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25 March 1983

# China Report

RED FLAG

No. 2, 16 January 1983



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

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IN DEVELOPING AGRICULTURE, EDUCATION IN SCIENCE AND TECHNOLOGY AMONG CADRES  
AND PEASANTS MUST BE STRENGTHENED

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 2-5

[Article by Wan Li [8001 6849]]

[Text] Editor's note: We now publish excerpts of a speech made by Comrade Wan Li when he met the participants in the fourth study course for leading agricultural cadres on 3 December 1982.

Agriculture has always constituted a major problem in our state. If our agriculture is fine, the situation in our country is also fine. The worst period in our economic situation since the founding of the PRC was during the Great Leap Forward and the 3 difficult years. In Beijing, pork was unavailable for several months. At that time, everyone was in low spirits. We shall never forget this lesson. The situation has been excellent over the past few years. This is primarily due to the development of agriculture. The 800 million peasants have ease of mind and are happy. Therefore, agriculture affects the economic situation of the state. Being veteran cadres, you can recollect that in the past 30-odd years, the market as well as the overall economic and political situation of the state was fine whenever there was a bumper harvest in agriculture. Developing agriculture constitutes a strategic question. The population of our country is 1 billion now, and it will increase to 1.2 billion by the end of this century. This makes it necessary for us to have a good grasp of agriculture, and under no circumstances should we relax our efforts. We should adopt various measures and strengthen all fields of our endeavor in developing agriculture and the rural economy and bringing prosperity to peasants in their hundreds of millions. We should never vacillate in adherence to this principle, for any vacillation might ruin matters. This is the first point.

Second, our agriculture has had its ups and downs over the past 30-odd years. After being good for a certain period of time, it turned bad and, after being bad for a certain period of time, it turned good. This unstable situation has been a reflection of the weather conditions, but also of our leadership over agriculture. Whenever we exercise leadership over agriculture in a down-to-earth manner, the agricultural production is fine. How should we strengthen, and improve our leadership over, agriculture? An

important factor is to carry out reeducation among cadres, intellectuals and peasants. What we are referring to is not "taking class struggle as the key link" but is aimed at educating people to engage in the four modernizations drive according to the requirements of the 12th party congress. The four modernizations include the modernization of agriculture. What is meant by agricultural modernization? It refers to the application in agriculture of the achievements of modern science and technology in order to promote the rapid development of agricultural productive forces. The leaders of agriculture should master scientific knowledge by diligently studying modern scientific and technological knowledge of agriculture; the broad section of peasants should also raise their cultural and scientific level. These should be combined together. It is imperative for leaders to understand science. Should we not rely on policy and science? I am not talking about the question of policy today. I shall deal specifically with the question of science and education. In the past, various concepts, such as the whole country learning from Dazhai and great criticism promoting energetic work, were adopted. It was also said that "without blocking the way to capitalism, it is impossible to move a step along the socialist road." Can repeated struggle strengthen leadership? Your work points would be deducted if you did not go to work; the amount of grain ration was determined by the leadership; what crops should be grown on which fields was also decided by the leadership; the peasants did not have time to go to a fair or go home to do some cooking; they did not even have the right to raise chickens. You can see how strict and stern the discipline was! Was not this "leadership" strong enough? It can well be said that it reached an extreme degree. However, the stronger the leadership, the worse things became.

In order to strengthen and improve the leadership of the party, it is necessary for our leadership to conform to science and act in strict accordance with the law of nature and the economic law. We should not talk in general terms about objective law but should proceed from actual situations in various localities. Agriculture is different from industry. The soil to the east of the village is different from that to the west of the village. In directing agricultural production, it is necessary to learn to exercise leadership in a scientific way. Generally speaking, there are two branches of science, the natural sciences and the social sciences. As for philosophy, this is the generalization of the two. Natural sciences and social sciences permeate each other. For example, administration and management involve both natural and social sciences.

Just as Comrade Hu Yaobang said, the situation of our agriculture is excellent and on the ascent. Is there any possibility of suffering another setback in the future? We cannot say that there can never be such a possibility. However, I think there is a greater possibility that we shall avoid setbacks and advance progressively until the end of this century and the next so that our agriculture will steadily develop. This is because politically, there has been and will be a long period of a political situation characterized by stability and unity since the 3d Plenary Session of the 11th CPC Central Committee, and particularly since the 12th party congress. The CPC Central Committee has decided through discussions that "three kinds of

people" should not be allowed to join in the leading bodies. In addition to that, people who oppose the 3d Plenary Session of the 11th CPC Central Committee and those who commit serious crimes in the economic field, making up "five kinds of people," should not be allowed to join in the leading bodies. Thus we shall be able to ensure the continuity of the policies and the continuity of the line, principles and policies determined by the 12th party congress. A stable political situation and persistence in implementing correct policies toward peasants and giving full play to the initiative and creativity of peasants in production will enable our agriculture to continuously develop and the peasant masses to get richer with each passing year. It is absolutely necessary for our cadres at various levels to support peasants in getting rich. Why should the Communist Party be afraid of people getting rich? How can one talk of communism if everyone is living in utter poverty? Communism certainly does not mean practicing egalitarianism with "everybody eating from the same big pot"; it means eliminating exploitation and exploiting classes. The ability of the Communist Party lies in being skilled in leading the people to create wealth, while being able to avoid polarization, so that the whole people can become rich with good cultural and living standards and a high degree of democracy; thus we gradually build a communist society in which there is great abundance of material goods and which follows the principle of from each according to his ability, to each according to his needs. Hence, in the current stage, we must work hard to implement the principle of distribution according to labor and advocate that people get rich through hard work. Since the 3d Plenary Session of the 11th CPC Central Committee, we have worked hard to set things to rights. However, there are still some erroneous ideas which should be rectified. At present some "10,000 yuan households" have appeared, but many people "welcome this on the one hand and fear it on the other." What is there to be afraid of? What is so terrible about just having 10,000 yuan? The Communist Party's leading the peasants to emancipate themselves is no more than economic emancipation and political democracy. Nobody will support the Communist Party if it does not allow people to get rich through hard work. Our agriculture must develop commodity production and do everything possible to enable the peasants to get rich. As they cannot all suddenly become rich together, we should allow some of them, with the right conditions, to get rich before others. The aim of doing this is precisely to enrich the whole people.

The party has decided on the modernization program. In order to lead the peasants toward modernization, we should have modern ideas and knowledge. Only by having modern scientific knowledge can we lead the modernization program. Nonprofessionals should never lead the professionals. If nonprofessionals lead the professionals and are invested with great power, they will surely commit the mistake of giving arbitrary and impracticable directions. If we exercise leadership over agriculture in violation of the laws of nature and economics, our agriculture will surely suffer another setback. After studying here, you will feel there is much to learn in agriculture. This is what is called "realizing insufficiency through study." Agriculture involves astronomy, geography, biology, chemistry, physics, mathematics, genetic engineering, administration, management and other branches of learning. These branches of learning can serve agriculture. If you are to

exercise effective leadership, you must have wide knowledge. That is why we made up our minds to ask you to study and learn the ABC of agricultural science. The practice of pressurizing the peasants to sow and reap crops more quickly is unworkable. We cadres are facing the problem of educating ourselves again. All comrades, including myself, should read the material for study every day and constantly learn new things. After finishing your studies here, you are not regarded as having graduated. This is only a beginning, which enables you to understand that providing leadership over agriculture is not a simple matter. We should have some scientific knowledge in order to provide effective leadership over agriculture and adapt ourselves to the development of the new agricultural situation.

Now the broad section of peasants have the desire to study science and regard scientific and technical personnel as "gods of wealth." In quite a few places, the peasants have a true respect for intellectuals and take them as teachers. Conversely, in a considerable number of institutions and factories, there still exist the phenomena of failing to attach importance to, and discriminating against, intellectuals. This is because some people have not become politically awakened and always frown upon intellectuals. Therefore, we should continuously stress the implementation of the policy toward intellectuals.

In the course of the current structural reform, the CPC Central Committee and the State Council have discussed on several occasions the necessity of stepping up the training of cadres at various levels and enhancing the quality of cadres. We ask you to study in this training class in order to enhance your quality and improve the art of leadership. In this way it will be possible for you to avoid committing another grave mistake in exercising leadership over agriculture and to promote the development of the excellent situation. The central party school is now selecting younger cadres to study both politics and vocational work. Party schools at various levels can also do likewise. In order to improve the leadership of the party and government at various levels, you should draw up plans, after you return to your respective units, for the extensive training of the existing leading agricultural cadres. If you grasp this work firmly and resolutely, you will strengthen and improve leadership over agriculture in your province and region. This is not empty talk. There is a lot of work to be done and there are problems of teaching materials and teachers. We can ask experts, or persons with professional skill, in scientific research and educational departments and other posts to give lessons. We should get organized, persist in this work and strive to train all leading agricultural cadres in 1-2 years. In this way we can avoid committing, or commit fewer, mistakes of giving arbitrary and unpracticable directions. This is an important point.

Third, all of us are now talking about quadrupling output value. Some people have confidence and some lack confidence. Some people say that it will be impossible to quadruple output value and some others talk about achieving an 8-fold or 16-fold increase in output value. Some of those who have confidence or lack confidence have aired their views with good grounds, and some have said so without good grounds. Today, I read the tentative plan of Huaiyin Prefecture for quadrupling the gross value of agricultural



production. It is a good one, for it indicates not only confidence but also measures. One of the measures reads: "Increase intellectual investment and raise the level of scientific farming. First of all, it is necessary to run well both middle and primary schools and improve educational quality. This is a foundation. Efforts will be made to make primary education universal in the rural areas and make junior middle school education universal in cities by 1985. Vigorous efforts should be made to develop jointly run middle schools. It is necessary to reform the structure of secondary education by developing vocational education and agricultural middle schools and opening agricultural courses in ordinary middle schools. Various methods of fund raising, such as state subsidies, local finance and the raising of money by communes and their production brigades and teams, should be adopted to improve the conditions of running a school. At the same time, it is necessary to step up scientific and cultural education among peasants. By 1985, the literacy rate in the whole prefecture should come up to more than 85 percent. It is necessary to vigorously strengthen the ranks of agricultural scientific and technical personnel, implement the policies toward scientific and technical personnel and strive, in 5 years, to assign 1 university graduate, 2 secondary vocational school graduates and 2-3 peasant technicians to every agricultural scientific center of the commune." This measure is correct. It is a pity that many localities fail to include this point in their plans for quadrupling output value. We cannot achieve much in intellectual investment by exclusively relying on state funds. It is necessary to raise funds from various sources, such as the state, localities and peasants. In the rural areas, there are many things which can be done with the necessary funds so long as the peasants need them and the leading cadres are enthusiastic about them. I suggest that we do fewer of the less urgent things, but instead raise funds for the training of technicians. We should train the existing youths of junior and senior middle school level by giving them lessons in modern scientific and technical knowledge in light of local conditions. This is a relatively speedy method which will enable them to achieve secondary vocational standard in 1-2 years. Speedy results can also be attained by training specialized households, and households doing specialized jobs, in accordance with their specialization. All trades, including the service trades, should train competent persons. Naturally, we should not relax our efforts in extensively raising the cultural and scientific level of peasants.

There now exists the question of utilizing intellectuals. In regard to intellectuals who live in the countryside, how can we let them stay there and struggle for agricultural development all their lives? We should respect them, give them work suited to their abilities and offer them relatively higher remuneration. There is a problem of remuneration for intellectuals in the rural areas. We should give them somewhat higher remuneration by adopting various methods, including subsidies. Local authorities should pay part of the extra money and peasants will also be willing to contribute. The question hinges on whether or not we pay attention to it. If we pay attention to it, there will be ways to solve it. In regard to scientific and technical personnel who do not live in the countryside, some engage in teaching and scientific research in cities. We can assign them some training tasks or ask them to give lessons. They can also go down

temporarily to the rural areas for a fixed period of 3 months, a year or 2 years. We should encourage them for their service by granting subsidies. Some intellectuals are not willing to go to the countryside because in the past they had been cold-shouldered and because our cadres acted arbitrarily and gave wrong orders. Others are unwilling because of actual hardships which the leading cadres do not bother to solve or because their children cannot get a proper education there. It is hoped that the ministries of labor and personnel, education, and agriculture, animal husbandry and fishery will conduct joint investigation and study, solve the ideological and practical problems and mobilize 80,000 to 100,000 intellectuals to go to the frontline of production. They will create much wealth if they go to the rural areas, for they are "gods of wealth." If they go to the countryside, we can agree not to change their residence registrations and their lodgings or reduce their remuneration, but will instead increase it to some extent. You can start this work in your localities.

Student enrollment methods should be changed next year. Peasants should be given priority to send to universities some of their children who will return to their villages to engage in their specialties. When enrolling students from agricultural regions, pastoral areas and forest zones, universities, colleges and secondary vocational schools may lower the pass marks. In the future, work allocation for university graduates should not be guaranteed and monopolized by the state, and a breakthrough should first be made in agriculture.

Lastly, the superstructure should keep abreast of the situation and all trades and services should do the same. Let me repeat what I said at the conference of agricultural secretaries: Party and government leaders and all trades and professions should keep abreast of the situation, particularly in communications, transport, processing, packing, commerce and industry. Today we have specially invited comrades of the machinery departments to this meeting. They should take care not to adopt the attitude that peasants should purchase and use whatever they produce. They should produce and sell what the peasants need. The peasants need small, convenient and multipurpose working machinery which can save oil and electricity. Tractors should be small and diversified. I read a newsletter published in JIEFANG RIBAO on 29 November, explaining how the Shanghai Electrical Machinery Plant helped the Shunde Sugar Plant in Guangdong in carrying out technological transformation. This newsletter is very short and you might as well read it. Following a big increase in the production of sugar cane in Guangdong, sugar refinery facilities failed to catch up with the situation. After visiting the sugar refinery, the director of the Shanghai Electrical Machinery Plant helped the refinery transform the power facilities, which resulted in saving a large amount of energy and manpower and in a big increase in production capacity. They succeeded in achieving this because they had the spirit of working against time, the spirit of serving agriculture and because they had some intellectuals who were experts. These three points should be extensively and energetically promoted. So long as the comrades from the machinery departments go down to the rural areas and see the actual situations there, they will be able to produce agricultural processing machinery which saves on energy and labor

and which is easy to operate. Big tractors will be renovated in the future. In agricultural machinery, we shall take the road of small and specialized equipment. This orientation has been determined. In serving the peasants, the machinery departments have a lot of subjects to study, such as the preservation of fresh fish, fruit and vegetables and the industrial processing of food. There is a lot to be done. With the development of diversified undertakings in the rural areas, various kinds of machinery are needed. The machinery departments should help solve this. It is necessary to discuss this problem, formulate plans or write reports. In commerce, there should be more channels but fewer links. How is the problem of agricultural transportation to be solved if peasants are not allowed to purchase cars? Shall we use tractors or diesel cars for agricultural use? I have read an article about the unavailability of fresh fish in Wuhan. Why should live and fresh fish be delivered to Wuhan dead and stinking? Is there really no way to solve this problem? There are too many rigid conventions in the superstructure. Comrade Chen Yun's speech about the relationship between "a bird and a birdcage" has been published in the newspaper today. We should let the bird fly and not pinch it to death. We should let it fly in the cage, otherwise it will fly away. Ours is a planned economy. We should allow it to operate within this scope for there is no use in restricting it in a rigid manner. The secretary of the Liaocheng Prefectural CPC Committee has raised a very good suggestion. He said: Cotton is an important material under the state planned purchase. Now that cotton production has been increased by a big margin, how can we possibly rely on one unit to purchase it? How can this unit possibly cope with this situation since it is short of warehouses, manpower and processing capacity? The situation would never be like this if the prefecture and counties took a hand in managing the work. I have sent people to conduct investigation and study on this matter. There are comrades from the Yunyang Prefectural CPC Committee in this training class. When I went to Yunyang, I said to the comrades from the prefectural CPC committee: Developing tangerine production is a good thing. What should they do if the production of tangerines increases by a big margin a few years later? It is necessary to pay attention to it in good time. Jiangxi, and Hubei's Yichang, are also vigorously developing tangerine production. If the tangerines cannot be transported to other places, they will rot. What a pity that would be!

At the conference of agricultural secretaries I said: When you return to your localities, you should not talk about quadrupling output value in the first place. You should conscientiously conduct investigation and study in accordance with the guidelines of the 12th party congress and, taking a county, a prefecture or province as a unit, work out economic regional programs and plans in accordance with scientific law. In developing agriculture, there is a question of adjusting measures to local conditions as well as the questions of market and transportation conditions. We should not act blindly. These are improved methods of acquisition. We cannot make a fortune if our commodities do not circulate smoothly. We can make a fortune only if our commodities circulate smoothly. Quadrupling output value should be based on science. We cannot achieve it if we do not have lofty aspirations and great ideals. However, we should pay attention to

science. In the past few years, we have laid a good foundation in grasping the work of formulating agricultural regional programs. Good economic results have been attained in Sichuan's Dayi County by working out a regional program. After acquiring the methods of acquisition, we should also consider the question of accumulation by educating the peasants to be industrious and thrifty in managing their households. With the improvement of their livelihood, the peasants can expand their reproduction capacity and engage in rural construction, such as water conservancy projects, schools and cultural and scientific undertakings. They can also run them by pooling capital. We should rely on the peasants to acquire and accumulate funds, educate them to pay attention to the methods of spending the funds and guide them in utilizing manpower and financial resources in appropriate places.

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CREATE A NEW SITUATION IN THE STUDY OF PHILOSOPHY AND SOCIAL SCIENCES

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 6-9

[Commentator's article]

[Text] Over the past few years, our work in philosophy and social sciences has displayed its role in giving assistance and advice and has made considerable achievements in the process taken by the people to realize great historical changes under the leadership of the party. The broad masses of philosophic and social scientific workers have taken an active part in restoring order, both ideologically and theoretically, probed into a number of new subjects with regard to the modernization program and put forth many valuable views. Considerable development has also been made in building branches of learning, research organizations and the ranks of scientific research workers and the scales of these aspects and their roles have surpassed any period since the founding of the PRC. But we must be aware that the works of philosophy and social sciences are lagging far behind the needs of the socialist modernization program. At a time when the various trades are vying with each other in making contributions for the realization of the program of the 12th party congress, we from the circles of philosophy and social sciences cannot lag behind; we must spare no effort to make a big stride in our work in a not too long a period. This work includes stepping up the study of the law of the development of various sectors of socialist construction, stepping up basic study of philosophy and social sciences, developing applied study in a big way and doing a good job of popularizing works. Once we are able to do a good job in these aspects, we will consequently be able to create a new situation for the prosperity and development of philosophy and social sciences.

In strengthening the study of the law of the development of various sectors of socialist construction, it is imperative, first of all, to study the law of economic construction. This sector includes studying the relations of production (particularly the forms of ownership), productivity, planning, finance, labor, population and management systems, and the relations between commodities and currency, price and profit. In short, it is necessary, first of all, to study socialist economic sciences. Socialist economy was formed in the world as a new economy several decades ago. On the one hand, this economy has demonstrated its superiority over the capitalist economy and, on the other hand, it has met with a number of new problems in

practice; for example, how to fully mobilize the initiative of various aspects under socialist conditions, how to increase working efficiency and how to improve economic efficiency. All of these are not only important but also complicated. The basic way to display the advantages of socialism is to solve these problems. Of course, we will not be able to study well many problems in a short period because socialist economic construction is not yet mature in practice of experience. But we cannot wait to begin our study until our experiences in this aspect are mature. The socialist modernization program urgently requires us to follow the development of practice and constantly accumulate and sum up experience and solve some problems that can be resolved at the present stage.

The report to the 12th party congress profoundly expounded the strategic significance and basic contents of the building of socialist spiritual civilization. Such explanation is an important development of scientific socialist ideology. There are a number of questions in the building of socialist spiritual civilization, such as the role of spiritual civilization in the process of socialist construction, the relationship between spiritual civilization and material civilization, the relationship between communist ideology and socialist policies, the relationship between cultural construction and ideological building in the process of building spiritual civilization, the relationship among men as a part of socialist spiritual civilization and the law of the development of education, science and other cultural undertakings. It is of great theoretical and practical significance to study and solve these questions. The various aspects of communist education, including the fields of history, idealism, morality, culture, law, patriotism, internationalism, communist labor attitude and collectivism have very rich theoretical contents. Moral education is extremely important and it includes political, economic, cultural, social, family, and personal morality, while social morality includes morality of various professions. There is a broad virgin land in communist education that is yet to be exploited. We will be able to put forth systematic and valuable views in this aspect only when we have been able to meticulously carry out study that is coupled with detailed reference materials.

The report to the 12th party congress put forth the task of building a high socialist democracy and the core of this democracy is that the people are masters of the country. A series of subjects have to be studied before we are able to further solve the question of becoming masters of the country. These subjects include the development and perfection of the system of people's democracy, reforms of the socialist political system, leadership system and cadres system, the superiority of the socialist democracy, the relationship between socialist democracy and socialist economy and culture, the relationship between socialist democracy and the socialist legal system, social political contradictions and class struggles under the socialist system, the relations with nationalities and the question of religion. In particular, the general understanding of socialist politics and the contents and features of this understanding are different politically in history. This understanding has its role in the development of socialist society and has another role that should not be displayed. All these have to be meticulously summed up and studied. The autonomous organizations of

the masses at grassroots levels have carried out enormous work in mediating family quarrels and educating the masses in their daily life and consequently many social contradictions have been properly resolved and social stability and unity are guaranteed. Many foreign scholars have praised the achievements we have made in this aspect and hold that it is a unique creation of China. It is a pity that up to now socialist politics have not summed up this aspect well and, therefore, it is for the social scientists to solve this question.

