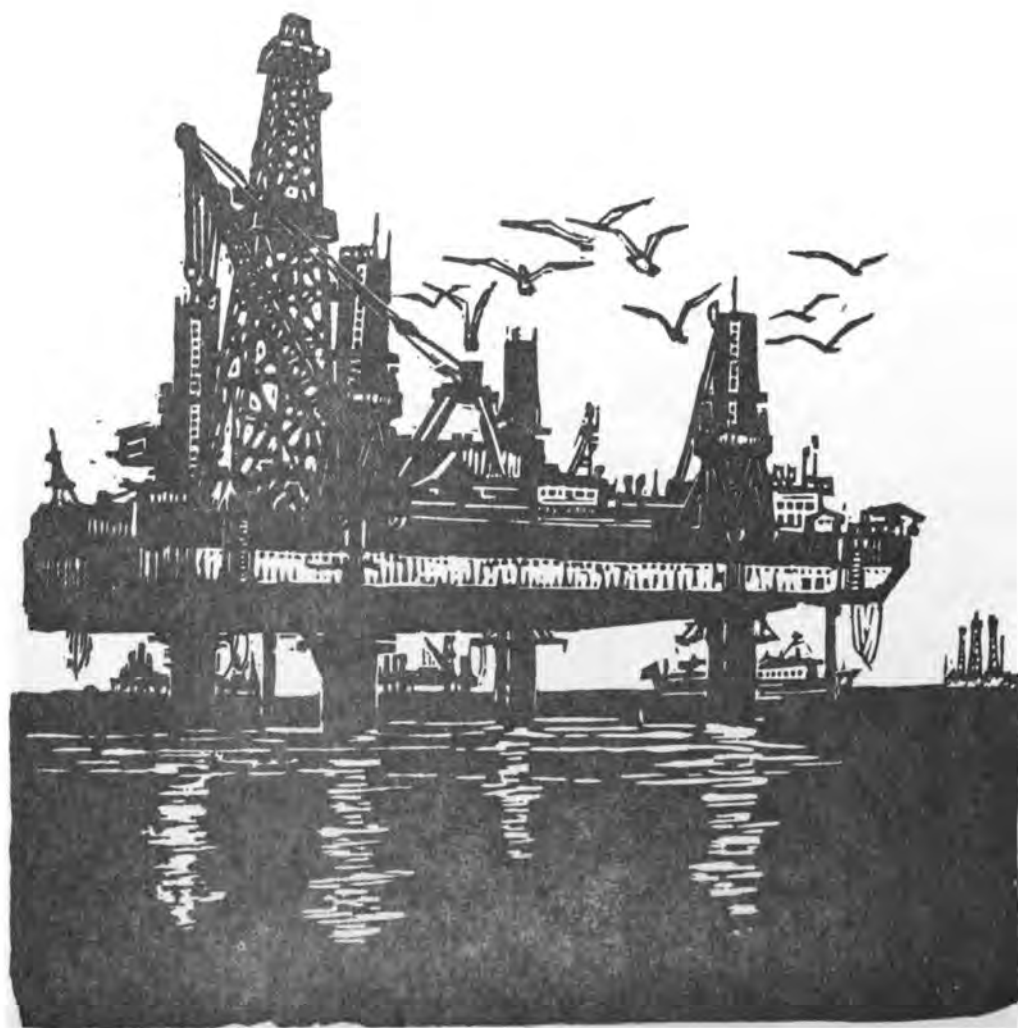
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OIL PROSPECTING ON THE SEA

Beijing RED FLAG in Chinese No 17, 1 Sep 80 outside back cover

[Woodcut by Li Liangyu [2621 5328 3768]]



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END