The report to the 12th party congress put forth the task of building the party into the strong leadership core in carrying out the socialist modernization program, while the new constitution has made a number of important principled rules and regulations in this aspect. A basic question is how should the leadership of a communist party be carried out in a socialist country and in what form should it be carried out to accord with the needs of the state and the people? Otherwise, it will unfavorably affect the state and people. This question so far has not become a subject of scientific study. The new constitution has defined that the leadership of the party mainly refers to political, ideological and organizational leadership and consequently it has clarified relations between the party and state organizations and nonparty organizations. However, it remains the task of social scientists to explain this question theoretically and in detail.

In short, it is a major subject of scientific study to study the law of the development of the various sectors of socialist economy, politics and ideology and culture, to study the various features of socialist society and the formation and development of these features and the emergence of new features in the process of their development. If we oversimplify the features of socialist society, we will make mistakes in practice. We made many mistakes in the past and an important reason is that we did not understand socialist society in an overall way, nor did we study this society in an all-round way. It is true that we carried out the study of some subjects but most were based on words spoken by Marx, Engels, Lenin and Stalin and other persons and not on the reality of socialist society, the process of the emergence and development of this society and the development of various aspects of the society. Although the development is complicated, we still can find its features and law. If we suffer setbacks in our study, we must and can find the reasons and avoid following the same old and disastrous road. Socialism is a new thing and to study it scientifically is a pioneering work and, therefore, it is far from enough just to rely on the achievements made by predecessors. For many questions there are no ready materials as evidence, nor are there ready answers. Consequently, some comrades may be at a loss as how to carry out the study. But science demands that we carry out our work creatively. The 12th party congress put forth the task of building socialism with Chinese features. This socialism is now being built and it is in the process of being realized. Following the development of this practice, it is imperative for us to solve this question well theoretically, so as to complete this grandeur and creative project that will have far-reaching significance both to the future of China and the future of the world.

It is also very important to strengthen the basic study of various branches of learning in philosophy and social sciences. If our basic skills in philosophy and social sciences are very poor, our basic knowledge in this aspect is consequently very poor too and under this condition, it is impossible to make considerable achievements in the study of many important questions in socialist construction. Up to now, we have not been able to write high-standard theoretical books about Marxist philosophy, political economics and scientific socialism and it is an unavoidable task of the philosophic and social scientific workers in China to write such scientific works. There are many branches of philosophy and social sciences and new ones are constantly emerging. We must make enormous efforts to study the basic theories of such branches of sciences as the sciences of law, politics, sociology, ethnology, literature and art, history, religion, pedagogy, news information, philology, archaeology and international affairs. Some branches are still untouched and have to be explored. In addition, we must pay enough attention to and do a good job of such works as collating and explaining main classical works in China, translating books published by other countries about basic philosophy and social sciences, editing and compiling basic reference books and criticizing and studying the ideological trends in philosophy and social sciences both at home and abroad. These branches of science are interrelated and affect each other. The relations of many branches of sciences are very complicated while some mutual effects among them cannot be seen easily. If we only pay attention to some branches of science and neglect others, we will damage the development of the whole philosophy and social sciences. Therefore, the basic study of the various branches of sciences must be seen from the point of broad vision.

There are also problems in comparing our study of philosophy and social sciences with the international advanced standard. Of course, these problems cannot be lumped together; they need concrete analyses. While there are comparable aspects in the level of the development of philosophy and social sciences in foreign countries, there are also incomparable aspects. In comparable aspects, we are lagging behind some other countries in certain targets of the study of philosophy and social sciences, in the number of staff and study conditions, in the breadth and depth of the study and in the modernization of the means of the study. Take the study of the history of World War II for example. It was only recently that we published the first book on this aspect. Similar books have been published much earlier in other countries and in enormous quantity. Some of the books contain very rich and accurate materials. If we fail to see our backward situation and consider that we have published some booklets with profound and progressive contents and consequently believe that ours are comparable with or have surpassed the dozens of books with the same titles that are published by others, we will find ourselves bogged down in the communist fanaticism of exaggeration that was often subject to criticism by Lenin. Apparently, such attitude is not in the interest of the development of sciences in China.

To strengthen the study of the application of philosophy and social sciences is the need of socialist actual life as well as a feature of Marxist



philosophy and social sciences. Marxist philosophy and social sciences are for application and they exist also for this purpose. Therefore, it can be said that the application of various social sciences is to improve the Marxist consciousness of the people throughout the country and promote the work of the modernization program. At the present stage, there are a number of cadres and masses who still do not really understand the role of social sciences. Therefore, in order to change this situation, it is necessary to carry out propaganda and explanations and, even more importantly, to prove through practice the direct effects of philosophy and social sciences in life. Otherwise, even if we publish many "collected works of advice," we still will hardly be able to explain the application of philosophy and social sciences. Therefore, it is imperative for us to put in an important position the study of the application of philosophy and social sciences.

We can see that over the past few years encouraging achievements have been made in the study of the application of natural sciences. Some natural scientists have already established relations with big factories, major industrial bases and rural areas, directly shouldered the tasks of certain research items or signed contracts on scientific and technical cooperation. Philosophic and social scientific workers must also advance in this direction. For example, the comrades who are studying economic management may sign contracts with some factories in order to put forth plans for improving factory management after they have carried out investigations and study for a certain period, or they may cooperate with factories in carrying out reforms. This work has already been started and it is hoped that it will be gradually expanded. They may cooperate not only with enterprises but also with a municipality or a province. It is also possible for them to establish such relations with whole state organizations to take the assignment of the state in the study of application. Enormous work has been done in our study of the science of law in the establishment of the legal system over the past few years and more work can be done in the future. This work includes training judges, public procurators and lawyers and other specialized staff and, in the legal sector, providing correct guidance and assistance to the many victims in cases involving the violation of law. The targets of the direct application of many branches of sciences can also be found. Although the range of the application of various branches of sciences is not the same, the application itself cannot represent the whole contents of the study of each branch and it is impossible to use the whole strength in the study, still we can use a certain strength in this aspect. It is a glorious obligation of philosophic and social scientific workers to society. If we can complete this task well and display our roles in actual work, the value of social sciences (although not the whole value) will be acknowledged by society. In this way, we also will be able to provide reference materials for the study of sciences and expand our vision.

In addition to the above-mentioned work, there is another work of popularizing social sciences; that is to say, how to popularize the knowledge of social sciences and the ideology of social sciences. It is true that this work is not an important part in the study of philosophy and social

sciences but is, after all, an important part. It is a pity that there are many shortcomings in this work, such as the fact that nobody is responsible for carrying out the work of popularizing social sciences or that the quality of this work is not ideal. It is not easy to carry out popularization work and not everyone is in a position to do so. In order to build socialist spiritual civilization and improve the scientific and cultural level of the whole nation, China urgently needs a rank of the philosophic and social scientific workers who have grasped the skills of popularizing social scientific knowledge and who are able to draw the attention of the broad masses of readers and listeners.

The advocacy of these tasks shows that the philosophic and social scientific front has a heavy responsibility in realizing the program of the 12th party congress. There is no reason for the comrades in this front to disregard this serious task and seek a relaxed and pleasant little world of their own for carrying out the study. We have discarded the wrong method of serving politics at the expense of the scientific nature of academic study. However, all philosophic and social scientific workers must be conscious in sparing no effort to make themselves accord with the needs of the people and the needs of socialism. To accomplish the above-mentioned tasks, it is imperative for the broad masses of philosophic and social scientific workers to work strenuously. The most important thing is to persist in resorting to Marxism-Leninism-Mao Zedong Thought as the guidance of their work, carry out study and investigations meticulously and systematically and conscientiously follow the principle of combining theory with practice. The socialist modernization program is developed with each passing day and the broad masses of people are putting forth new questions every day and creating new things. If the philosophic and social scientific workers are divorced from the masses and reality, they will not be able to vigorously promote the development of social sciences. To persist in having Marxism as the guidance and concentrate efforts in studying and solving theoretical and practical problems of the socialist modernization program will help promote the development of socialist construction and promote the development of Marxism and it is the only correct road for developing social sciences.

The leadership of the party is the guarantee for the development of philosophy and social sciences. In order to strengthen this leadership, it is imperative to perfect it. We must conscientiously implement the party's various principles and policies on scientific work, particularly the policy on intellectuals and the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." It is wrong to neglect social sciences, discard the leadership of the party and get rid of Marxist leadership. But the strengthening of leadership can only be carried out according to the law of the development of sciences. The comrades in leading positions must work hard to grasp a certain scientific knowledge and be good at learning from those who have knowledge so that to guarantee that they will be able to carry out their leadership correctly and not use their power to conduct brutal and arbitrary interference. The sector of sciences and culture is like a garden, while those in leading positions are like the gardeners who can only irrigate, apply fertilizer, weed and

prevent and eliminate pests, but are not permitted to trample underfoot at will.

It is the hope of the party and the people to create a new condition in the study of philosophy and social sciences and it is a glorious task of the broad masses of the workers in this front. Over the past few years, the party has put forth the principles for emancipating thinking and seeking truth from facts and a series of principles on science and culture that have now been implemented. The party's theoretical creation on some major questions in socialist construction, the development of the initiative of the masses of people in history and the development of their activities, the social political environment of unity and stability that has been created by the party through enormous works and the stably improving economic life have created a good condition for the normal development in the study of philosophy and social sciences. We are confident that under the leadership of the party and through long, hard work by the broad masses of philosophic and social scientific workers, the various aspects mentioned above will be able to make brilliant achievements.

CSO: 4004/21

UPHOLD THE MARXIST PRINCIPLE IN DEVELOPING OUR PARTY'S RELATIONS WITH  
COMMUNIST PARTIES OF VARIOUS COUNTRIES

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 10-14

[Article by Li Ji [2621 7535] and Guo Qingshi [6753 1987 0099]]

[Text] The new party constitution adopted by the 12th CPC National Congress clearly points out that the CPC "develops relations with communist parties and working-class parties in other countries on the basis of Marxism and the principles of independence, complete equality, mutual respect and noninterference in each other's internal affairs." In his speech at the congress, Comrade Hu Yaobang succinctly and clearly expounded these Marxist principles.

Marxism brought to light the laws governing the development of the history of human society. It expounded the inevitability of the birth, development and demise of the capitalist mode of production and put forward the strategic and tactical principles for the proletarian revolution. However, in order to achieve successes in revolution, all countries must correctly apply these principles in their concrete practice.

In its long-term revolutionary practice, the CPC combined the universal principles of Marxism with China's concrete conditions and worked out concrete strategies and tactics which suited the realities in our country. It adhered to the principle of independence, got rid of all external interferences and led the people throughout the country to score great victories in the new democratic revolution. Soon after that, it carried out socialist revolution and construction in accordance with the same principle. In its external relations, it also scored great achievements and enjoyed high prestige in the world. However, in the 10 years of internal disorder during the "Great Cultural Revolution," our international contacts were affected and obstructed and the principles governing our foreign relations were not well implemented. Since the smashing of the Jiang Qing counterrevolutionary clique, especially since the 3d Plenary Session of the 11th CPC Central Committee, we have exposed and criticized the evils done by the Lin Biao and Jiang Qing counterrevolutionary cliques, including Kang Sheng, one of their chief members, to obstruct and sabotage our party's external activities, and have corrected some erroneous practices in our previous international contacts. At the same time, in the

international communist movement, the struggles of some parties to oppose external interference and maintain independence have constantly developed. They also desire to restore and develop relations with the CPC.

In the new situation, our party has constantly developed and strengthened its friendly relations with the Korean Workers Party [KWP], the Romanian Communist Party [RCP] which has maintained close relations with us, and the communist parties in many countries, as well as some newly established communist political parties and organizations. The revolutionary friendship between our party and the KWP is cemented with blood in our long-term common struggles. It has withstood severe tests in the flames of battles and in various international stormy waves. The friendship and cooperative relations between the CPC and the RCP have been developed under difficult conditions and complicated international circumstances. There are broad prospects for the development of these relations.

At the same time, our party has actively and gradually restored and developed its friendly relations with the communist parties and other working-class political parties in some countries.

In 1978, the CPC and the League of Communists of Yugoslavia [LCY], motivated by the spirit of looking forward, formally announced restoration of their relations. Since then, the contacts between the two parties have constantly increased. They have often exchanged views on international affairs and experiences in carrying out socialist construction independently and in light of the specific conditions of each country. The restoration and development of the relations between the CPC and the LCY have attracted broad attention in the world and have a favorable reception.

In 1979, after a time of suspension of relations, our party restored its contacts with the communist parties in some West European countries. In 1980, it successively restored or established relations with the Italian Communist Party, the Spanish Communist Party and the Greek Communist Party (the domestic faction). The Chinese and the Italian Communist Parties have unanimously agreed not to say anything about who was correct and who was wrong in the past debates. Both sides hold that the two parties are independent parties and must go forward again hand in hand in accordance with the spirit of looking forward. The two parties have many common interests; but they also have different views on some questions. They must fully exchange views with each other through comradesly discussions so as to strengthen their mutual understanding and develop their traditional friendship. The Chinese and the Spanish Communist Parties have restored their militant solidarity and have agreed unanimously to further strengthen their mutual cooperation and unity under the principle of independence and mutual respect. In 1982, a new chapter was also opened in the relations between the CPC and the French Communist Party. The two parties unanimously hold that there must not be a "leading center" or a "father party" in the international communist movement. Neither must there be a ready "model" of socialism from which the communist parties in other countries can copy. All parties must follow their own socialist roads in light of their specific conditions. Their differences should not become obstacles in their

comradely exchanges and cooperation. At present, our party is making continuous efforts to restore and develop its relations with other communist parties in Europe, Asia and Latin America.

Practice has proved and will continue to prove that the efforts made by our party in the new situation in restoring and developing its relations with some parties, in exchanging views with many parties on some important international issues and important questions concerning the development of the international communist movement as well as questions of common concern, and in presenting each other's situations and experiences, are conducive to the development of the forces which adhere to Marxism and advocate independence in the international communist movement, to the development of the worldwide workers' movement and to the development of the cause of the people of all countries who are opposing hegemonism, preserving world peace and striving for social progress.

The CPC insists on establishing, restoring and developing relations with communist parties and other working-class parties in various countries on the basis of Marxism and the principles of independence, complete equality, mutual respect and noninterference in each other's internal affairs. This is an objective demand of the development of the international communist movement and also a scientific summary of both positive and negative experiences in this movement.

Since the end of World War II, great changes have taken place in the international political, economic and social situation as well as in the world revolutionary situation and the communist movement. Communists in all countries have been faced with a series of new theoretical and practical problems. They have to overcome various foreign pressures with great willpower so that they can independently apply Marxism to study the new situation and to explore and find the ways to solve the problems. As a result, a trend of independence has emerged and gradually developed within the international communist movement, and has become a main trend today. More and more parties have declared that there is not, and must not be, a "leading center" and a "leading party" in the international communist movement.

The historical experiences of the international communist movement in the tortuous development over the past century and several decades show that it is not only a right of the working class and its political parties in various countries to independently solve the problems in their revolution and construction, but is also an objective demand of the successful development of the revolution. There are great differences in the social and economic conditions and development as well as in class relations and the balance of class forces in various countries. The people's consciousness and how they have been organized also vary from country to country. For this reason, it is impossible to carry out revolution and construction according to a fixed model or pattern or under the guidance of a certain "leading center" abroad. The ways, strategies and tactics for the revolution and construction, which suit the conditions and characteristics of each specific country, can be explored and created by no other than the proletariat and its political parties in each of these countries.

No party must mechanically copy the experiences and patterns of the others or force the others to apply their experience and pattern. The revolution can neither be imported nor exported. Practice has repeatedly proved that when a party does not allow another party to maintain independence, forces its views on the latter and interferes in the latter's internal affairs, the latter's revolutionary cause will surely suffer setbacks and failure, the international communist movement will surely be fundamentally sabotaged and the high prestige and image of the international communist movement will surely be damaged.

Undoubtedly, the proletariats in various countries must support and help each other and learn from each other's experiences in their international cause of liberation. But fundamentally speaking, the victory of the revolutionary struggles in various countries can be achieved only when the parties adhere to the principle of independence and self-reliance. The revolution in a country can succeed only when conditions there are ripe, when the line of the party leading the revolution is correct and when the party's line, policies and principles enjoy the support from the broad masses of people in this country. In light of Russia's specific internal and external conditions, the Bolshevik party led by Lenin independently worked out its revolutionary program and won the victory in the October Revolution through the road of revolting in the cities and then spreading the revolution in the countryside. This is a road which has been proved to be correct by history. However, it could not be mechanically applied in China. As a result of dogmatizing, deifying and mechanically copying the Soviet experiences and Comintern resolutions by Wang Ming and other people, the Chinese revolution suffered enormous losses and was on the verge of an impasse. Then the Chinese communists represented by Comrade Mao Zedong independently summed up both positive and negative experiences and lessons in the past. They adhered to the principle of combining the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution and, in light of China's actual conditions, took the road of encircling the cities from the rural areas and then seizing the state power by armed forces. The victory of the Chinese revolution has proved that this road which we have selected independently is correct. Comrade Mao Zedong made an outstanding contribution in this respect. His exposition on the principle of independence is an important component part of Mao Zedong Thought, which has added fresh ideas to the theoretical treasure house of Marxism. It is a policy our party has been firmly carrying out in all its external activities. However, just as we did not mechanically copy the Russian patterns, we do not require that the other countries follow our road.

The history of the international proletarian revolution and the disbandment of the Communist International show that the communist movement need not, and should not, have a "leading center" and a "leading party." All communist parties, regardless of their membership, history and whether in power or not, are equal. They must not be treated as higher and lower authorities or leaders and the led. No party, no matter how long its history may be, how early it achieved successes in the revolution and how rich its experiences are, has the right to place itself above the parties in other

countries. Of course, we admit that due to the uneven development of the history in various countries, the workers in some countries have higher consciousness than those in other countries and the development of the proletarian revolutionary movements are also uneven in various countries. In different historical periods, the proletariat and their political parties in some countries may stand in the "forefront" of the movement and be in the "leading position" of the revolution. However, they, especially the parties which have already achieved successes in their revolution, should never proclaim themselves "leading centers" of the revolution, which can wantonly control and command the proletariat and political parties in other countries and interfere in the others' internal affairs. They should not consider that they can make a monopoly of Marxism-Leninism and that only they themselves have the right to explain Marxism-Leninism; neither should they regard what they have said as "universal truth" and "common laws," or regard those who do not copy their experiences as "departing from orthodoxy" and drive them out of the "church." In the past, our party also suffered from being controlled by some party which proclaimed itself a father party. The victory of our independent foreign policy is a result of resisting this control.

All communist parties must respect each other. All parties, big or small, in power or not, have their strong and weak points. They must learn from each other and make progress together. It is impossible that a big party with a long history is correct in all aspects. Still less can we say that when a party is correct on a certain question, it is correct on all questions. Since the histories, circumstances, experiences and the ways of studying problems of all parties vary from each other, it is normal that different views exist among them on the complicated and changeable situation and on the analysis of concrete events. Differences of views are unavoidable. It is not realistic and not possible to require that all parties hold the same view on all questions. In a sense, the existence of different views among the parties in various countries is good to making a comprehensive analysis and obtaining a correct understanding of the complicated international situation and events. So, the existence of differences must not become an obstacle in developing relations. They must be solved on a realistic basis and through internally exchanging views and promoting mutual understanding as well as through friendly discussions. As to some problems which cannot be clarified at the time, both sides can preserve their views and let practice give the answer in the future. If one side is labeled something by the other side when differences occur, as has been proved by practice, it is not conducive to the solution of the problems. It can only undermine unity, restrain thinking and stifle the atmosphere in discussing problems. What merits more attention is that a party must not rashly and openly criticize another party in a foreign country; still less must it call some parties together to criticize another or some other parties. Whether the line and policies carried out by a party in its country are correct can be judged only by practice and by the people in its country. No foreign party has the right to interfere in it.

It is unavoidable that a party makes some mistakes in its long-term struggles. These mistakes must be recognized and corrected by this party itself



through summing up experiences and lessons. If they are openly criticized by a foreign party, even though the latter is correct, the desired results are unlikely to be achieved. However, things are entirely different if a party and the country under its leadership are seeking hegemony, attempting to order and control other countries and parties, interfering in other countries' internal affairs, and trying to subvert and invade other countries. When such things happen, we should and must strongly condemn these acts.

Since the foundation of the international communist movement, Karl Marx and Friedrich Engels stressed the independence and equality of the revolutionary movement in all countries. Adhering to the principle of Marx and Engels, the CPC improves its relations with communist parties in all countries.

While exploring the laws of the movement in capitalist society, Marx explained the historical mission and position of the proletariat. He set an aim of struggle to be attained by the proletariat to enable them to realize self-emancipation. Marx and Engels held that proletarian emancipation was the cause of the proletariat themselves, and stressed the need to foster the independent spirit of the proletariat. Proletarians in all countries have the same target and task, and they should unite in the struggle. However, such "international unity can only exist among nations; because of the existence of these nations, their independence in handling internal affairs should be included in the concept of the internationalism itself." ("Selected Works of Marx and Engels," Vol 39, p 84) This is to say that the arena of struggle waged by the proletariat exists in each nation. The masses can only be mobilized by adopting tactics of struggle in line with the special conditions of each country because the political and economic conditions of these nations vary. A proletariat can only fulfill its internationalist duty by doing a good job in the revolution and construction of its own country. While taking part in the revolutionary activities in the First International and making contacts with the activists of workers' movements in all countries, Marx and Engels always stuck to the principle of respecting the independent development of the revolutionary movement in all countries and not interfering in their domestic affairs.

In the rules of the International Workers' Association and in the letters to the activists in the workers' movement in all countries, Marx and Engels always regarded the International Workers' Association as a "central medium of communication and cooperation," an international "general committee, but not the pope" and not a guiding center. They always advocated that any workers' organization in any country should be allowed to formulate its own theoretical program and they were responsible for it by not violating the principle of the association. ("Selected Works of Marx and Engels," Vol 32, pp 255-256, and Vol 2, p 283) On 3 July 1871, in an interview with the correspondent of THE NEW YORK WORLD, while commenting on the nature of the International Workers' Association and whether it was a conspiratorial center controlled by the pope which issued orders to workers' organizations in all countries, Marx said that the organizational form of the

International was to give a maximum liberty of initiative and independence to workers' organizations in all countries and that the International Workers' Association merely urged movements in all countries to attain a common aim. However, the working class of each country should adopt the measure and select the way toward this aim and the International would never fix the form of the movement or issue any order. Engels pointed out that a political party which had vitality should set the foundations of legal rights itself and adopt tactics of struggle according to its conditions and it was subject to alteration when the conditions had changed. He added that this tactic should be adopted by the people involved in the change of things in line with existing conditions.

While encouraging the independence of workers' organizations and political parties in all countries, Marx and Engels adhered to the principle of not interfering in their internal affairs. In 1891, the Polish Workers' Movement activist, Wallery Wroblewski, in an attempt to solve the contradictions existing in the party of his country by making use of the influence of Engels, urged the latter to interfere in his country's internal affairs. Engels frankly replied that he himself "did not have any right" to do so.

Marx and Engels held that the proletariat needed international solidarity and cooperation in order to win final victory in the struggle. However, such unity and cooperation should be based on equality. They particularly stressed that the working class and its political party who took the lead of playing a vanguard role in the workers' movement should never practice chauvinism or seek for special power by directing or leading the working class or political party of another country. Engels repeatedly criticized the chauvinism practiced by activists of the French workers' movement who took the lead in the international workers' movement and considered that France had the "right of an elder member of a family" to lead the movement. On 27 June 1893, in his letter to La Fargue, in accordance with the viewpoints of French activists who described the cause of proletarian liberation as an affair solely of the French people, Engels said that this "is impossible" and "distorts" the international workers' movement. He added that "the time has gone forever in which one nation can attempt to lead the other." ("Selected Works of Marx and Engels," Vol 38, p 491) Engels seriously criticized the minds and deeds of some leaders of the German Social Democratic Party who considered themselves to be the "leading centers" of the international movement. In a letter to Bebel, in 1875, Engels censured the German party, saying that the German proletariat had no right to speak on behalf of the proletarians in Europe and, in particular, had no right to say incorrect things. In a letter to Kautsky in 1882, he specially stressed that "a proletarian class which has won victory should not force any other nation to accept any method which is to bring benefit to them, or it will ruin its victory." ("Selected Works of Marx and Engels," Vol 35, p 353)

In his later years, Engels laid special stress on mutual respect between the political parties of the working class in all countries, and the democratic form and equal consultation between them. He especially exhorted La Fargue and other French socialists "not to assume the airs of issuing

orders to the socialists in other countries." ("Selected Works of Marx and Engels," Vol 37, p 157) Engels exhorted French activists to respect other people and to discuss international activities with them.

In 1889, when preparations were made for convening the International Workers Congress (later named the Foundation of the Second International Congress), he advised that the French should not run the whole show. He suggested that they should let the congress be sponsored by the Belgians and the Swiss and that the French should be satisfied by handling the actual work of organization and preparation. If more things were to be demanded, then no sort of congress would be created. In his letter to La Fargue, after the foundation of the Second International, Engels gave repeated advice to the French who constantly showed their feelings of chauvinism, and urged them to advance the discussion of the nature and the form with other people in order to reach an agreement before they started international action. If a certain suggestion was put forward by oneself without making consultation in advance with the other who was requested to accept it, this action was intolerable and it would certainly make a mess of things. ("Selected Works of Marx and Engels," Vol 39, pp 185-187)

Those instructions of Marx and Engels serve as a theoretical basis for our party to establish its principle of independence, equality, mutual respect and noninterference in the internal affairs of other countries. The international communist movement and the practical experiences of our party have proved that these principles are the correct ones for improving the relations between the parties. Our party has reiterated that we especially treasure the right of independence won in the protracted struggle and that we also respect the right of independence of the parties and people of all countries. We oppose those who practice hegemonism and we shall never practice it. From now on, adhering to the principles set by the 12th CPC Congress to promote relations with communist parties abroad, we are ready to establish and improve close friendly relations in all fields with communist parties and other working-class parties who are willing to establish friendly relations with our party. This will promote the development of the international communist movement and bring prosperity to the progress of mankind.

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ALL POWER BELONGS TO THE PEOPLE--STUDYING STIPULATIONS ON THE STATE  
POLITICAL SYSTEM CONTAINED IN THE NEW CONSTITUTION

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[Article by Lu Zhichao [4151 0037 6389]]

[Text]

I

Who does all state power belong to? This is a fundamental criterion for determining a state and the nature of a regime. For several thousand years in the past, countries of various types and forms occurred in world history, characterized by a small number of exploiters monopolizing state power and the broad masses of laboring people being exploited and oppressed. The bourgeois republics where the modern democratic system has been fully developed are no exception either. Only in socialist countries, new-type countries set up by the laboring people who are led by the proletariat through revolutionary struggle, can all state power truly belong to the people. This is unprecedented in the history of mankind.

We should explain to people that the principle that all state power belongs to the people and the concepts of the people's rights to freedom, equality and so forth were not put forth by the proletarian thinkers. Engels pointed out that they were "put forth by the great French scholars of the Enlightenment in the 18th century." Theoretically speaking, the scientific socialism founded by Marx and Engels "has further and more thoroughly developed" these principles. ("Selected Works of Marx and Engels," Vol 3, p 404) Marx mainly criticized those principles set forth by the ideological forerunners of the bourgeois revolutionary period from the following two aspects: First, bourgeois thinkers held the a priori and idealist viewpoints such as "natural rights," "eternal truth," "kingdom of rationality" and so forth when considering the people's rights. As a result, they were unable to correctly explain these principles. Second, the results of historical development have proved that what the bourgeois thinkers sought was the "kingdom of rationality." What they actually wanted was no more than the bourgeois democratic republics. Therefore, various abstract principles they put forward concerning people's rights turned into their opposite in actual practice. To the broad masses of people, this was only fake democracy which existed in name only. Therefore, that all power belongs to the people has actually become the fact that all power belongs to the

capitalists and the bourgeoisie. Although Marxists criticize bourgeois democracy, they do not negate the democratic principles of freedom and equality and the principle that all power belongs to the people. On the basis of making historical and economic analysis, they point out: Only through revolutionary struggles carried out by the broad masses of people under the leadership of the proletariat to seize state power, establish the socialist system and use proletarian democracy to replace the bourgeois democracy, can these democratic principles be truly and thoroughly realized.

It is obvious that actually realizing the principle that all power belongs to people is the basic characteristic of socialist countries and an essential mark showing the superiority of socialist democracy over bourgeois democracy. The principle that all power belongs to the people runs like a Red thread through the "Constitution of the People's Republic of China" adopted by the Fifth Session of the Fifth NPC.

The Chinese people seized state power from the reactionary rulers and won democracy as a result of carrying out heroic struggles advanced wave upon wave for more than 100 years. Only under the leadership of the CPC did they succeed in winning the great victory of the new democratic revolution. Following the founding of the PRC, the Chinese people have truly grasped state power. The people's democratic dictatorship which is led by the proletariat and based on the worker-peasant alliance is the summation of the struggles of the Chinese people, which lasted for more than 100 years. This historical process and experience has been recorded in the "Preamble" of the constitution. The "Preamble" has explicitly stipulated that the people's democratic dictatorship should be upheld. This mainly means that the principle that all power belongs to the people should be upheld in the state system and political life.

Comrade Peng Zhen mentioned this point in his report on the draft of the revised constitution. He said: "The nature of our state as a people's democratic dictatorship determines that in China it is the people and the people alone who are the masters of the state and society. The draft explicitly stipulates, 'All power in the PRC belongs to the people.' This is the essence of our state system and a fundamental principle governing it." We should realize the importance of this issue. Only thus can we correctly understand the basic content, spirit and essence of the constitution. Only thus can we observe the constitution and ensure its implementation in all the activities of the state organs, all political parties, people's organizations, social economic organizations and people of all nationalities throughout the country.

## II

To understand that all the power of state belongs to the people, we should, first of all, discuss this problem from the viewpoint of class antagonism. In the old society, all state power was monopolized by the reactionaries and the people had no power at all. In new China, all power belongs to the people. Neither domestic nor foreign reactionaries enjoy any right to

freely carry out their reactionary activities. This is the people's democratic dictatorship. On the eve of the founding of new China, Comrade Mao Zedong talked about the importance of state power to the people. He said: "This power should be written down in our program and our future constitution. To the people who have won their victory, this power is inseparable from them just as daily necessities including cloth, silk, beans and grain. This is a good thing, an amulet and a precious heritage which cannot be abandoned under any circumstances unless foreign imperialists and classes at home have been completely wiped out." ("Selected Works of Mao Zedong," Vol 4, pp 1439-1440) Here, Comrade Mao Zedong vividly explained the basic Marxist viewpoint on the theory of the state. The class situation in China has greatly changed as compared with the period shortly after the founding of new China. Exploiting class as a class has been wiped out. However, due to some internal factors and influence from abroad, class struggle will exist within a certain scope for a long time. Therefore, this Marxist viewpoint on the nature of the state will be applicable for a long time to come.

However, the significance of the principle that all power belongs to the people can also be discussed from another angle. In other words, following the seizure of the state power by all the people under the leadership of the proletariat, what methods should be employed to ensure that such power will truly and permanently belong to the people and that such power will represent the people, serve them, serve the interests of the whole people and prevent the possibility that the state organs will be turned from the public servants of society into the masters of society. Therefore, in the state system, organizational forms of the state organs and their actual development, how to uphold and ensure that the principle that all power belongs to the people has become an extremely important question in the establishment of our socialist democracy, legal system and state power. Under the conditions that the exploiting system and exploiting classes have been eliminated and that those who are subjected to dictatorship no longer constitute an intact class and their number has been considerably reduced, this problem will become more important and pronounced.

While stressing the class nature of the state, Marxists have always attached importance to the building of new-type states of the proletariat, summing up experiences in practice and looking for appropriate forms to ensure that all state power belongs to the people. Marx and Engels carefully studied the policies and measures of the Paris Commune and put forth principles which, it seems, are still valuable. Lenin led the Russian people to establish the Soviet state power and conscientiously summed up experience in the practice of the Soviet system and studied the way to improve the work of state organs and advance measures to strengthen the supervision of workers and peasants. He repeatedly urged people to guard against and oppose the evils of bureaucracy. He never stopped paying attention to the building of the Soviet state power until his death.

Shortly after the founding of the PRC, we defined the system of people's congresses as an organizational form of the people's democratic dictatorship in our country in accordance with the long-term experience of the

Chinese people in the political construction in the revolutionary base areas and the international experiences accumulated since the founding of the Paris Commune. Experience has proved that the system of the people's congress is a system most suited to our national conditions, because it enables the Chinese people to effectively exercise their state power. During the 10 years of internal disorder, the system of the people's congress was actually sabotaged and the power and rights of the people were also severely encroached upon. This has shown from the negative side the importance of further upholding and improving the system. Based on positive and negative experiences over the past 30 years or so, a number of stipulations have been included in the new constitution concerning the basic principle of our country's political system, citizens' right of freedom, the establishment of state organs, the division of functions and powers and so forth. In this way, the system of the people's congress has been further improved.

### III

The stipulations included in the constitution concerning our country's political system embody the principle that all power belongs to the people from the following aspects:

1. The national and local organs of state power at various levels--the people's congresses--are established on the basis of a people's general election. They should be responsible for the people and must accept supervision by the people. The people have the right to recall deputies they elected according to law. In accordance with the figures issued during the national general election held in 1981, following the elimination of the exploiting classes, 99.97 percent of our citizens who have reached the age of 18 have the right to vote and stand for election. In recent years, the system of direct election has been implemented in the people's congresses at or below county levels. The general right to vote which has been truly ensured is an important mark that the people exercise their state power. This is also an essential way for them to do so.
2. The people's congresses exercise state power in a unified way. The state administrative, judicial and procuratorial organs are established by the NPC and local people's congresses at various levels. These organs are responsible for the people's congresses and accept their supervision. Leading cadres of these organs may be recalled by the people's congresses. The NPC also elects the president of the state and the Central Military Commission of the state. The NPC is the highest organ of the state power. It is also the highest organ of legislation. The constitution and the laws represent the will of the people throughout the country and are authoritative in the political life of the state. All organizations and individuals should strictly observe them. The people exercise their legislative power through the NPC and its Standing Committee. This fully demonstrates that the people exercise their state power. Apart from enacting the law, state affairs and all important problems of state should be discussed and decided by the NPC and its Standing Committee. They also supervise the implementation of the decisions concerned. Important local problems should also be

discussed and decided by the local people's congresses and their standing committees. They also supervise the implementation of those decisions. To strengthen the system of the people's congress, the new constitution also expands the powers and functions of the Standing Committee of the NPC and consolidates its organizations. All this ensures that the people will exercise their state power in a unified way through the system of the people's congress. This will also prevent certain individuals or a small number of people from going against the will of the people and making arbitrary decisions on important problems.

3. All organs of the state other than the organs of state power (people's congresses at all levels) are responsible to the organs of state power. At the same time, they can independently carry out their work within the limit permitted by their powers and functions. The constitution has stipulated that all state organs implement the responsibility system in work and that the State Council, all its various ministries, commissions and local governments at all levels implement the system of responsibility by the leading persons. All this is indispensable to the development of democracy and ensuring that the people exercise their state power. The people make decisions through the organs of state power. However, their will can only be realized when their decisions are promptly, effectively and conscientiously implemented by other state organs and the state administrative organs and government functionaries in particular. At the same time, under the prerequisite that the people's congresses exercise state power in a unified way, the constitution has rationally and explicitly defined the powers and functions of the organs of state power and other state organs such as administration, jurisdiction, procuratorate and so forth. In such a way, all the state organs are like a machine propelled by the people's power and composed of various parts which coordinate with and condition each other. In such a way, we are able to prevent the overconcentration of power in a small number of organs or individuals and the infringement and encroachment of the principle that all power belongs to the people.

4. The state organs and government functionaries are placed under the supervision of the people. The constitution stipulates: Deputies of the people's congresses at all levels are supervised by the electoral units and constituencies. These units and constituencies have the power to recall deputies whom they elected. Administrative, judicial and procuratorial organs and so forth are supervised by the people's congresses at the corresponding levels. Responsible persons of these organs might be recalled by the corresponding people's congresses. The constitution has also provided: All state organs and government functionaries must accept supervision by the people. Citizens have the right to criticize and make suggestions to any state organ or functionary. Citizens have the right to make to relevant state organs complaints and charges against, or exposures of, violation of the law or dereliction of duty by any state organ or government functionary. No one may suppress such complaints, charges and exposures, or retaliate against the citizens making them. All this demonstrates the democratic nature of our state. Since the people are the masters of the state and society and the state organs and government



functionaries are the public servants of the people, it is natural that the public servants should serve and be supervised by the masters and that those servants may be dismissed by their masters at any time. All these stipulations contained in the constitution should be regarded as a work style which all state organs and government functionaries should cultivate and discipline and system of work which they should observe.

5. The people have the rights to administer and manage economic and cultural undertakings and other social affairs through various means and forms. The principle that all power belongs to the people also involves the fact that in political, economic and other social life, people have direct administrative rights to varying degrees through different ways and means. Some principled stipulations are contained in Article 2 of Chapter 1 of the "General Principles" of the constitution. Some specific stipulations are also clearly defined in the articles concerned. For instance, workers and staff members working in state-run enterprises and laborers working in collective economic organizations have the rights to carry out democratic management and administration. Basic-level residents in both rural and urban areas have the right to follow residential autonomy and so forth. All this is an important content demonstrating the fact that the people exercise their power. In such a way, we may fully demonstrate that the people are the masters of the state and society and arouse their enthusiasm and initiative in building their new socialist life.

6. We should fully and effectively guarantee the freedoms and rights of citizens. The people exercise their state power through the system of the people's congresses. In the meantime, they also extensively enjoy their civil rights. These two cannot be separated from each other. It is only under the conditions that the people truly master state power can we truly guarantee the freedom and rights of all citizens. At the same time, only under the condition that people extensively and truly enjoy their freedoms and rights can they effectively exercise their power of administering the state. This is also the case with citizens' rights to vote and to stand for election. We should ensure that citizens' freedom of speech, publication, assembly, association and so forth as well as their personal freedom, dignity, dwelling and correspondence are not encroached upon. All these are indispensable if we want to guarantee that people will be able to exercise their state power. Therefore, to uphold the principle that all power belongs to the people, we should guarantee all the citizens' rights of freedom. While enjoying their rights, citizens should also fulfill their duties to the state and the society. They should conscientiously fulfill their obligations to the state and society. This precisely demonstrates that they are the masters of their own country. On the basis of summing up past experiences, the new constitution assigns the fundamental rights and duties of citizens a most important position. First of all, in the "General Principles" of the new constitution, the state system of the people's democratic dictatorship and the socialist social system are extended and put in the article concerning the state organs. Furthermore, the new constitution not only restores the relevant contents of the 1954 constitution, but also defines them more precisely and explicitly. With regard to citizens' rights, the new content that residents' dignity should

not be encroached upon is added. Apart from that, the new constitution also provides that the exercise by citizens of their freedoms and rights may not infringe upon the interests of the state, of society and of the collective, or upon the lawful freedoms and rights of other citizens. This is absolutely necessary in order to protect the interests of the entire people and freedoms of all citizens.

In a word, our constitution is a good constitution which effectively demonstrates socialist democracy. The principle that all power belongs to the people runs through its general principles and various specific clauses. All these are the guarantee for the realization of this principle in terms of institution and laws. On the one hand, the new constitution affirms the power of the people won through many years' struggle and reaffirms it in a definite form. On the other hand, it provides a legal basis for the realization of the principle that all power belongs to the people. This has given the people a powerful weapon so that they can fight against various illegal phenomena which encroach upon their power.

#### IV

The leadership of the CPC was a basic condition for the people's success in seizing state power. Since the founding of the PRC, the party leadership has also been a basic condition which enables the people to maintain and consolidate their state power and correctly exercise their rights. Only under the leadership of the party can we guarantee that all power in our country will permanently and truly belong to the people and prevent domestic and foreign reactionaries from undermining and usurping our state power. The party leadership can also prevent our state organs from being turned from the public servants of the society into masters of the society.

Article 1 of the constitution stipulates: "The People's Republic of China is a socialist state under the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants." This stipulation is clear and definite: The people's democratic dictatorship in our country is led by the working class. Working class leadership over the state is realized through the Communist Party. The CPC is the vanguard of the Chinese working class, a faithful representative of the interests of the people of various nationalities in China and a core leading the socialist cause in China. The Chinese people should have such a leading core. Only in such a way can they firmly grasp state power. Therefore, while describing the victory of the revolution and achievements in construction achieved by the people under the leadership of the party, the preamble of the constitution points out: People of all nationalities in China will continue to carry out socialist modernization under the leadership of the party. The fact that the constitution affirms the leading position of the CPC in the life of the state reflects the historical experience of the Chinese people's revolution and expresses the desires of the people of all nationalities throughout the country.

Instead of being mutually exclusive, the party leadership over the state and the principle that all power belongs to the people are completely consistent. It is because the party leads and supports the people to become the masters of their own affairs rather than keeping everything in its own hands. The party has always maintained: In the final analysis, history is created by the masses and the people are the masters of history. Both revolution and construction are the undertakings of the people. The entire role of the advanced political parties of the proletariat lies in pointing out the correct orientation of struggle for the people, helping them to strive for and establish their own happy life by relying on their own efforts. In his report on the draft of the revised party constitution delivered at the Eighth CPC National Congress, Comrade Deng Xiaoping said: "Unlike bourgeois political parties, the political parties of the working class never regard the masses as their own tools. On the contrary, they consciously regard themselves as a tool of the masses in a specific historical period for the purpose of fulfilling specific historical tasks." He added: "To acknowledge such a concept of the party means that we also acknowledge that the party has no right to be above the masses and that the party has no right to bestow favors on and replace the masses or issue arbitrary orders to them. In other words, we also acknowledge that the party has no right to act like an overlord over the people." We should interpret the role of the party leadership and the relations between the party and the masses in such a way. Otherwise, we will commit serious mistakes. With regard to the issue of the state power, we should say that the party is a tool of the people, which enables them to become the masters of their own affairs and correctly exercise their state power.

The new party constitution adopted by the 12th CPC National Congress stipulates that the party mainly exercises its leadership over political, ideological and organizational affairs. The party must see to it that the legislative, judicial and administrative organs of the state and the economic, cultural and people's organizations work actively and with initiative, independently, responsibly and in harmony. Therefore, the party should be separate from the government and should not replace the government. The party should not do everything on behalf of the state organs and should refrain from unnecessarily and incorrectly interfering in the legislative, judicial and administrative work of the state organs. Instead of weakening the party leadership, such efforts will improve and strengthen the party's leadership over the state.

Specifically speaking, the party leadership over the state should be realized in the following ways: 1) Party members working in the state organs, and leading party members' groups consisting of party members in charge of responsible work in particular, should obey the unified leadership of the party. 2) The party should constantly discuss and make decisions on the issues involving guiding principles, policies and organizations connected with the work of the state. Leading party members' groups in the state organs should closely cooperate with nonparty personages to implement the decisions made by the party. 3) The party should conscientiously and systematically study the work and problems of the state organs so that it will be able to raise correct, effective and specific proposals

in the interest of the work of the state or promptly revise its proposals in light of actual conditions. All these principles mentioned in Comrade Deng Xiaoping's report on the draft of the revised party constitution delivered at the Eighth CPC National Congress are still correct to date. The following ideas run through these principles: The party exercises its leadership over the work of the state by relying on its own efforts to make correct decisions and raise correct proposals. These decisions and proposals are implemented by party members or leading party members' groups in the state organs. Of course, they should successfully cooperate with those nonparty personages in the state organs so that the party's correct decisions and proposals will be accepted by people of all walks of life and become the guiding principles, policies and measures of the state organs after being discussed and decided by the state organs (mainly the organs of state power and legislation). In so doing, the party may rely on the people and their representative organs to revise or correct its incomplete or incorrect proposals. In the meantime, through the representative organs of the people, the party can understand the opinions and feelings of the people. When the party's correct proposals cannot be accepted by the masses for the time being, it is necessary for the party to be patient and do its work by method of persuasion. In such a way, the party's proposals and the people's will on the one hand, and the party leadership and state power exercised by the people on the other hand, will be effectively unified.

Of course, it is wrong for a ruling political party to neglect socialist democracy and place itself above the state. During the 10 years of internal disorder, the party did commit such mistakes. In the process of bringing order out of chaos advocated since the 3d Plenary Session of the 11th CPC Central Committee, the party has put forth the task of strengthening socialist democracy and socialist legal system on the basis of summing up past experience. It has also applied the principle that the "party should carry out its activities within the limits permitted by the constitution and the laws" and included this in the new party constitution adopted by the 12th CPC National Congress. Such an idea brought forth by the party has correctly reflected the fact that the party respects the principle that all power belongs to the people and that it has employed correct fundamental methods to realize its leadership over the state. Thus the idea is supported by the people of the whole country. This shows that the whole party has seen the importance of this issue. At present, the new constitution has explicitly stipulated: "People of various nationalities throughout the country, all state organs, armed forces, various political parties, social organizations, and enterprises and undertakings should regard the constitution as the basic principle governing their activities. It is their duty and obligation to defend the dignity of the constitution and the implementation of the constitution." It adds: "No organization or individual may enjoy the privilege of being above the constitution and the law." This also shows that people throughout the country realize the importance of this issue. In such a way, we are able to unify the party constitution and the state law on the one hand, and the party leadership over the state and the principle that all power belongs to the people on the other. We are also able to defend the correct relations

between the party and the state in terms of laws. As long as we rely on the entire party, the consciousness and strength of the people throughout the country and persist in implementing the above-mentioned stipulations in the life of the state, we will certainly be able to fully and effectively ensure the implementation of the principle upheld in the constitution that all power belongs to the people.

CSO: 4004/21

THE ORIGIN OF THE TITLE OF THE BOOK 'HOLY FAMILY'

Beijing RED FLAG in Chinese No 2, 16 Jan 83 p 20

[Article by Li Fan [2621 0416]]

[Text] In Germany in the early 1840's, the young Hegelians represented by B. Powell preached the so-called "new" "critique of criticism" philosophy, asserted that the critical activities of brilliant philosophers and their critical activities alone are the principal motive force in history and the proletariat constitute merely the "mediocre masses" who have no ability to criticize, and denied the laws of social development and the prime significance of the activities of the masses of the people. In order to expose this subjective idealist reactionary theory, from September to November 1844, Marx and Engels jointly wrote a book entitled "Holy Family, or Critique on the Critique of Criticism. Reputing Bruno Powell and His Like" which was called "Holy Family" for short.

Originally, "Holy Family" was the title of a famous painting by Andrea Mantegna (1431-1506), a famous Italian artist. In the painting, the Blessed Virgin Mary is holding Jesus, the Holy Baby, and by her side there stand Mary's husband Saint Joseph and also Saint Elisabeth, Saint John, Saint Anna [0068 2169] as well as some angels and priests. Marx and Engels used this title to satirize the group of philosophers headed by B. Powell and likened Powell to Jesus, the only son of the Heavenly Father, and the several of other companions to his disciples, and proceeded to lay bare with one penetrating remark the truth that their preaching, which set them above the masses were aimed at nothing but replacing the "religious savior" with the "critical savior" which they styled themselves.

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TAKE AN ATTITUDE OF MASTER OF THE COUNTRY TOWARD ONE'S LABOR

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 21-22

[Article by Wang Chonglun [3069 1504 0243]]

[Text] Article 42 of the new constitution stipulates: "Citizens of the PRC have the right and duty to take part in labor." "Labor is a glorious task of all able-bodied citizens. Laborers in state-run enterprises and in urban and rural collective economic organizations should take an attitude of master of the country toward their labor."

Our citizens' right to labor was brought by the socialist system. It was the result of long-term bloody struggle carried out under the leadership of the CPC by the people of various nationalities throughout the country and by countless revolutionary martyrs who fought heroically and laid down their lives. Workers of the older generation feel strongly about this. In the old society, to labor was not the right of the laboring people, it was a heavy burden weighing down on them. Take the Anshan Iron and Steel Works for example. Before liberation, the means of production were in the hands of the reactionary ruling class. The workers were whipped to work like beasts of burden. At that time, there was such a saying: "Anyone who wants to live by working in the Anshan Iron and Steel Works has to risk his life." Even so, the calamity of being unemployed could fall on the workers at any time. It was not until 1948 when Anshan was liberated that the Anshan Iron and Steel Works returned to the hands of the people and that the former "beggars" and "filthy coolies" really became the masters of the country and the masters of enterprises.

The workers know well that their position of being the masters of the country was not easy to achieve. So they highly value their right to labor. The labor they carry out today is fundamentally different from that in the old society. It is not only a means of living, but also a responsibility and duty they should fulfill for the interests of society and the people.

To study and implement the new constitution and to conscientiously exercise the glorious duty of labor so as to be able to take an attitude of master of the country toward labor, we must strive to do the following:

First, we must have the lofty ideal of communism.

The purpose of carrying out ordinary labor is to realize the lofty ideal of the working class--communism. To realize this ideal, we must first work hard to build our country into a strong modernized socialist country with a high degree of democracy and civilization. Only by combining our present tasks with our lofty ideals, can we display our revolutionary vigor. We must start with our present tasks, start from ourselves, have a down-to-earth style of work and make outstanding achievements. Young worker Zhang Jiefeng of the Nanchang Wristwatch Factory, breaking away from all obstacles, boldly innovated backward technology and succeeded in creating new technology of precision punching and cutting used for making escape forks. This has filled a gap in our country's wristwatch technology. The reason for his success was just as he said: "I do not work for individuals," "I do my duty as a master of the country, and I do my bit to help build socialism and create wealth." The reason why Jiang Zhuying became an example to learn from was that he loyally fulfilled his pledge: "One's life is short, but the party's cause is eternal. I am willing to devote myself to the realization of all the tasks put forward by the party."

Second, we must have the spirit of hard struggle in pioneering a cause.

During the rehabilitation of the national economy in the early period of the founding of the PRC, in the face of imperialist blockades and the shambles left over by the KMT, the working class and the people throughout the country, under the leadership of the party and in the spirit of emancipating themselves to become masters of the country and carrying forward the spirit of hard struggle, realized in a very short time a fundamental change in finance and economy. In the early 1960's, the working class overcame serious difficulties and made great achievements in readjusting the national economy by relying on the spirit of hard struggle and adhering to the principle of independence and self-reliance. At present, we have much better conditions and a certain foundation in economic construction, and our livelihood has improved much. But our country is poor. It had a poor foundation to start with. Its education, science and culture are very backward. This has determined that we have to go through a very difficult course to realize the four modernizations. The four modernizations cannot be realized by working complacently and without making great efforts. Therefore, in the four modernizations, we must further carry forward the spirit of building our cause through hard struggle, and we will build a brighter and more beautiful future with our wisdom and diligent hands.

Third, we must see our factories as our homes.

Enterprises are the basic unit of socialist economy. They are the battle-grounds where the working class displays the role of master of the country and where they devote themselves to the realization of the four modernizations. The interests of enterprises, the state and the workers are closely linked to each other. Workers loving their enterprises means loving the country.



How work is done in factories or enterprises depends on various reasons, but it depends mainly on the responsibility of leaders. Being masters of factories, the workers have the responsibility to help their leaders in combating unhealthy trends and in running their factories well. How work is done in factories is related to every worker's responsibility. If every worker can conscientiously exercise the power of the master of a factory, support and supervise his leaders in their work, actively put forward rationalization suggestions, think of his factory's urgent needs and pay as much attention to the work in his factory as to the work at home, our factories will take on a new look, and they will be run better. The majority of our workers are willing to run their factories well. But there is a small number of workers who are choosy and lazy, who are slack in discipline, who pay attention to quantity to the neglect of quality, who are extravagant and who take public property and are not willing to return it. All this is not in conformity with their positions as masters of the country.

Fourth, we must love our own work and carry out creative labor.

The workers' spirit of master of the country should be shown in the enthusiasm for their own work and in doing their own work well. This is the most basic practice for realizing their lofty revolutionary ideal. Our socialist society is like a very large precision machine. Every position in our society is like every part and screw on this machine. They are indispensable. Every position of ours is part of our socialist modernization and is closely linked with the construction and development of our country and enterprises. There should be no distinction between elevated and lowly jobs. Those who have high aspirations and are determined to devote themselves to the construction of the motherland can absolutely make extraordinary contributions in their ordinary positions. Fu Changwang, a worker of the Baijiazhuang mine of the Xishan Mining Industrial Bureau of Shanxi Province, devotes all his enthusiasm and effort to the work of loading and unloading. He works very hard and gives no thought to remuneration. He is called "the mine's living Lei Feng." In the Laoji coal yard of the Luoyang Municipal Coal Company of Henan Province, there was a model woman worker named Zhao Chune, who is honored as "a busy woman of action" who "served the people like a willing ox." She said: "All sorts of occupations are closely linked with socialist construction. Doing a good job in logistics work to enable our scientists to concentrate their efforts on scientific research and to enable our workers to carry out production with full vigor means making contributions to socialist construction."

Some people say: "Our interest is not in conformity with our work. So it is very hard to arouse our interest in work." It is true that everyone has his own interests and hobbies. But personal interests and hobbies should be adapted to the needs of society. Understanding well the significance of our work to the revolution will enable us to study our work. In the course of study, we will grasp the law governing the development of things. In this way, we will have great interest in our work. If we choose our occupation and type of work according to our interests and hobbies, if we cannot keep our minds to our work the moment we see something better, we

will not be able to make marked achievements in our work even if we have better conditions. The crux is that we must start from the needs of the revolutionary cause, take an attitude of master of the country and work hard to foster our interest and hobbies in work through practice. Only in this way, can we foster our interest in whatever work we do and constantly make new contributions.

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DEVELOP RURAL COOPERATIVE COMMERCE

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 23-26

[Article by Wu Xiang [0702 6272]]

[Text] Since the implementation of the system of contracted responsibilities with payment linked to output, the enthusiasm of the peasants has risen, household subsidiary pursuits and diversified operations have rapidly developed, and there has been an upsurge of specialized households and households doing specialized jobs. On the other hand, in the circulation sector, old and antiquated systems and methods are still in use, while the circulation channels are few and the links are numerous. There are difficulties in both buying and selling and while in some places goods have to be stockpiled, in other places, goods are out of stock. Contradictions are thus being daily intensified. The time has indeed come for the reform of rural commerce.

The growth of the rural economy has already shown a noticeable trend. This is seen in that production of the self-sufficient and half semi-sufficient type has turned to "commodity production" and to specialized and socialized production. As specialization and socialization take each step forward, the commercial service trade should likewise take a step forward, otherwise the development of "commodity production" will be severely impeded and the enthusiasm of the vast masses of peasants will again suffer a setback.

In order to develop commodity production on a large scale, a commercial structure of the peasants' own is indispensable. The proposal advocated in the "Notes on the National Rural Work Conference" on reforming the organizational structure of the supply and marketing cooperatives is entirely correct. It appears to be a breakthrough in solving the circulation problem. Supply and marketing cooperatives used to represent a cooperative economy and constituted a commercial structure of the peasants' own. Subsequently, it was converted into state-operated commerce or semi-state-operated commerce. This conversion was not in conformity with the level of development of our country's rural economy. The present reform calls for restoration of the original nature of cooperative economy. In this way, there is a great possibility for the development of "commodity production" in the countryside and there are great hopes for it.

## I

There are over 30 counties in 18 provinces throughout the country currently serving as trial areas for the reform of the structure of the supply and marketing cooperatives, in compliance with the proposal found in the "Notes on the National Rural Work Conference." Of them, Dazhu County of Sichuan Province, Wangdou County of Hebei Province and Hailun County in Heilongjiang Province began the reform relatively early and have by now achieved relatively long experience. In the second half of 1982, a number of non-trial-point counties followed the example of the trial-point counties and proceeded to undertake the reform. While the concrete methods of procedure were not exactly alike in all the counties, there were two points of similarity in the fundamental reform of the structure and these were:

1) strengthening their "three natures" and 2) developing "joint operation."

Strengthening the "three natures" means that the three natures of the organizational structure of the supply and marketing cooperatives, namely, the "popular nature" of organization, the "democratic nature" of management, and the "adaptable nature" of operation, are to be strengthened. This is to be done by means of a series of activities such as liquidating the old structure, increasing the commune members' subscription shares, implementing the system of bonus payments to shareholders, establishing commune members' representative conferences, electing of leadership organs, and so forth. In other words, it means the restoration of the nature of cooperative economy and the old tradition of the commune members acting as masters of the household. In the five counties of Wongdou in Hebei, Hailun in Heilongjiang, Wubu in Henan, Xishui in Hubei, and Gonglai in Sichuan, over 80 percent of the peasant households are currently share holding members of the cooperatives. In this way, the supply and marketing cooperatives are always under the supervision and help of the masses, as a result of which, on the one hand, the relations and feelings between the peasants and the supply and marketing cooperatives have changed for the better, and the peasants have fondly declared: "Our supply and marketing cooperative is now back with us"; and on the other hand, the employees and workers of the supply and marketing cooperatives have changed their viewpoint and have increased their consciousness of serving the peasants' production and living. It may be thought that since the supply and marketing cooperatives had been converted to the system of ownership by the whole people and their staff members all had jobs providing them with an "iron rice bowl," any reversal of the change would meet with great impediments. In fact, this has not been the case, as the problem can be easily solved if only the leadership can rectify their thinking and have in their command definite methods of procedure such as, for example, effecting no change in the treatment of their staff members. Last year, the Gudian Supply and Marketing Cooperative of Wongdou County found that phosphorous fertilizer was badly needed for wheat planting. It at once mobilized its staff to proceed to Shanxi to buy 450 tons of this fertilizer. It also dispatched personnel to Shandong to purchase 1,000 sets of sprayers and in this way met the urgent pest-extermination needs. During the drought-fighting season, the power supply was suddenly stopped and the oil-drawing machine would not work. The staff then worked overnight to install a water-pressure machine to replace the

oil-drawing machine. In addition, 21,000 jin of diesel oil were immediately dispatched to the production teams and commune members so that they could reach them on time to meet their needs. Instances of this kind can frequently be found among the communes.

If strengthening of the "three natures" can be said to be restoration of the good traditions of the supply and marketing cooperatives of the 1950's, then joint operation may be said to be a new development in the services extended by the supply and marketing cooperatives to the people under the conditions of the universal application in the countryside of the system of contracted responsibilities with payment linked to output. This embodies important significance in promoting the conversion of rural economy to specialized and socialized commodity production.

In general, joint operation takes three different forms: 1) Joint operation in purchasing and marketing whereby the supply and marketing cooperatives sign contracts with the production teams or specialized households undertaking the responsibilities of the purchasing and marketing of products; 2) joint operation of commodity bases whereby the supply and marketing cooperatives provide capital funds, technology and materials and the production teams provide labor power and land; 3) an agriculture-industry-commerce one-chain system to promote the processing trade, using the agricultural and sideline products of the locality as the principal raw materials; under this system the peasant households provide the raw materials, the enterprises run by the communes or the production brigades provide the processing facilities and the supply and marketing cooperatives undertake marketing of the products. In so doing, the simple buyer-and-seller relationship between the supply and marketing cooperative and the peasants is transformed into a joint relationship of handling, or processing, agricultural and sideline products. Circulation and production are thus closely linked together and the business operations of the supply and marketing cooperatives and the economic interests of the peasants are also closely linked together. Joint operation of purchasing and marketing closely links together production and circulation and can in a relatively good manner solve the contradiction between agriculture and commerce concerning problems of purchasing and marketing. At the same time, joint operation in production and processing as an outgrowth of joint operation in purchasing and marketing enables the supply and marketing cooperatives to take a further step in taking part in production and thus to expand their functions. Compared with joint operation in purchasing and marketing, it is better welcomed by the peasants and possesses greater vitality.

Take for example the case of Wangdou County. This county has been known for its hot pepper export. (Hot peppers from the three counties of Wangdou in Hebei, Yidou in Shandong and Xindou in Sichuan are well known as the "three dous" hot peppers.) In the past, its development had been somewhat retarded. Up to 1979, the annual purchase of hot peppers from the entire county was only 1.5 million jin. In 1980, some supply and marketing cooperatives and production teams experimented on joint operation and achieved relatively good results. By 1981, the experiment was expanded to cover 573 production teams of 7 people's communes and the amount of the

purchase increased to 6.46 million jin, an increase of more than 300 percent over 1979. In the past 2 years, the supply and marketing cooperatives derived some 359,000 yuan of profits from handling hot peppers. Of this amount, 135,000 yuan was remitted to the state, 72,000 yuan was kept by the supply and marketing cooperatives to add to their accumulation funds, and the balance of 152,000 yuan was returned to the production teams and commune members. In 1982, under the premise of first ensuring an increased grain yield and based on the increased marketability of hot peppers, the supply and marketing cooperatives further expanded the scope of joint operation and anticipated the amount of the hot pepper purchase to be increased to 10 million jin. This would give the peasants an income of 8 million yuan, averaging a per capita income of 40 yuan for the county as a whole. Joint operation gives the products a fixed market outlet and a stable price. This gives the peasants security, giving them the courage to proceed with the production arrangements according to the contractual provisions. They become confident that after having duly delivered or sold the products, they can receive the profit payments. Their enthusiasm is thus further enhanced. In this way, the superior conditions of the locality are also brought into full play. In addition, the supply and marketing cooperatives started joint operation on a diverse range of products including red dates and mushrooms. Thus, by means of joint operation agreements, the supply and marketing cooperatives have linked together the enthusiasm for production of commodities on the part of the peasants, particularly the specialized households and the households doing specialized jobs, with the state plan and market requirements, and brought the superior conditions of the localities into full play. This will mean the accomplishment of the objectives of greatly enhancing the state's revenue receipts, the peasants' income and the accumulations of the supply and marketing cooperatives. Meanwhile, the state of blocking of the circulation channels, contradictions between agriculture and commerce, and difficulties in effecting the turnover of funds will be rectified and replaced by a new situation of goods circulating smoothly and rapidly and a sharp increase in production.

## II

Experiences gathered from the counties under experimentation have revealed that in developing specialized and socialized commodity production we must not only solve the problems concerning the circulation links but also must organically join together the various links of the rural economy. Responsibilities, power and profit must be combined together and a good job must be done of serving agricultural production in an overall manner. Hence, in reforming the structure of the supply and marketing cooperatives, we must not be satisfied with merely restoring their commercial character or just improving their purchasing and marketing businesses, or only ensuring the smooth passage of the circulation lanes in the countryside, but must effect an overall organization of coordination of the rural economy in its various phases including technology, material resources, funds, information and so forth. Precisely because of this, reform of the structure of supply and marketing cooperatives should not stop at the grassroots cooperatives and go no further. Rather, on top of reforming the structure of the grassroots cooperatives we must proceed from bottom up and form a county joint

cooperative and organize a powerful and big economic entity by combining together the grassroots cooperatives which are each confined to a relatively small area of operation and possess limited funds, equipment, and operation capacity. Only in this way can we centralize more manpower, material resources and funds, increase the stock of goods and the volume of their turnover, facilitate the exchange of market information, activate commodity circulation, strengthen technological services, and promote the development of diversified operations and commodity production. And only in this way can we absorb into our midst the ability to perform well the purchasing and marketing functions, to attend to the technological services, to regulate credits and loans, to overcome the contradictions around us and to promote the unified development of the economy. In addition, there is another point which should not be neglected. That is, county cities are usually located along trunk communication lines and if the county joint cooperative becomes an economic entity, the centralization of agricultural and sideline products there facilitates their direct transport to various localities in the country without having to go through other links or channels. In this way, commodity circulation is facilitated. When Gonglai County served as a trial area, at first it adopted the method of relegating the supply and marketing cooperatives to a position subordinate to the communes and thus more or less severed their relations with the county cooperative. The results were found to be unsatisfactory. Subsequently, following the reform of the grassroots cooperatives, the method of forming a county joint cooperative was used and soon afterward a new situation developed in rural commerce and in the whole rural economy. In the case of Xishou County, only a few grassroots cooperatives were made to serve as the reform trial points without anything being done about the county cooperative. Its economic results were found to be not as clear-cut or outstanding as in the case of the Hailun, Wongdou and Wubu Counties. Some comrades commented: "If the reform of grassroots cooperatives is not followed up by the establishment of a county joint cooperative, then the situation is just like that of children without a mother. They are just being bullied everywhere. We might as well not have undertaken any reform." These comments are not unreasonable.

In September 1982, Wongdou County convened an all-county commune members' representatives' congress at which the formation of a county joint cooperative was sanctioned. In accordance with the wishes and demands of the representatives' congress, the following six resolutions were adopted: 1) In view of the peasants' shortage of animal power, 200 head of female animals were to be purchased from northeast China, to be distributed to, and reared by, the commune members. Newborn animals would be counted on as a source of income to repay the funds advanced by the supply and marketing cooperatives. 2) By increasing the commune members' share subscriptions, a sum of 500,000 yuan would be raised to finance the building of a 200-ton capacity refrigerating plant for the purpose of solving the commune members' difficulties concerning the storage of pork, eggs, and feed for rearing martens. 3) In 1983, the county's entire supply and marketing cooperative system would not undertake any new capital construction, but a sum of 200,000 yuan would be designated to assist specialized households, households doing specialized jobs, and orchards in the building

of bases. 4) Expansion of chili oil processing. 5) Establishment of a specialized service team; assigning one technical supervisor to each large village town. 6) Special supplies to be made to commune members during the mid-autumn festival, providing each commune member's household with 1 jin of noodles or 1 jin of mooncakes, at a special reduction of .20 yuan in price, same to be subsidized by the county joint cooperative. Formerly, nobody dared to think of making the above provisions, particularly the one on building a 200-ton capacity refrigerating plant, but now these provisions are being carried out.

Expansion of the scope of economic combination of the county joint cooperative is tantamount to bringing into full play and strengthening, on an even larger scale, the democratic power of the vast masses of peasants in their capacity as masters of the household. In Hailun County, formerly the practice had been rather prevalent for people to procure goods in hot demand by going through the "back door." After formation of the county joint cooperative, the commune members' representatives' congress adopted a resolution calling for the posting or publication of the names of all buyers of bicycles. In the past, cadres in leadership positions used to send notes to the cooperatives asking that bicycles be sold to certain persons they might designate and the cooperatives could do nothing but honor these demands. Now this resolution has put a stop to these practices which had posed a longstanding problem and had defied solution for some time. Facts have indeed shown that supply and marketing cooperatives not only constitute a bridge joining together urban and rural areas and also a link leading to the promotion of rural economic combines but can also become an important front for the peasants to educate themselves, to build socialist spiritual civilization, to carry forward the spirit of democracy, to penetratingly carry out policies, and to wage a relentless war on unhealthy tendencies and economic criminal activities.

At present, opinions still differ on whether or not county joint cooperatives should be formed and, if formed, whether or not they should be made into economic entities. More experiences from practice should be gained in order to solve in a better way these problems.

### III

In the "Notes on the National Rural Work Conference," the basic direction for the reform of the supply and marketing cooperatives has been clearly designated that they should constitute "a main channel for urban and rural economic intercourse." Concerning this problem, I feel that we should further probe into it by studying the special features of rural commerce.

Rural commerce is different from urban commerce. The objects served by urban commerce are employees and workers with a fixed income in the form of wages and salaries. The consumers are all satisfied if only the supply of commodities is sufficient and timely and the service attitude good. On the other hand, rural commerce serves the peasants. Peasants are not pure and simple buyers; they are also sellers. They must first sell their products before they have the needed purchasing power. Thus, there exists



a dialectic relationship between "taking" and "giving." The more supplies (including technology and information) "given" to the peasants and the more work done for, and among, them, the more agricultural and sideline products can be "taken" in return, and the greater are the profits derived therefrom. Hence, rural commerce must place the emphasis of its work on helping the peasants to develop production and to market their products. Only in this way can it achieve the peasants' support as well as its own prospects of future development.

Here, we may as well make a brief comparison between state-run commerce, commerce run by supply and marketing cooperatives and individual commerce.

State-run commerce occupies the leading position in the entire realm of commerce. It carries the burden of the important parts of the wholesale and retail businesses and exercises direct control over the major material resources (including the first and second categories of agricultural and sideline products subject to unified purchases and levy purchases by the state) related to the national economy and the people's livelihood. Without so doing, it cannot make unified planning for the urban and rural markets in the country or provide for the basic needs of the people's livelihood. Our country is a populous one, with a population of over 1 billion people. There must be unified planning and arrangements for provision of the basic daily articles. Burdened with such heavy tasks, state-run commerce can hardly find more strength to perform the work of helping the peasants to promote their production. It can hardly take up the job of purchasing and marketing all agricultural and sideline products. Even if compelled to do so, it cannot do the job well. Ample facts have shown this to be true.

At present, there are already instances of peasants engaging in self-production and self-marketing, or specializing in transporting goods for sale. From now on, this development may progress to a certain extent. Practices of this kind have the merits of being scattered, flexible, capable of promptly transporting goods for sale and effecting a rapid turnover of goods, and are also of useful and supplementary value to state-run commerce and cooperative commerce. It is entirely proper and correct for the central authorities to adopt an appropriately lenient attitude toward them and to adroitly guide action according to circumstances. However, individual commerce has limited strength and cannot be of much help. Quite obviously, it cannot shoulder alone the purchasing and marketing tasks of the entire leftover portion of the agricultural and sideline products after fulfilling the state's unified-purchase and levy-purchase requirements.

The special features of supply and marketing cooperatives are that they exist in large numbers in the rural villages, that they cover a wide area of operation, that they can reach many localities, and that they comprehensively handle a variety of tasks including purchasing, marketing, supplying, processing and so forth. Throughout the country, there are over 600,000 such cooperative units. Their self-owned funds and fixed assets amount to over 20 billion yuan. They have a staff of some 4 million

employees and workers, of whom some 200,000 are specialized and technical personnel who are constantly serving on the frontline of guiding and supporting production and who have accumulated vast experiences in serving the peasants' production and living. It is true that through the years, due to changes in the organizational structure, there has been a weakening of the viewpoints toward production and toward the people and that there has also been a growth of "bureaucratic commercial" tendencies, but it must be admitted that traditional practices have still exerted their influence while a definite foundation has been laid. The cooperatives have contact with the state above them and with the peasants below them. They can directly represent the peasants' interests and can also concretely organize and carry out the state's planned guidance. In comparison with state-run commerce and individual commerce, cooperative commerce has more and better conditions for transformation into the peasants' own commercial structure for the appropriate development of commodity production in the countryside. Experiences gathered from the counties under experimentation show that this foundation and all its relevant advantages should not be forsaken and that nothing new should be started. Rather, we should, relying on the foundation furnished by these cooperatives, make full use of their advantageous conditions, effect a thorough reform of them according to needs of the new situation, and advance further forward. Reformation does not consist of merely changing the signboard but demands a fundamental change in operation ideology and in operation tendencies and the management structure, in order that they may truly become the peasants' own commercial structure. All this does not depend on orders from above or on fixture by official documents but relies on the performance of solid and faithful work to win the peasants' trust. Naturally, this does not mean that everything must be entrusted to the supply and marketing cooperatives or that they have monopoly control or operation. A principal channel is not necessarily the sole channel. Rather, there must be a number of channels but fewer links, and the coexistence of diversified operation forms competing with each other. Lack of competition means lack of progress.

Reform of rural commerce is an objective demand in the development of commodity production. Some comrades do not sufficiently understand its inevitability or importance, and have more or less come to the conclusion that the reform of rural commerce concerns the problem of division of power and division of profits within the commercial department. At present, an outstanding problem is the many restrictions imposed on the scope of operation of the supply and marketing cooperatives. They are not allowed to handle many products such as swine, fowl, eggs, herbal medicine and so forth. Actually, what they can purchase are leftover or discarded goods. Sichuan Province has already made the ruling that the balance of all agricultural and sideline products, following fulfillment of the state's monopoly-purchase and levy-purchase requirements, be turned over to the supply and marketing cooperatives to be handled independently by them and that tea leaves and animal products be principally handled by the cooperatives. As for many other products, a study is being made whether or not they should be handled principally by the cooperatives. Actual practice has shown that they are all good measures.

In general, the operation scope of supply and marketing cooperatives and how county joint cooperatives should be formed do not constitute mere business problems or organizational problems. Rather, they are related to the problem of the basic attitude toward the peasants' cooperative economy. Peasants are the trustworthy allies of the working class. After the working class has taken over political power, they must, by means of the cooperative system, guide the peasants toward socialism. According to classical Marxist writers, the cooperative system embodies a comprehensive concept which includes production cooperation, consumption cooperation, marketing cooperation, credit cooperation, and so forth. As early as the war period, the supply and marketing cooperatives already played an important role in varying phases of the struggle against the enemy such as organizing the peasants' production, relief of famine and other disasters and general economic development. It may be said with certainty that before the basic elimination of the differential between the urban and rural areas and between industry and agriculture, supply and marketing cooperatives should continue to exist and develop and cannot be weakened or eliminated. Since the founding of the PRC, supply and marketing cooperatives and state-run commerce have from time to time parted ways. We must in real earnest sum up the historical experiences of the pros and cons related to the problem of how to strengthen leadership work over the supply and marketing cooperative enterprise so as to facilitate economic intercourse between the cities and the countryside and between localities, and also to facilitate the division of work and cooperation between state-run commerce and the supply and marketing cooperatives and the full display of their role of supplementing and helping each other. First and foremost, we should ideologically solve the problem of the basic attitude toward the peasants' cooperative economy. Only in this way can we join ourselves together heart and soul and serve well as supporters of the reform of rural commerce.

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HARVEST IN 'SPRING'--NOTES ON A VISIT TO THE SHENZHEN SPECIAL ECONOMIC ZONE

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["Newsletter" by Xiong Fu [3574 1788]]

[Text] October--harvest time. On the plains of Huabei the skies are clear and the air crisp at this time of year. Nevertheless, when we visited the southern border town of Shenzhen during this season, the "spring" air that caressed our faces stood well above 30 degrees Centigrade.

Adjacent to the area that used to be the old town, a large multi-story building rises up from the ground. The spaciousness, enormity, width and size of the factory suggest the vigorous movements of a dancer. Along the recently completed asphalt road, vehicles of every kind are visible, snaking endlessly in both directions; and on the building sites which face each other along both sides of the road, the combined roar and thunder of the construction machinery create a unique symphony to rock one's very soul. Evening approaches and the neon lights, searchlights and other colored lights shining from the towering scaffolding of the building sites, criss-crossing the highways and outlining the city streets throbbing with activity, together with the illuminations, light up the sky so that the entire city is encircled with a rainbow-hued halo....

To be sure, the citizens of Shenzhen may not have been able to arrest nature with the approach of spring but, nevertheless the "spring" scenery of modernized construction which they themselves have depicted with their own wit, their own bare hands and their own hard labor is surely of a richer poetic quality and more moving than the spring of nature itself.

I

Shenzhen--only 3 years ago it was just another town in Baoan County, Guangdong Province. Here, although it is warm and humid all year round with plenty of rain, rich and fertile soil and a long coastline as well as the fact that Hong Kong and Kowloon are simply only a bridge away and that it is geographically and topographically ideally situated for economic development, the disruption caused by a long period of "leftist" ideology meant that as time moved on the face of the town remained as before, unchanged. In those times, when the town looked as it did then, how

painful it was for the citizens of Shenzhen to receive and welcome foreign guests who were entering China through Shenzhen for a taste of the successes in socialist China's construction, and how much more painful it was for them to have to face the deep concern, worries and misgivings and expectant gazes (of course some were scornful) of the Overseas Chinese, Hong Kong and Macao compatriots who passed through Shenzhen on their way north.

History never stands still. The 3d Plenary Session of the 11th CPC Central Committee put new life into the development of Shenzhen. In March 1979 Guangdong Province decided to turn Baoan County into Shenzhen town. In July of the same year the central government officially announced that the four regions, Shenzhen, Zhuhai, Xiantou and Xiamen would become experimental special economic zones. On the basis of this decision, Shenzhen selected an area of 327.5 km<sup>2</sup> from its total area of 2,020 km<sup>2</sup> to prepare for the construction of the special economic zone. From that moment the appearance of Shenzhen underwent radical changes. The Shenzhen municipal party committee provided us with the following few statistics. By the end of October 1982, the total number of foreign investment programs brought into the town stood at 728 and the amount of foreign investment already put to use totaled HK\$1.3 billion, while completed capital construction investments totaled 730 million yuan.

In 1981 total industrial and agricultural output value reached 370 million yuan, double the amount for 1978, of which industrial output value had increased 4 times. Financial revenue had increased more than 5 times the amount in 1978 while regional foreign currency revenue had doubled.

In the last 3 years employment has been arranged for 20,000 people. When comparing the years 1981 and 1978, the average income of a worker in the town has increased by about 90 percent, while the average income distributed to agricultural commune members by the collective has doubled (and more than tripled within the special economic zone itself).

The figures are accurate and the successes convincing. Generally when people go in person to this piece of land, 49 kilometers in length and 7 kilometers wide, and see the people there, they are all without exception greatly moved at the enthusiasm aroused in these people, their earnest labors, and their brave spirit of development and forwardness while also being overcome with admiration at the speed of construction and boldness of vision. Today the citizens of Shenzhen are making use of their creative labors on the road of socialist modernization, making personal contributions in their effort to realize the great targets set out in the 12th CPC National Congress.

As "special economic zone" Shenzhen is different from other areas in the region and in fact also from other places in Guangdong Province. The comrades from Shenzhen Municipal CPC Committee explained to us that the first difference is that the economy of the special zones is more of an extraverted economy using Hong Kong and Macao's internationally directed markets. Exports make up the large majority of production (including the tapping of

natural resources, industry and agriculture). In addition the tourist industry has been developed with services aimed at foreign trade visitors, and the same applies to housing construction, industry and commerce. Secondly, economic development within the special economic zones [SEZ] mainly depends on the importation and exploitation of foreign capital which includes Chinese capital from Hong Kong and Macao, capital from Overseas Chinese and foreign capital, and the importation of advanced technology and equipment. Thus, the SEZ's adopt much more open and invigorating policies and measures than other areas. For example, the entry and exit formalities into the SEZ for Macao and Hong Kong compatriots and foreign guests who come for trade discussions, visits, inspections, tourism and relaxation are much more straightforward than such formalities into other areas of China, and those foreign and Macao and Hong Kong business representatives who have to travel frequently back and forth to arrange their business affairs are granted special passage and papers. In addition, foreign businesses which come to the SEZ to set up independently financed enterprises or organize enterprises in coordination with China enjoy special treatment and privileges over domestic companies in terms of customs duty and income taxes. Furthermore in the SEZ the handling of foreign currency is much wider and less restricted than elsewhere in China. Third, the local government in the SEZ has much more individual power in areas such as capital construction, import and management of foreign investment, organization and administration of production, allocation of funds and the organization of export of local products and the import of necessary goods and materials. Fourth, in order to facilitate administration, partition borders have been constructed between the SEZ and non-SEZ areas. These, then, are the main areas in which the SEZ's differ from other areas in China.

However, "special economic zones" are not by any means "special political zones" and it is on this point that the guiding ideology of the comrades of Shenzhen is extremely accurate. We visited Dujia village at Xili Reservoir, situated 32 kilometers northwest of Shenzhen. This is a popular tourist spot which was built with foreign investment, and designed, built and managed by China. The local policy in building the place was to make do with whatever was available and be as thrifty as possible, thus the local administration set up their own tourist industry with their own local flavor and they received favorable comment from leading cadres who visited the area on work inspection tours, as well as from foreign guests and Macao and Hong Kong compatriots. The talk we had with the manager of Dujia village filled us with inspiration. He said: "If one looks throughout the world one sees that the capitalist tourist industry not only caters for eating, living, enjoyment, buying and transportation, it also displays such corrupt phenomena as prostitution, gambling, deception and illegality. As far as China's tourist industry is concerned, it concerns itself only with the former five aspects of the industry and not at all want it to take over here. Although we are running an SEZ we do not want to allow the spread of corrupt and crooked industries." And this is just how it is. For, within the SEZ, in addition to the full recognition and implementation of the constitution and the laws of China, there is a set of special laws being drawn up especially for the SEZ. While we permit independently financed foreign

businesses and joint ventures between foreign companies and Chinese businesses, all production and all imports are decided by China, according to requirements and needs. In addition, the companies in the SEZ must abide by the laws of the country and carry out any necessary duties as defined under the law, such as paying taxes, accepting the management and surveillance of the SEZ local government, as well as accepting the limitations defined by China on the sphere of their management and administration.

Today the SEZ's, which make use of open-door policies, tax reductions and limited customs and income taxes are now setting up suitable conditions for the import of foreign capital and goods so that both China and the local areas involved will achieve better economic results, which includes the expansion of exports, increases in employment and foreign currency revenue and this is current practice in many countries and regions throughout the world, including some developed countries and some socialist ones. At present throughout the world there are around 400 special zones of various kinds, including export processing zones, free trade zones and free ports. Today, international economic relations have become the most important requirements for any country and region throughout the world which wants to develop its modernized production. Thus the CPC Central Committee pointed out very early on that in addition to exploiting domestic resources and developing the domestic market, we must learn how to make use of overseas resources and develop an international market as well as expanding our foreign economic links. One of the most important reasons behind the trial running of the SEZ is to make use of overseas resources, develop an international market and thus promote the development of China's socialist modernization.

As far as Shenzhen is concerned, it is similar to other parts of China with a mainly socialist state-run economy and collective economy. Here, the methods of importing overseas resources, such as processing imported materials, subsidized trade, cooperative management, cooperatively financed management, etc. are also the same as in other areas of China. The only difference is that in addition there is also independently financed management of foreign resources. Here, not only are local state-run economic and collective economic organizations involved in foreign financed cooperative production or joint-financed management, but in addition, there are also many economic organizations from various sectors and regions throughout the country. The difference is that the production and sales of products are mainly aimed at the international markets and thus are not in general directly linked to domestic markets. Furthermore, because of the privileged conditions enjoyed by businesses involved with foreign resources a greater percentage of profits are obtained from foreign investment and resources imported into the area. In the Shenzhen SEZ the word "special" means just that.

Some people fear that joint ventures with foreign investment, especially the special kind of joint ventures which involve the establishment of SEZ can only be of advantage to the overseas businesses and are of no benefit whatsoever to China's socialist modernization. The above-mentioned data proves that this is not the case. These SEZ are a special kind of window

or means of reaching out to the world, and making use of international resources and investment and the international markets. The socialist system has a limitless capacity for importing advanced science and technology and developed systems of management and administration, and by means of these "windows" we are fully able to learn and study advanced science and technology and developed management systems and thus train our own talents to improve our country's system and accumulate experience and improve our own capacity for self-reliance. This, then, is the main purpose behind the trial runs of the SEZ. The marching sounds made by the Shenzhen citizens as they step toward further development and advancement are in complete harmony with those being made by the rest of the Chinese population on the road to modernization.

## II

Under such special open-door policies and conditions, the question of how to quickly and successfully develop a new phase in economic cooperation with foreign companies is a completely new topic for the citizens of Shenzhen. Such special conditions and special requirements demand that every person make careful considerations and study thoroughly and make even greater use of their own practical experience to set about such projects. Since the economic activities of the SEZ are geared toward the international market and in order to be ready for the fast changes of the international markets and the fierce competition that exists, it is especially important that bold changes are made in the systems and methods of management and administration. During our visit to Shenzhen, one thing that stood out was that the cadres and enterprise administrators had the courage and boldness to face any new situation and firmly carry out any necessary restructuring. They were careful in their considerations and always far-sighted, taking care to assimilate experiences from their own practical past and constantly improving their own management standards and levels of ideology.

The comrades from the Shenzhen Municipal CPC Committee told us that as early as August 1981 they first took the knife to the vastly overstuffed administration and economic management organizations. On the basis of the party's principles of division of work, greater efficiency and simplicity of administration they carried out thorough organizational restructuring. After the restructuring the number of municipal level leading cadres was reduced from 18 to 7, a reduction of 61 percent. Municipal level organizations were reduced in number from 65 to 33, a drop of 50 percent. The municipal party and government organ was originally staffed by 2,237 people and this was cut to 867, a drop of 61 percent. In all the factories that we saw, the number of administration and management personnel who did not work on production was extremely small. For example, the Jiale Furniture Factory employed a total of 170 people and only 4.5 of them were totally removed from production (the foreman, deputy foreman, accountant, cashier and the foreman's assistant and part-time driver). The directive and management personnel responsible for the development, construction and administration of Shekou industrial zone numbered less than 50. Because of the simplification of organization structure, cut-downs in staff numbers



and clearer work demarcation, work efficiency has of course risen. Those former phenomena of bureaucratism such as overstaffing, misplaced documents, buck-passing and squabbling are gradually being rectified; in addition such unhealthy attitudes as sluggishness, perfunctory performance of duties and refusal to take responsibility are also gradually being reduced. "Time is money and efficiency is the lifeline" has not only become one of the main placards to be seen on work sites, it has also penetrated deeply into the heart of each individual here.

In the directive department of the Shekou industrial zone, famous now for its "Shekou style," the enthusiastic manager showed us a film of the initial development stages of Shekou industrial zone. The courageous builders of former days dug out the mountains and reclaimed the sea and, using 2.3 million cubic meters of stone and earth, they built 1 square kilometer of level building ground, with thoroughfares, running water, electricity, heating, navigability, television communication and sewers. This incredible engineering feat only took 21 months to complete. The source of their speed was their courageous revolutionary and creative spirit and drive. The directive department of the industrial zone is a leadership body of great efficiency, courage and innovative spirit. In terms of enterprise administration the department makes use of economic means to carry out surveillance and administration of enterprise economic activities and in general does not interfere in intra-enterprise activities. Enterprises which have brought in foreign resources or investment have relatively independent powers. Under the laws of the country and the guidance of national policies and plans, they organize their own fund-raising, their own management and administration employment and their own hiring of technicians and workers, and under the principle of mutual integration of responsibility, power and profits they organize their own personnel, finances, production, supplies and sales, etc. As far as capital construction is concerned, the system of economic responsibility is fully implemented. Engineering and construction throughout this industrial zone involves invitation tendering and construction unit selection by the tenderer as well as contracts set up on the reward and penalization system. This system as well as natural competition motivates the enthusiasm of the project unit and its workers and construction projects in general are carried out around three times as fast as similar projects elsewhere in China, while the quality of the construction work is also very high. The Shenzhen Municipal CPC Committee values very highly the experiences gained in the Shekou industrial zone and as a result, within its system restructuring program, it has eliminated some administrative groups and bodies and set up several different kinds of development corporations which, under the unified guidance of the urban government, have carried out relatively independent economic activities. Capital construction throughout the city involves invitation of tender and the implementation of the system of contract responsibility, which together have greatly increased the speed of capital construction work.

We visited the Jiale Furniture Factory which is well known in Hong Kong and produces reed mattresses. The young foreman gave us a short introduction to the factory. Since production began in October 1979, output value,

profits and foreign currency revenue have all increased annually. When one compares 1981 with 1980 one sees a 28 percent increase in output value, a 64 percent increase in profits and a 100 percent increase in foreign currency for the state. In 1981, average annual per capita production value stood at 36,000 yuan. The sales of "Jiale" brand reed mattresses in Hong Kong have already exceeded the figures for the world's leading names in mattresses--the United States "Simmons," West Germany's "Baufuller" and Hong Kong's "Yalan," and now sales for the Jiale make up 30.8 percent of total sales in Hong Kong of this kind of product. Their experience has also taught them to carry out bold and innovative changes in administrative and management methods. Firstly, they changed their basic production policies from "sales based on production" to "production based on sales." During the busy sales period of products processed from imported materials, the company always completes its production schedules on time and with the highest quality. When sales are not so brisk they take the opportunity to produce other kinds of furniture from materials that they themselves have brought in and thus manage to preserve balanced production development. Furthermore they see product quality as the most important part of production and during the production process, strict standards are used to select only the best quality materials, while operation regulations are strictly adhered to and great emphasis is put on improving technological ability among the workers. Thus in terms of quality control and inspection, constant inspections at all stages of production are carried out. What is more, strict accounting is carried out in every area of the enterprise including supply, production and sales. Thus consumption of raw materials is recorded in detail and all economic activities are accounted with great precision in order to avoid waste and cut down on production costs. Finally, the company pays great attention to market demands, and actively develops new varieties and constantly improves product style thereby improving product competitiveness. Today, the company's products have developed from producing one simple type of reed mattress to more than 10 types of bedroom suites, all kinds of settees and steel and wooden furniture. The company's products have already found markets all over Southeast Asia.

Attempts to restructure the wages system in many sectors throughout the town of Shenzhen have also attracted attention. In terms of the labor system they have already changed the former system in which the labor department was responsible for the distribution of the labor force and now selective employment is being tried out on a trial basis. In joint management enterprises they have managed to destroy the "iron rice bowl" and now the contract system is in force. Those workers who are selected by examination first undergo 3 months of provisional employment and only if their performance is satisfactory in this first 3-month period do they become contract workers. Enterprises have the power to give rewards and promotion to good, active and dedicated workers on the basis of their working attitude and political behavior. Likewise, they also take disciplinary action against those whose behavior is not acceptable, sometimes culminating in dismissal. Thus the workers' work enthusiasm and organization discipline are both strengthened. At the same time, many enterprises are implementing wage systems which involve a basic wage plus rank wage and bonus wage. The

rank wage is not decided by the length of time the worker has held his or her position, but purely by the technological standards or responsibilities that he or she must bear in that position. Bonuses are directly linked to product quantity and quality. Some enterprises also run a system of graduated bonuses according to access production piece work in which the workers, regardless of the amount of time they have spent at the job, must pass a 3-month probationary period, after which they are all treated equally and without discrimination and their wages worked out according to piece work. The implementation of these new wage systems has overcome such problems as equal wages for more or less work and rectified the former situation of everyone "eating from the same big pot." Because of the direct link between the quality of an individual's work and the material benefits he may gain, the material benefits of the individual are thus also closely linked to the state of enterprise management and this is extremely effective in improving labor discipline and stimulating the workers' enthusiasm to become involved in the enterprise's development.

The municipal party committee has not adopted a restrictive, awkward or problematic attitude toward the testing out of such restructuring moves and thereby playing a reactionary role in the move to carry out restructuring. Nor has it taken up the role of spectator, taking a laissez-faire attitude and remaining indifferent to the situation. On the contrary, the party committee has been actively supportive, encouraging and helpful. It frequently sends out cadres to the grassroots level to assimilate and collate experiences with enterprise cadres and workers and thus improve understanding and knowledge, using effective measures to constantly improve systems in every aspect of the SEZ, and always promoting model examples for others to learn from. The party committee does not intervene with simple administrative methods when problems arise in pilot schemes but throws itself completely into the problems, analyzing the problems with comrades from the enterprises, studying various optional policies and drawing up improved measures and plans. This kind of active and concerned political leadership by the municipal party committee was of great importance for the healthy development of all the restructuring schemes throughout Shenzhen.

Of course, the Shenzhen SEZ's restructuring programs in all areas have only just begun and in many areas they are still a long way from being complete, still requiring further assimilation of experience and constant upgrading. The methods used here are carried out under special conditions in special zones and thus the methods themselves are of a special nature, not necessarily suitable for other areas of China. Nevertheless, the pilot schemes being carried out in the SEZ are of enormous benefit to us in helping us to learn how to use our brains, emancipate our thinking and broaden our horizons. The zone's practical experience in handling those who were suspicious of, lacked faith in or had serious misgivings about restructuring is a lesson to us all.

### III

In the last 2 years, there has been great progress in construction in Shenzhen SEZ. The achievements in the SEZ have not only changed and

improved the living standards of the people, they have also increased their knowledge of the party's open-door policy and strengthened the confidence in the socialist construction.

According to the briefing given to us by comrades from the municipal party committee, the reward and penalty system and piece work wage system have meant that today the monthly income of many young workers is above 100 yuan. In 1978 the average per capita level of collective distribution in agricultural communes in the area was 120 yuan and by 1981 it had reached 436 yuan. In some communes per capita distribution has even reached more than 500 yuan, and in 8 large-scale communes the figure has reached 1,000 yuan. In several fish production brigades that we visited the speed of economic development and the diversity of production methods was impressive. Here, the actual income of commune members and their standards of living were on a par with the average Hong Kong worker. Furthermore, the political stability and social order in China as well as the low cost of living and educational facilities, and the lack of a social welfare system in Hong Kong, have greatly fired a general fervor and enthusiasm for the socialist motherland. In Shenzhen, the hearts of the people are turned toward China and not abroad and the former outward flow of people into Hong Kong and other places has now seen an about-turn, with many returning to China.

Nevertheless, it is worth taking note of the fact that as economic cooperation with foreign countries develops, there is a tendency for more corruption and distortion from capitalist lifestyles and thinking to seep into China. The struggle against these kinds of influences from bourgeois ideology is inevitable and also fierce and complex. This is especially true in the economic sector.

From what we saw and heard in Shenzhen, all leading cadres on all levels are very clear in terms of ideological understanding of the fight against bourgeois ideological corruption. In all meetings called by the municipal party committee, its responsible cadres repeatedly remind party members and cadres to remember that: In opening the SEZ, we want on the one hand to establish a high level material civilization and provide experience and make contributions to the modernization of China. On the other hand, we should pay special attention to the establishment of a high level of socialist spiritual civilization and use communist ideology, morality and sentiments to arm the masses, thereby creating a new social mood and fostering a new generation of people. These are two tasks of equal importance facing the party organization of the SEZ. The party organization has already begun the battle on these two fronts. On the one hand, those who make up the party organization have launched an attack on the small minority of criminal elements who use the SEZ and its special conditions to organize and carry out economic corruption and various other crimes. Of particular importance is the need to stop the encroachment of some Hong Kong criminal societies into Shenzhen and not allow such adverse elements to take root here. On the other hand, it is important to strengthen the construction of ideology and work styles among party members and party cadres, tightening party discipline. For these reasons the Shenzhen Municipal CPC Committee published "Shenzhen Cadres' Regulations" as well

as 10 guidelines for satisfactorily organizing the party work style, and has promoted a competition to be the best qualified Communist Party member. In addition, the committee is actively restricting the unhealthy tendency of some cadres building their own private homes. Furthermore, the committee has drawn on and popularized the experiences gained by the Yiye construction unit and the Donghu guest house in terms of strengthening ideological and political work, improving education of party members and cadres and party work among the masses. The committee is actively striving to ensure the teaching and popularization of communist thinking becomes regularized, and richer in style and variety. The battle cry of the party committee is "Our policies must be emancipated and our ideology free of corruption." This battle cry illustrates the united determination and will of the Shenzhen Municipal CPC Committee, government, army and people.

During our time in Shenzhen we came into contact with many cadres and members of the masses in factories, villages, administrative organizations and the tourist industry. From what we saw, the cadres and the masses were full of vigor and enthusiasm, the society seemed stable and the people, under the guidance of the party, were involved in regulated and intense construction of their homeland. People seemed to be concentrating more and more on how to improve construction work in the SEZ. There was a very strong sense among young people of keenness to study technology and culture and this was an admirable sight. Continuation classes in every unit, teaching culture, foreign languages, economics, financing and accounting and tourism as well as technical training classes for workers were all full, greatly appreciated by both cadres and the masses. Cadres from the CPC Central Committee have pointed out in the past that the cadres and the masses in the SEZ must have especially high consciousnesses, extremely good attitudes, strict discipline and high work efficiency. The cadres and the masses in the SEZ are now striving hard in accordance with these great demands, to construct a new type of border town with a high level of material and spiritual civilization.

Naturally, like a newly sprouted seedling from the ground, open to weaknesses and all kinds of diseases, Shenzhen has not reached perfection. Economic construction has only just begun and the knowledge and experiences of the cadres here is still very limited and there still exist problems and shortcomings of different degrees in areas such as restructuring and economic cooperation with overseas companies. In the case of the SEZ it is particularly fitting to make the comparison with a "battleground" in which the fight against corruptive bourgeois ideology goes on and against economic and other crimes. The battle is one being fought at close quarters and over a very long time, thus there can be no slackening for one minute. But, like the seedling which has emerged from the ground, the SEZ is growing up and developing. With the party's principles and policies illuminating the road ahead like the rays of the sun, construction in the SEZ cannot but see more and more achievements in the future.

On leaving Shenzhen I wrote a rough draft of a poem "Qin Yuan Chun" and here I record it for the first time, a suitable ending to this article:

A typical southern scene, reds, oranges, yellows and greens, blues, purples, whites and natural hues. The red cotton blooms and the filariasis reflects the sunlights; the lychees are ripe and their scent takes one by surprise. Light clouds on the mountains and heavy mist from the water, the sea wind blows the rain and covers the sky. From the highest peaks a mass of emerald green and turquoise.

Heaven and earth are turning upside down, gaining a generation of talent and courage. A crisscross of iron and steel and a forest of tall buildings, silver lights illuminate the evening and the building sites are hives of activity. A new vista is appearing of wonder and mystery--more bold and beautiful than the mountains and the rivers, fresher than the wind.

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TRANSFORMATION OF MATTER INTO CONSCIOUSNESS AND CONSCIOUSNESS INTO MATTER  
IS A MARXIST PROPOSITION

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 33-36

[Article by Li Bulou [2621 2475 2869] and Li Quanshi [2621 2938 2514]]

[Text] Is the transformation of matter into consciousness and consciousness into matter a Marxist proposition? There are varying opinions on this question. We feel that this is an important theoretical question of right or wrong which must be cleared up.

Under Certain Conditions Matter and Consciousness Are Mutually Interchangeable

"Transformation of matter into consciousness and consciousness into matter" is a theme that Mao Zedong brought up in his article "Where Does a Person's Correct Ideology Come From?" This proposition is completely in line with other related articles that he wrote, such as "The Theory of Practice" and "The Theory of Contradiction," and in fact it goes further than the discussions in the latter two articles. In "The Theory of Practice," Mao concentrated on a discussion of the relationship between cognition and practice and generalized the two leaps in the process of cognition as "a move from perceptual cognition or knowledge to the generation of rational knowledge, and then from rational knowledge to guiding revolutionary practice." ("Selected Works of Mao Zedong," Vol 1, p 271) The essential nature of the process of gaining perceptual knowledge to the formation of rational knowledge is one of a process of matter to consciousness. In "The Theory of Practice," Mao correctly pointed out that the process of gaining the results one expected in practice is known as "the transformation of subjective things into objective things." (ibid., p 271) This is also the transformation of things in the consciousness into material things. In "The Theory of Contradiction," he stated that throughout the course of historical development, material things have always defined and decided things of the consciousness, but things of the consciousness also have an effect on material things. Thus, this in fact permits the concept that under certain conditions matter and consciousness are mutually interchangeable.

In his article "Where Does a Person's Correct Ideology Come From?" Comrade Mao Zedong made a detailed analysis of the concrete process of and the concrete conditions under which matter and consciousness are mutually interchangeable on a practical basis. He pointed out that "the transformation of matter into consciousness and consciousness into matter" is "a phenomenon often seen in everyday life." Things in the real world are very complex and thus "correct knowledge is only complete and perfect after many repetitions of transformation of matter into consciousness, consciousness into matter, from practice into knowledge and knowledge into practice." Seen in terms of the history of development of human knowledge, the mutual interchangeability of matter and consciousness is a limitless process.

Why is it that consciousness can be transformed into matter? Primarily, consciousness comes originally from matter and is a product of matter and thus also a reflection of matter. Secondly, consciousness does have an effect on matter. Although consciousness is not able to directly affect any matter apart from the brain itself, it can exert an effect on human bodily organs by means of the central nervous system and also act as an extended tool of the human organs.

Consciousness makes a division between correct and incorrect. Different kinds of attitudes and activities of the consciousness can affect matter to different extents or in different directions, creating different material results. Only under correct ideological guidance and with the spiritual encouragement of revolution can the expected results be achieved in the actual practice of changing and improving the objective world. Behavior that occurs under correct ideological guidance cannot in general achieve expected results but often result in the opposite outcome.

All the successes and victories in our socialist revolution and construction were achieved under correct ideological guidance and the spiritual encouragement of revolution. In the early stages of new China, socialist construction and changes saw great achievements and successes. This was the result of the party's correct integration of the generalized truths of Marxism-Leninism with the concrete actual situation in China at that time. However, after entering the stage of all-round construction of socialism, tendencies of one-sided and exaggerated subjective will began to emerge in the party. Under the influence of a "leftist" guiding ideology, some areas and regions made such erroneous calls as "more courage from the people will produce greater output from the land," "do not worry about not completing something, only worry about not thinking of something," and so forth. In the Cultural Revolution, such one-sided, exaggerated subjective will-type ideology became more and more popular. This kind of incorrect ideology and work methodology gave a severe battering to the material foundations and material strength that we had previously created. Since the party's 3d Plenary Session of the 11th CPC Central Committee, we have made great progress in every area of work related to this and this is the result of the party's correct line, principles and policies. Policies are things of the consciousness. The most important reason behind the fast development in agricultural production in China has been reliance on correct policies to activate the peasant's enthusiasm and initiative. Is this not true



embodiment of consciousness being transformed into matter? We often say that "ideals are transformed into actuality" and that "plans achieve actuality." These, too, in philosophical terms, are evidence of the transformation of consciousness into matter.

The concept of "consciousness being transformed into matter and matter into consciousness" is entirely in line with the principles of the Marxist theory of knowledge. Marx said: "Conceptual things are nothing more than material things entered into the brain, and there transformed." ("Selected Works of Marx and Engels," Vol 2, p 217) This thus proves and illustrates that matter can be transformed into consciousness. Marx also said: "As soon as a theory is grasped by the masses, it can be transformed into material force." (ibid., Vol 1, p 9) This is an illustration of consciousness (theory) being transformed into matter.

This scientific proposition was severely distorted and falsified by Lin Biao and the "gang of four." It was their habitual practice to split up the transformation of matter into consciousness and consciousness into matter and to discuss solely the role of consciousness and to use consciousness as a summary of their reactionary and absurd ways of thinking in which consciousness could "replace" matter and "exceed" matter. Not only did such a way of thinking destroy the differences between consciousness and matter, thus erasing the conditions for the transformation of consciousness into matter, it also more importantly meant that they made use of their reactionary consciousness to change the party and the state, dragging the people into the midst of a terrible disaster. However, we should not confuse or mix up Lin Biao and the "gang of four's" destruction of the notion of "consciousness being transformed into matter and matter into consciousness" as well as their reactionary promotion of idealism and metaphysics with the true essence of the scientific principles of these two kinds of transformations. Nor should we, on account of our criticism of their theory of the "infinite potential of consciousness," deny the dynamic role of revolutionary spirit in promoting social development.

At the end of 1981, the party Central Committee pointed out in a published document that "the potential for the mutual interchangeability of consciousness and matter under certain conditions is a basic principle of Marxism." This, then, confirms that "consciousness being transformed into matter and matter into consciousness" is a scientific proposition. The document also goes on to say that it is vital that we criticize the erroneous concept of "the infinite potential of consciousness" in our efforts to wipe out "leftist" ideological influences, but on no account should we, on the same basis, negate the dynamic role that revolutionary spirit plays in changing the objective world. Recently, leading cadres in the party Central Committee said that the arduous program for the construction of the four modernizations has become a conscious act or part of the behavior of 1 billion people and may thus be transformed into an enormous material force. This will be of great use to use in promoting China's socialist modernized construction.

The Transformation of Matter Into Consciousness and Consciousness Into Matter Is Inseparable From the Condition of Social Practice

Comrade Mao Zedong said: "The results of a mutual struggle on the opposing sides of a contradiction are invariably under certain conditions mutually interchangeable. In this case, the conditions are important. Without these certain conditions, the two struggling sides are not transformable."  
("Concerning the Problem of Correctly Handling Contradictions Within the People") Matter and consciousness represent a contradiction in the process of cognition or knowledge. The previous analysis shows us that the mutual interchangeability between these two is conditioned and is on no account an unconditioned interchange. Without certain conditions, matter cannot be transformed into consciousness, nor consciousness into matter.

No matter which way the transformation occurs, it is inseparable from social practice. Social practice is the most fundamental condition and central link for either transformation. If a person wishes to correctly reflect the regularity of objective things, then actual practice is required, involving contact with the objective thing, living (or "practicing") in the environment of the objective thing which he or she wants to understand or gain knowledge about and then examining and changing it.

This process of gaining knowledge from actual practice means that for leaders and leading organizations and groups, the most important part of the lesson is the need to enter into the lives of the masses, into reality and carry out thorough examinations and research, getting all-round and reliable firsthand experience. In addition, such leaders and organizations should analyze and gather the disseminated and unsystematic opinions of the masses to create a more systematic, all-round and in-depth body of opinion and methodology. The process of consciousness being transformed into matter requires the putting of ideology into practice and investigating and acting thereupon. This primarily demands that consciousness or ideology come from a basis in objective reality and not be subjective suppositions or wild fancies. With correct theory, it then becomes conscious behavior on the part of the masses, whereupon it is a question of mobilizing, training and organizing the masses. In order that everyone be involved in such things, it is necessary that everyone knows what is going on. "If the masses know the truth and have a common aim, they will do what is expected of them with one heart." ("Selected Works of Mao Zedong," Vol 4, p 1261)

In order for consciousness to be transformed into matter, there is without a doubt a necessity for specific material conditions without which consciousness cannot be directly transformed into matter. For example, in order to build a house, one needs bricks, tiles, earth, sand and various other building materials made from stone or the earth, without which, even with a design and blueprint, it would be impossible to build the house. But, the possession of or access to these things is not the same thing as having an actual house. They are only the potential for building a house. The house must be put together and built, requiring precise engineering according to a specific design. At the beginning of the 1960's, despite enormous difficulties, the Daqing oilfields were able to be developed very

quickly into a major oilfield of advanced world standards. In addition to the possession of certain material conditions, their success is inseparable from the arduous struggle and incredible will to strengthen the country that the cadres and workers had, who were armed with Marxism-Leninism and Mao Zedong Thought. In the process of changing the real world, generally similar material conditions must generate different results by virtue of the fact that the subjective dynamics in each human being is given a different degree of expression. Sometimes, in situations where the material conditions can vary a great deal, great achievements can be made in work as a result of human spiritual inspiration, unity, strong organizational discipline and full expression of active creativity. On the other hand, if the spirit or consciousness is not aroused, pessimism and negativity are present and inertia sets in, then even with good material conditions, it is often impossible to carry out one's work well.

Marx placed a great deal of emphasis on human subjective dynamics, and advocated that revolutionary consciousness and scientific attitudes should be integrated. Subjective dynamics may be divided into awareness and blindness. What we should develop is revolutionary dynamics with awareness based on and corresponding to objective reality and not blind recklessness which contravenes objective regularity. We should exceed the permissible limits of material conditions in order to strive for impossible achievements. But we can and indeed should, on the basis of certain material conditions, fully exploit the intelligent and indomitable revolutionary spirit, giving expression to its power and grandeur. We should oppose non-recognition of objective conditions and "great plans" and "high targets" which set out to exceed realistic possibilities and avoid working on tasks which will remain unfinished even after the expenditure of great effort. However, we should make all-out efforts to continue, regardless of difficulties, to actively carry out those tasks which can and should be done through efforts. With full expression given to conscious dynamics based on and corresponding to objective reality, we will be able to overcome all problems and obstacles in the road ahead, gaining victory after victory.

#### The Transformation of Consciousness Into Matter and Matter Into Consciousness Is Absolute Materialist Monism

In philosophical terms, the transformation of consciousness into matter and matter into consciousness is absolute materialistic monism and is not dualism and even less is it idealist monism.

Lenin said: "In philosophical terms, the state of monism or dualism is decided but whether materialism or idealism are absolutely or inabsolutely implemented." ("Selected Works of Lenin," Vol 2, p 296) The basic difference between monism and dualism lies in the differing answers provided to the question of the single or dual nature of the world. Absolute materialism states that the essential nature of the world is purely material and that consciousness is a product of matter and that all worldly phenomena are, in the final analysis, solely explicable in material terms. Idealism states that the essential nature of the world lies in consciousness and that matter is derived from consciousness and that all worldly phenomena

are solely explicable in terms of the consciousness. Dualism has set the boat rocking between the two philosophical schools of materialism and idealism by stating that matter and consciousness are both the two essential components of the world. Thus, in terms of the ideal relationship between matter and consciousness, dualism has brought together these philosophical schools of thought. This is one manifestation of eclecticism.

It should be pointed out here that although dualism has different concrete forms, none of them recognize the mutual interchangeability between matter and consciousness. The 17th century French philosopher Descartes and the 18th century German philosopher Kant were the main proponents of dualism. Descartes considered matter and consciousness to be two separate, independent and mutually nonaffecting things and never discussed the mutual interchangeability of the two. Kant, however, made a strict division between human knowledge "independent matter." He considered that although the latter existed, it would never be understood. Thus, it is evident that to say that the concept of the mutual interchangeability between consciousness and matter under certain conditions is dualism is in complete contradiction of accepted philosophical concepts.

Why is it that we should say that the basic principle behind the mutual interchangeability of consciousness and matter is in fact absolute materialist monism?

Firstly, the transformation of matter into consciousness and consciousness into matter only exists on the materialist premise of admitting that matter represents the sole essential nature of the world and that consciousness is derived from matter. This premise thus clarifies the question of the mutual interchangeability of matter and essence in the process of cognition. The so-called "change" in this proposition occurs during the process of cognition and it is not the essential nature of the world which creates this change. The transformation of matter into consciousness is not the transformation of an essentially material universe into an essentially consciousness-based universe, nor is it the destruction of matter with only consciousness being left over. Rather, in the process of cognition the objective world and its regularity become the content of man's subjective knowledge. The transformation of consciousness into matter does not mean that the material world is derived from the phenomena of the consciousness, but that after man has recognized and understood objective rules and laws, he can, under the guidance of this knowledge, change the material world according to his needs. This does not go against the principles of materialist monism, but instead it is the concrete implementation of dialectical materialism in the very middle of the sphere of knowledge or cognition. For in actual fact, if we do not recognize and accept that consciousness and matter are mutually interchangeable in the process of cognition, then we are looking at matter and consciousness as separate, independent and mutually unaffected things, and is it not exactly that which is dualism? If, in the process of cognition matter cannot be transformed into consciousness, then where does consciousness come from? If consciousness cannot be transformed into matter, then what is the necessity for the existence of consciousness?

Secondly, the proposition of consciousness being transformed into matter and matter into consciousness is a unified, complete and indivisible proposition. The transformation of matter into consciousness means that matter is primary and that consciousness is secondary. The transformation of consciousness into matter suggests that consciousness has an effect on matter, but it does not by any means mean that consciousness has become primary, for this consciousness is still derived from matter. Consciousness cannot be separated from matter and exist independently. Matter which has undergone purposeful and willed actual practice by man is still primary and possesses an independently existing objective reality separate from consciousness. Just because it has undergone manmade practical changes does not mean that it has lost the objective reality or existence of matter and become secondary.

Finally, it should be stressed that the materialism upheld in the transformation of matter into consciousness and consciousness into matter is not the normal kind of materialism, but is dialectical materialism and historical materialism. This proposition upholds the practical and dialectical concepts of Marxism and also confirms the primary decisive effect of matter on consciousness and social existence on social will and it also confirms the enormous reaction that consciousness has on matter and social will has on social existence. This kind of materialism is of a much higher level than old forms of materialism. Although pre-Marxist materialists recognized the primality of matter and the secondariness of consciousness, their lack of understanding of the decisive effect of social practice, in particular material production activities of the masses, on man's knowledge and their lack of understanding of the use of dialectics to examine the processes of cognition and social life of man meant that they were unable to correctly explain the essence of man and questions concerning his subjective dynamics. Furthermore, they were unable to scientifically explain the true process of the appearance and development of knowledge in man and thus they were unable to distinguish clearly idealism and agnosticism. Hence, in the sphere of social history it was inevitable that they entered into idealism. On the basis of the relations between consciousness and matter and social existence and social will, the principle of the interchangeability of consciousness and matter is support for the concepts of dialectical materialism and historical materialism and also overcomes the one-sidedness and incompleteness of metaphysical materialism in this particular matter as well as correctly carrying through to the end the principle of materialist monism.

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PAY ATTENTION TO WORK METHODS

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["Ideological commentary" by Shi Youxin [2457 0645 2946]]

[Text] Comrade Mao Zedong had a famous thesis: "We must put forward not only tasks, but also methods for completing the tasks. Our task is to cross a river, but without a bridge or boat we cannot cross the river. If we do not solve the problem of bridges or boats, crossing a river is nothing but empty talk. If we do not solve the problem of methods, we can only talk groundlessly about tasks." We must now master correct work methods to realize the great tasks put forward by the 12th CPC National Congress. Otherwise, we will get half the result with twice the effort. This will affect the course of ushering in a new situation.

Since the 3d Plenary Session of the 11th CPC Central Committee, our country has been able to realize a great historical change and has achieved great successes on various fronts. The reasons are that, in its guiding thought, our party has completed the arduous task of bringing order out of chaos and has reestablished the Marxist ideological line, political line and organizational line. In addition, the party Central Committee has paid attention to continuing and developing our party's fine traditions in leading methods and to creating and accumulating new experience. The party Central Committee has implemented a series of effective work methods which are in conformity with the line formulated by the third plenary session, for example, the method of carrying out our work in an orderly manner and solving various problems step by step, in the order of importance and urgency and by grasping the key links; the method of resolutely making various decisions by conscientiously carrying out investigation and study, knowing well the actual situation and concentrating the wisdom of the masses; the method of correctly launching ideological struggle on the two fronts to prevent another erroneous tendency from emerging while correcting an erroneous tendency; the method of taking a careful, honest and analytical attitude in carrying out criticism and education in order to convince and guide people by reasoning. These facts have proved that it is extremely important to strive for a great change with regard to work methods and that it has important bearing on whether we can usher in a new situation.

However, as far as the actual status of the whole party and cadres throughout the country is concerned, many comrades have not fully understood the importance of correcting work methods. They lack the necessary consciousness. We should know that whether we have enough courage and enthusiasm to shoulder the work placed before us is a test for we revolutionaries, and to measure carefully the heavy responsibility we shoulder and to conscientiously study how to shoulder it well is no small matter of no significance. The correct attitude should be that we must not only arouse our revolutionary spirit, but we must also pay attention to work methods and combine the two aspects well. In other words, we should become men of action who have both courage and insight. We must not become blunderers who are brave but not resourceful. For instance, we will be defeated in a battle if we charge forward without studying military strategy and tactics beforehand. It is the same with socialist construction, in which we cannot merely rely on enthusiasm without paying attention to methods. In the "Great Leap Forward" in 1958, we suffered great losses. It was mainly caused by the "leftist" erroneous tendency in the guiding thought. It was also closely related to the erroneous work methods of solving problems without analyzing their specific conditions and doing things in a rush and in mass action, which were under the "leftist" influence. Although our guiding thought was correct, we sometimes did a bad job in our work because our work methods were wrong. We should always remember this lesson.

Fundamentally speaking, to have a good grasp of correct work methods is to apply materialist dialectics to various fields of our work to enable our understanding and practice to be in conformity with objective laws. So, it is necessary to use work methods which are in conformity with actual conditions and by which we can link ourselves with the masses, and it is necessary to overcome subjectivism and bureaucratic work style. Therefore, the first thing is to be willing to go deep into the realities of life and stay among the masses to conscientiously carry out investigation and study. This is the necessary way of implementing the party's line, principles and policies. The party's line, principles and policies do not come down from the sky, nor are they formulated subjectively by a few people. In the final analysis, they stem from the social practice of the masses and are the products of correctly summing up the masses' experience and creation. If we do not go deep into the realities of life and stay among the masses to carry out investigation and study and to systematically understand actual conditions, how can we correctly understand and implement the party's line, principles and policies to keep abreast of the steps of the party Central Committee? What a pity that some comrades have not fully understood this principle. Although they often talk about "keeping abreast of the steps of the party Central Committee," they would rather sit in the office and talk nonsense than go deep into the realities of life to breathe in fresh air and understand what the masses are doing and thinking. If this phenomenon is not changed, subjectivism and bureaucratic work style will inevitably emerge, and "ushering in a new situation" will be empty talk.

In fact, a large number of cadres at various levels pay attention to work methods. Let me give an example here. In 1981, in Funan County, Anhui Province, an "incident" took place in which a certain commune brigade

"refused to turn over their grain to the state." On hearing this, the secretary of the county party committee came to where the incident had taken place to investigate. After a thorough investigation, he came to know how it had happened: The cadres of this production brigade took more than what they were entitled to, and there was bribery, too. As a result, the village became poor. During the implementation of the system of fixing output quotas on a household basis, the commune members were not informed of why their grain was reserved by the collective. The masses reported to the commune office several times, but the problem was not solved. So, they hid their grain instead of turning it over to the state, in the hope of getting the attention of the county party committee. According to the facts obtained from the investigation, the county party committee, suiting the remedy to the case, solved the problem of the cadres of this production brigade. The purchase task for grain was overfulfilled in a day. We can well imagine what would have happened if this problem was handled with a subjective and bureaucratic attitude. Starting with investigation and study, the Funan County party committee finally handled this problem properly. It is obvious that many apparently complicated problems can be solved well so long as we do our work on the basis of investigation and study and by applying methods of seeking truth from facts.

In the course of studying and improving work methods, we must also pay attention to bringing into play the creativeness of the masses. Since the fundamental requirement for exercising correct work methods is to thoroughly apply materialist dialectics to the practice of transforming the world, we must stimulate and not restrict the people's creativeness, which is an indispensable dynamic factor for carrying our cause forward and maintaining the emergence of new atmospheres. In practice, we must hold firm to the fundamental orientation and principles of socialism. However, socialism may have a variety of specific forms and methods, which can be and should be used to encourage people to investigate and create boldly following the development of objective matters. To build socialism suited to China's characteristics is the basic conclusion we have drawn through long-term historical experience. But before this great goal, there is much that we do not understand with regard to the realm of necessity. Viewed from the angle of leaders, if they restrict themselves to foregone conclusions and work out plans with excessive particulars instead of putting forward and understanding problems in the above manner, then our cadres and masses will be bound hand and foot, and the people's initiative and creativeness cannot be brought into play. Viewed from the angle of those being led, if they adopt an attitude of solely relying on the higher authorities, blindly carry out the instructions of the higher authorities apparently without any objection and dare not carry out their work according to specific conditions, then they "totally do not follow the ideological line by which communists create a new situation through struggle." This shows that they are conservative and afraid to keep forging ahead and have not ideologically broken away from old conventions. We must know that the situation develops rapidly and that many new things keep emerging on the horizon. In face of our actual life that changes rapidly, leading comrades at all levels must take the lead in carrying forward the creative



spirit of daring to carry out innovations. They must study a new situation diligently, meticulously and in a timely manner, solve new problems, persist in what is correct, correct what is wrong and lead by deeds the cadres and masses in doing so. Only in this way can we really have Marxist instructions for our work and can we usher in a new situation.

CSO: 4004/21

ACTIVELY REFLECT CONTRADICTIONS AND CONFLICTS IN REFORMS

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 39-40

[Article by An Liangwen [1344 5328 2429]]

[Text] As our literary and artistic creation is in progress, a phenomenon which has existed for a period of time is worthy of attention. More and more writings are based on historical themes while less and less are based on reality. In respect to those writings which are based on reality, most of them concern love, feelings and childhood and only a few touch on the contradictions and conflicts of reality. Consequently, literary critics once warned against the revival of noncontradictionism.

Under these circumstances, we read with great interest a recently published fictional piece entitled "The Reformists" (written by Chang Qie and published in volume V of "Dang Dai" in 1982). The work vividly reflects the sharp contradictions and conflicts emerging from the institutional reforms of the current socialist industrial construction. During the process of unveiling the contradictions, socialist characters like Chen Chun Zhu and Xu Feng, who were determined to reform, are created.

At present, we are in a great reform. We are bound to be confronted with resistance if we want to reform. Comrades who have not freed themselves from the bondage of leftist ideology, those who are still affected by old ideologies and habits, and those who are eroded by capitalism and feudalism would consciously or subconsciously hinder our reform by various means. Thus, contradictions or even acute conflicts will inevitably arise in the cause of reforms.

In "The Reformists" the first secretary of the party committee in city C (Wei Zhenguo) obstructed the party's development. He was satisfied with his 17-year-old working method and was indifferent to changes or new problems. He put personal power and position above the interest of the people and the party. The problem was that he was not alone. On his side were people who stuck to old ways, lacked capabilities for and knowledge of business management and, worse still, had no respect for science; people who were happy with the present situation and put their own business above everything; and people who built up their positions from revolts. This negative force made things difficult for Xu Feng, a man of action and

secretary of the provincial industrial committee. When provincial secretary Chen Chun Zhu first arrived at city C, some people attempted to blind him with false pictures. The fiction may not have been developed with great care and some depictions are not refined enough. For example, the streams of thought of a personality like Chen Ying were not clear enough. However, the existence of incisive conflicts in the institutional reform of industrial construction, as reflected in the fiction, is believable. The fiction's appeal to open the way for people who understand arouses great sympathy from the readers. After reading the fiction, our desire to reform becomes stronger and our confidence is strengthened. In our party and society, the majority are comrades like Xu Feng and Chen Chun Zhu, who are determined to reform and who are on the side of the people. Only the minority are comrades like Wei Zhenguo. They will come round and catch up with the reform. Only a minority will be left behind the wheel of the times. To reflect various socialist reforms, to depict the contradictions and conflicts arising from reforms and to unveil the directions of such contradictions and conflicts are the responsibilities of the people involved in literary and artistic creation. In recent years, in addition to "The Reformists," we also read a number of good works reflecting the social and ideological conflicts in rural life, industrial construction and their related fields. Of the six novels which were recently awarded the "Literary Award of Mao Dun," four depict contemporary conflicts. Assessed novels such as "Nei Dang Jia," "Who Is Stronger" and "The Garland at the Bottom of the Mountain," which was published recently, have also tugged at the heartstrings of people with the sharp contradictions and conflicts they reflect. Their success shows that the range of subjects for literary and artistic creation is wide. We can write about history. We can also write about reality. We can depict kindhearted characters through the description of small episodes in life; we can also create lofty images of socialist personalities by reflecting sharp contradictions and conflicts. Moreover, new personalities glittering with the glory and feelings of communism can only be demonstrated in the contradictions and conflicts embedded with deep socialist meaning. As Lenin says, the field for individual creativity, personal likings, thinking and imagination, forms and contents of writing is great.

However, some literary critics have a different opinion on this issue. They maintain that authors should not touch on or reflect the sharp contradictions and conflicts because they have criticized the unrestrained tendency toward bourgeois liberalization. As a result, the scope for literary creation is narrowed and this gives rise to the emergence of the theory of noncontradiction. This viewpoint, which sets the criticism of the tendency toward bourgeois liberalization against the reflection of major social contradictions and conflicts, is, of course, a misunderstanding. We oppose the unrestrained tendency toward bourgeois liberalization. In literary and artistic creation, it refers to a tendency which has deviated from the four basic principles and willfully disregarded social effects to exhibit "wounds," creating pessimistic feelings. It also refers to a tendency to make use of the dejected philosophy of modern capitalism to exaggerate or distort the contradictions and conflicts in socialist life

and create a sense of hopelessness. We are not, in general, unconditionally opposed to the description of the contradictions and conflicts in socialist construction. On the contrary, we have been actively advocating the depiction of the acute contradictions and conflicts in reality. We will be glad to have more literary works like "The Reformists" which have properly reflected the sharp conflicts in reforms and made people feel more confident in our reform movement.

The problem is that socialist literary and artistic creation should aim to serve the people, to serve socialism and to resolutely carry out the policy of "hundred flowers and hundred schools of thought" which adheres to the orientation of serving socialism. The leaders of literary work at all levels are confronted with the problem of strengthening and improving the party's leadership. They not only have to insist on the orientation of "serving the people and socialism," but also the policy of "hundred flowers and hundred schools of thought." Writers should not insist only on the latter without paying any attention to the former. It is incorrect to make the two things oppose each other. Twenty-odd years ago, Comrade Zhou Enlai was right in saying that "Marxism has a framework. We have a big one and, in general, we are not against having one." In fact, we cannot do anything without it. We should not behave unscrupulously nor should we do things as we please. We need a court for field and regulations when we play a ball game. However, they are not an obstacle to the development of the players' skills.

In respect to the reflection of sharp conflicts by literary and artistic creation, some comrades think that the work can radiate in all directions; some think that it is always restrained. The reasons are, of course, many. Besides having a correct understanding of the "framework," we also have to make sure that we have a thorough understanding of the people's struggle for a new life, a full understanding of life, a correct comprehension of the nature of conflicts, a comprehensive understanding of the feelings and psychology of various characters. Only those writers who have labored themselves to plunge into the thick of life and who share the same feelings and fate with the people can score great successes. The writer of "The Reformists" would not have a correct and profound reflection of the conflicts of industrial construction if he did not have a clear understanding of the actual situation. If writers can plunge into the thick of life, "proceed from everyday life to a more complicated, more meaningful state," then "to a state of social life which has a profound and popular meaning, a state of human and class relationship, the various forms of struggle and life in social development, to the inner world of various types of people in order to analyze it and to seek the souls of various types of people" (quoted from Comrade Hu Yaobang's speech at the seminar on script writing), then they can get inspiration from the people's creative labor in socialist construction and can enjoy the freedom of creative writing. The theory that it is better to have a shallow understanding of real life than to plunge into the thick of life is, to a large extent, ridiculous. The road of literary and artistic creation will become narrower and narrower if we are indifferent to the great reforms instituted on every front of endeavor in our society, or if we confine ourselves to a small world, dealing with

bygone or trivial matters. We can never dig out those new things which have real meaning if we do not know clearly what is going on today, even though we may have a clear understanding of the past or we can write petty things well.

Plunge into the thick of life!

Literary creation should move upward while writers should be down-to-earth!

CSO: 4004/21

THE DEVELOPMENT OF AGRICULTURAL BRIGADES WHOSE MEMBERS HAVE AN AVERAGE  
INCOME OF ABOVE 300 YUAN

Beijing RED FLAG in Chinese No 2, 16 Jan 83 p 40

[Text] According to the statistics of the department concerned, the total number of agricultural brigades whose members have an average income of above 300 yuan rose from 1,622 in 1979 to 10,943 in 1981, an increase of 9,321 (5.7 times), whereas the percentage of such brigades among all production teams in the country rose to 1.52 percent from 0.23 percent in 1979.

CSO: 4004/21

APPLY MATERIALIST DIALECTICS TO ECONOMIC WORK

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 41-44

[Article by Bai Liangyu [4101 5328 3768], manager of the Shoudu Iron and Steel Company]

[Text] Over many years in the past, we were given to habitual "leftist" practice, so that we lost awareness of its harmful effects and did many ridiculous things. Since the 3d Plenary Session of the 11th CPC Central Committee, the previously distorted Marxism has again been revealed in its true colors. In the documents of the 12th CPC Congress, Marxism has further been integrated with the practice of our country's socialist modernization construction, materialist dialectics has been correctly applied to tackle the problems in our country's political, economic, cultural and social life, and a good way to strive for a fine future has been pointed out for us. The more thoroughly we study the documents of the 12th CPC Congress, the more active and enlightened our minds become. Materialist dialectics has made us cleverer.

To study materialist dialectics is a must for us. However, it is very difficult to learn it well enough to apply it really proficiently. People like us, who do practical economic work in enterprises, hope that by studying the documents of the 12th CPC Congress, one can do better in studying dialectics, so that one can do things more satisfactorily in the enterprises. Now I will discuss several points we have learned from our study.

The first point concerns the relationship between the key construction projects of our country and the technological transformation of its existing enterprises.

To attain the strategic goal of quadrupling the total annual industrial and agricultural output of our country by the end of this century, our country must gather the funds necessary for carrying out major construction projects. Otherwise, the overall situation of our national economy cannot be enlivened. On the other hand, we must carry out the technological transformation of existing enterprises step by step and with emphasis on key items. If there is no change in the equipment, technology or products of existing enterprises, our country's economy will not develop vigorously on a full scale. At present, when our state suffers from a relative

shortage of financial resources, there is a contradiction between these two things. Even if the state's financial resources become more adequate in the future, this contradiction will not be basically eliminated.

Some comrades' view on this contradiction is that with our limited financial resources, if the state carries out a larger number of major construction projects, the enterprises must cut back on their technological transformation; and if the enterprises step up their technological transformation, the state must cut back on the construction of major projects. It is impossible to satisfy both objectives, just as it is impossible for a river and a stream to gain water simultaneously if they compete for water.

However, we have come to the understanding that the relationship between the enterprises' financial resources and the state's financial resources is comparable to that between a river's tributaries and the river itself. Without the tens of thousands of small streams, how could the mighty Yangtze River and Yellow River be formed? If we pay attention to the river at the expense of the streams, "letting the river do its business without supplying water to the streams," then the situation is like vainly hoping to have a river without tributaries. On the other hand, if we pay attention to the streams alone, and if the tens of thousands of streams cannot join into a mighty river, then the waters will hardly be useful for irrigation. Is there a way to let the state go ahead with its major construction projects without affecting technological transformation in enterprises, or let the enterprises go ahead with their technological transformation without affecting the state's major construction projects? The answer is yes. If the economic benefits yielded by the existing enterprises can be continuously enhanced, then while the state can collect a greater fiscal revenue, the enterprises can also simultaneously plow back a larger amount of funds. Thus, instead of having a contradiction embodying two irreconcilable objectives, we can achieve both objectives.

The existing enterprises possess enormous potential in yielding greater economic benefits. Consider the example of the Shoudu Iron and Steel Company. Since the trial reform of the industrial management system and the implementation of the economic responsibility system in 1979, the enthusiasm of the enterprise's staff and workers has been greatly boosted. The greatest economic benefits in the history of the company have been achieved mainly by improving production techniques, raising the standard of management and running, and tapping its potential, without installing any additional equipment. During the 4 years from 1979 to 1982, the profits annually turned over to the state by the company increased by 297 percent compared with the annual figures for the 4 years prior to the implementation of the economic responsibility system. In particular, in April 1982, the state approved the method whereby the company assumes responsibility for task completion, with that part of its profits turned over to the state to be increased year after year. This method will remain unchanged for several years. This will not only ensure an increase in the state's revenue, but will also enable the enterprise to enjoy a certain degree of control over its financial resources. Thus, in the light of its own financial resources,



the enterprise can formulate a medium- to long-term plan for its own development, and make overall arrangements for all things ranging from production to livelihood. In our enterprise, the economic responsibility system is implemented at all levels and is applicable to each individual. It helps mobilize the enthusiasm of all staff members and workers, making them strive to fulfill the development plan for the enterprise, which is closely related to their gains and losses. The fulfillment of the development plan for the enterprise and the carrying out of technological transformation will inevitably be accompanied by a quickened reproduction of capital. The enterprise plowing back its profits will lead to the implementation of technological transformation, which will lead to greater economic benefits, which will lead to increases in the enterprise's retained profits and the amount of profits turned over to the state, so that further technological transformation can be carried out, which will lead to a further enhancement of economic benefits, and so forth. Thus, a beneficial cycle will be formed. Both the revenue received by the state and the profits retained by the enterprise will keep on increasing. Besides, the worker's livelihood will be continually upgraded. Thus, three objectives, not only two, will be simultaneously achieved. In actual practice, we already enjoy encouraging benefits from this cycle. Generally, the technological transformation of an enterprise is associated with less investment, a shorter time for completing the transformation work, quicker results as well as quicker turnover and reproduction of capital funds. For example, early in 1982, the Shoudu Iron and Steel Company only took 4 months to transform its rolling mills, which can now annually produce an increased output of small steel billets which is 300,000 to 400,000 tons more than in the past. The annual increase in profits amounts to around 14 million yuan. The cost of transformation was 13 million yuan, which can be recovered in less than a year. When the enterprise's economic benefits keep on expanding, the amount of profits turned over to the state will keep on increasing. This can be likened to the fact that when the tributaries of a river swell, so will the river itself. On the other hand, we also understand that although the major construction projects undertaken by the state are associated with larger investments, a longer time for completion of work and slower results, when the completed projects go into operation, they will be able to play a powerful role in the national economy. For example, the Gezhou Dam is a large-scale major construction project. When it goes into operation, it will greatly improve the supply of energy resources to our country's inland regions. Major construction projects of the state and technological transformation of the enterprises supplement and promote each other. None of them should be ignored. There is an ancient saying: "You must give in order to take." ("Laozi," Chapter 36) Li Ao of the Tang dynasty also said: "People commonly think that wealth can be amassed by exorbitant accumulation of money, without knowing that modest accumulation leads to greater wealth." (See "Ping Fu Bian Xu") These words can enlighten us on the generation, accumulation and utilization of wealth. Over the past several years, with the implementation of the economic responsibility system and the expansion of the enterprise's power to act on its own, the enterprise has vigorously developed and become wealthier. Allowing the enterprise to become better off by plowing back funds has not reduced the state's revenue, but on the contrary has enabled the state to

collect a larger revenue. Many other real examples also eloquently illustrate this truth.

The second point concerns the relationship between the planned economy and regulation by market mechanism.

Concerning the correct implementation of the principle of relying mainly on the planned economy and taking regulation by market mechanism as a subsidiary measure, the documents of the 12th CPC Congress have thoroughly elaborated on all aspects of this matter, from the theoretical aspect to the formulation of specific policies. Relying on the planned economy is one of the major characteristics of socialist countries such as ours. We must not waver in the slightest degree in adhering to the planned economy. However, there exist different views on how to do a good job of planned economic work in our country at the present stage. It seems some comrades are obsessed by an old thinking habit: At the mention of strengthening the planned economy, they think of the centralization of everything by the state through macroeconomic planning. It seems that the wider the scope of centralization and the more meticulous it is, the higher is our level of socialism. Actually, this way of striving for "centralization" alone is to ignore the level of development of the productive forces and the differences between specific things. Very often, the result is that the enthusiasm of the localities, enterprises and workers is limited to a narrow scope. With many constraints on their decisionmaking power, it is very difficult for them to make achievements. We should earnestly think about the lessons from this kind of experience over many years in the past.

Judging from the present level of development of our country's productive forces, it is really impracticable and unnecessary to attempt to centralize all microeconomic activities under the blanket of macroeconomic planning. Consider industrial production. Enterprises produce tens of thousands of different products. There are also numerous different social needs, which, moreover, are always changing. If we want to rely on state planning alone to make perfect arrangements for handling the massive, complex and ever-changing demand and supply, so that at each link supply is compatible with demand, without any discrepancy or shortage, then, even if we have talented prodigies and the most advanced computers, it will be very difficult to completely achieve our objective. In particular, the economic information system is very unsound at present and is far from able to satisfy the needs of production, construction, circulation and consumption. This makes it even more impracticable to try to "centralize" everything in our country. Stalin said: "It is wrong to despise the role and significance of planning work. However, it is an even greater mistake to exaggerate the role of the principle of planning, and to think that we have already attained the stage of development at which we can plan and regulate everything." ("Collected Works of Stalin," Vol 11, p 71) These words display the essence of Marxist materialist dialectics. However, in the past, we often deviated from these correct principles in running the planned economy, so that we suffered major setbacks. The principle of relying mainly on the planned economy with regulation by market mechanism as a subsidiary measure represents a major development with regard to the planned economy. It is vastly beneficial to

our national economy and the people's livelihood. The practice over the past several years has fully demonstrated this point. Consider the example of the Shoudu Iron and Steel Company. Since the implementation of the economic responsibility system, it has vigorously made good use of the decisionmaking power given by the state, under the direction of macro-economic planning. It has thus greatly vitalized economic work. In 1981, after the state had assigned a directive target to the company for producing pig iron, the market conditions changed, so that the shortage in supply of pig iron gave way to excessive supply. Instead of selling well, pig iron became unsalable. Faced with an impending overstocking of the commodity, the company organized forces to go deep into the market, investigate society's needs, readjust the proportions of products and extend the intensive processing of pig iron products. Thus, by means of regulation by market mechanism, the overstocking of pig iron was prevented, certain social needs were satisfied, the enterprise's economic benefits were enhanced and the state's revenue from taxation and profits also increased. In 1982, the State Council approved the assigning of power to the company to market a certain proportion of its products on its own behalf. This was a new development in implementing the principle of relying mainly on the planned economy with regulation by market mechanism as a subsidiary measure, and in further enlivening the economy.

Some comrades think that the power of an enterprise to market products on its own behalf amounts to a right which is advantageous to the enterprise alone, and which it enjoys independently of state planning. This is a mistaken idea. Judging from the situation of our enterprise, the power to market a certain proportion of our products on our own is not tantamount to the power of handling some surplus products already produced by our enterprise. Actually, it amounts to the conscious setting aside of part of our productive capacity under the state planning. Then, in the light of social needs, and in particular considering our consumers' specific needs, we take the initiative to readjust the proportions of various products and develop new products, so as to make up for the inadequacy in the plans drawn up by the state for our enterprise and to satisfy the ever-changing social needs which can hardly be taken into consideration in state planning. An enterprise's power to market products on its own actually constitutes the assigning of some decisionmaking power over production and marketing by superior levels to the enterprise under the framework of state planning. It is the power assigned by the state to the enterprise to exercise a certain degree of flexibility in the realms of production and circulation. Therefore, it is still an element in the category of planned economy.

Without the power to market products on its own, an enterprise is insulated from the market. Production is divorced from marketing. The enterprise carries out production according to directive plans, producing only the approved products in the approved quantities. The products are turned over to the state, which "monopolizes the purchase and marketing" of them. The enterprise needs not care about whether the products sell well or badly. When an enterprise assumes power to market products on its own, it shoulders greater responsibility toward the state and society. Its work becomes vastly more difficult. An enterprise that cannot fulfill the task of

marketing products on its own is deemed to be unable to fulfill state plans. Products to be marketed by an enterprise itself should not be popular goods (because popular goods need not be marketed by the enterprise itself). The enterprise should rather exercise its flexibility in production to produce new products, products that are not easily available and products in short supply, which society needs. Therefore, the enterprise must improve management and operations, strive for technological progress and open up new markets. In 1982 the products marketed by the Shoudu Iron and Steel Company itself accounted for 13.22 percent of all products sold outside the company. This helped satisfy the urgent needs of light industry, municipal construction and the countryside, and helped vitalize the market to some extent. Consumers welcomed this change.

Because of the birth and preliminary success of the assigning of power to an enterprise to market products on its own, which is a new thing, we have come to the understanding that the planned economy should not be regarded as an invariable model. In the practice of socialist economic construction, people will continuously add more scientific and richer content to the planned economy. If relatively large factories such as combined iron and steel works are assigned the power to market a certain proportion of products on their own, then, for one thing, the enthusiasm of state organs, which represent the whole nation's interests, will continue to be mobilized; and for another, the enthusiasm of state enterprises, which are under ownership by the whole people, will also be mobilized. If only one kind of enthusiasm is mobilized, the drive will not be great. Now if both kinds of enthusiasm are mobilized, the drive will be much greater, and the planned economy will thus gain vitality.

The third point concerns how to arouse the enterprises' enthusiasm in launching economic activities directed toward foreign countries.

Since the policy of enlivening the economy internally and opening ourselves to economic interchange with foreign countries was formulated at the 3d Plenary Session of the 11th CPC Central Committee, our country's economic and technological exchange with other countries has become much more active. The report of the 12th CPC Congress says that under the unified policies and unity in dealing with foreign countries, the enthusiasm of various localities, departments and enterprises in launching economic exchange with foreign countries must be brought into play, and any action against our country's or nation's interests must be opposed. This is a correct guiding principle put forth on the basis of summing up the experience of external economic activities in the previous stage. We understand that to correctly implement this guiding principle, we must also guard against one-sidedness, taking a simplistic view or making sweeping categorizations of things. Otherwise, the healthy development of external economic activities will be affected.

Recently, the foreign trade departments of our state set uniform prices for exported goods. This is absolutely necessary. It can help prevent some people from taking advantage of loopholes or incurring losses in foreign dealings. We understand that in foreign trade, the sole criterion for

judging whether our work is well done is whether it is beneficial to our country. "Centralization" is to enable our foreign trade work to be more satisfactorily launched, so that the expansion of export trade can be facilitated. However, the international market differs greatly from our domestic market. The latter is a socialist market under the framework of the planned economy which is subject to state leadership, whereas the former is a capitalist market governed by market laws. Numerous countries and manufacturers are competing fiercely and market conditions change from moment to moment. With our centralization, we have, so to say, one door open to external trade, and the exporting units in our country must all line up at this door. Therefore, the high efficiency of our centralized socialist state leadership must be brought into play. Right decisions must be promptly made. Foreign trade opportunities must not be missed due to delays. Of course, if the units in charge of foreign trade can actively approach the enterprises to offer their service, they will certainly be welcomed by the enterprises, which will consequently display even greater enthusiasm.

The principle for economic and technical exchange with foreign countries is equality and mutual benefit. We must give more consideration to "benefit." With state approval, the Shoudu Iron and Steel Company has exported new techniques in iron smelting, such as the blowing of powdered coal through jets, the top-burning hot-blast furnace and so on. The company will also import certain items of new foreign technology so that we can do a better job of transforming the enterprise technologically. On the question of importing new foreign technology and equipment, we think that while we should oppose blind and redundant importing of foreign technology and equipment which leads to waste of foreign exchange, we should on the other hand oppose the idea that we must manufacture everything ourselves through imitation, because this will cause delays in exploiting the right opportunities.

There are also a series of other major questions of relationships in the work of running enterprises, such as the relationships between political and economic work, between cultural and material civilization, between launching education in communist ideology and implementing the principle of distribution according to work, and so on. These questions must be handled dialectically. It is easy to resort to metaphysics, but if things are not well done, the state's and the people's interests will be violated. It is much more difficult to use dialectics, because we must study conscientiously and work arduously. We must go deep into the realities of life and conduct thorough and painstaking study and investigation. We must abandon selfishness and distracting thoughts and adhere to the principle of giving top priority to the people's interests. We must have the courage to struggle against metaphysical viewpoints in various forms. In upholding Marxist principles, the 3d Plenary Session of the 11th CPC Central Committee has set a brilliant example for us to follow. Moreover, the 12th CPC Congress has educated us through its documents which radiate with the glory of materialist dialectics. We must satisfactorily learn and apply dialectics, so that our work at the enterprises can develop into a gratifying new situation.

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PERSIST IN UNITING SPEED WITH RESULTS

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 45-47

[Article by Xie Minggan [6200 2494 1626]]

[Text] An important principle in constructing our country's socialist modernization is to handle correctly the relationship between the speed of economic development and economic results and to persist in uniting the two.

The party's 12th national congress has confirmed the strategic goal, emphasis and steps of economic construction of our country, which has formed a complete economic program. It fully embodies the unification of speed with results. It keeps a proper speed of development and demands the constant increase of economic results as well. We must not merely take notice of the speed requirement of quadrupling in this program and forget the important precondition of enhancing economic results. In order to materialize our strategic goal by the end of this century, the annual average rate of increase should be 7.2 percent. This relatively fast speed of development indicates the superiority of the socialist system, yet it is also required in the course of transforming our country's economy as soon as possible, reinforcing the strength of economy and national defense and promoting the level of material and cultural life of the people. However, the core of quadrupling lies in the continual upgrading of economic results, that is to say, with fairly little labor consumption and occupation, we should try our best to produce material wealth that caters to the needs of society and provide as much net income as possible so as to develop national economy and improve people's livelihood at a faster speed. This is the starting point as well as the end result of our socialist economic activities. If results are low, speed will mean nothing and the strategic goal will not be realized. To quadruple in 20 years' time does not mean that every kind of product, every enterprise, every department or region will quadruple, nor is it possible for them to do so. Under the condition that agriculture, and especially energy resources, and some raw materials cannot quadruple, the big increase in the production of some departments and the quadrupling of the total annual output value of industry have to hinge partly on the expansion of production capacity and partly on the upgrading of economic results. With the development of economy, the base production figure is getting larger and larger, and the quantity contained in each increasing

percentage is growing as well. If we mainly hinge on expanding production capacity, the speed of development will decrease. Only by devoting major efforts to cutting down consumption can we raise labor productivity and the utilization ratio of capital. We can only quicken the development of economy by creating more social wealth with an equal amount of materialized [wu hua 3670 0553] labor and animated [huo 3172] labor. Therefore, we must center our attention on further readjustment, restructuring and transformation, as well as on speeding up technical advance and improving administrative management, and persisting in acquiring a proper speed for development under the precondition of upgrading economic results.

Uniting speed with results is mainly shown in their interrelation, interaction and interdependence. The speed we require should have certain economic results, and this is the speed based on high quality, low consumption and having sales. If product quality is bad, the cost higher than the necessary labor consumed and there are no sales, such speed is false speed. At the same time, the economic results we demand should have a certain speed. It will be unfavorable to the increase of financial income, the improvement of people's livelihood, the full use of the means of production and the labor forces if there is no speed or the speed is too low. In that case, the speed itself implies a certain demand on results, whereas results themselves imply a certain demand on speed. To increase the quality of products on the precondition of reducing labor consumption and occupation and catering to the needs of society is, in fact, upgrading economic results, which in a way is quickening the speed of development. Of course, speed and results will sometimes give rise to contradictions. The principal contradiction lies in results, for speed, after all, is restricted by results. If results are not upgraded, haste makes waste. If results are upgraded, the speed will naturally be faster. We should do our best to tap the latent powers of results, and on the basis of constantly enhancing results, strive to achieve a speed which is persistent and steady, which develops coordinatedly and which enables the country and the people to obtain more practical benefits.

Uniting speed with results is required by the objective law of economy. First, this unification reflects the basic requirement of the Marxist theory of reproduction. During a certain period of time, the material consumption of a society must be compensated (replaced) by new products which are of a quantity equal to the formation of material objects. Only by doing so can it ensure the repeated practice of social production on the original scale. To expand reproduction, there must be more and better products in the formation of material objects, whereas in the formation of value, there must be abundant capital serving as the key factor for the new production, and it must be invested in the course of the new production. Therefore, the developing speed and economic results of social production must have a certain simultaneous increase so as to satisfy the demand of "compensation" and "expansion." Second, this unification also reflects the requirement of the basic law of economy of socialism. Only under the precondition of enhancing economic results, keeping agricultural and industrial production at a certain speed of development and continuing to increase and perfect production can we satisfy the frequently rising demand of society

in culture and materials to the largest extent. Third, this unification also reflects the requirement of the law that national economy should develop according to proportions and in a planned way. Only with the simultaneous upgrading of speed and results can there be a sufficient quantity of qualified and varified means of production and can there be sufficient funds to be distributed to the various production departments so that they can develop in a coordinated manner and according to proportions and unified plans. In this case, the development of production and the improvement of the people's livelihood can be coordinated.

Over the past 30 years, whenever we have had a fuller understanding of the relationship between speed and results, adopting a relatively correct principle and persisting in unifying the two, the economic construction has developed smoothly; otherwise, economic construction is affected or even ruined. During the First 5-Year Plan, the development speed of our country's economy was fast. The annual output value of industry increased 18 percent on the average. The total output value of agriculture and industry rose 10.9 percent yearly on the average. Economic results were fairly satisfactory. The industrial enterprises of state-ownership, which are independent accounting units, made an average profit of 22.2 yuan for every 100 yuan of fixed assets. (There were only 14.4 yuan in 1981.) As for the 100 yuan in funds, the profit and tax it made were averaging 31.6 yuan. (There was only 23.8 yuan in 1981.) Labor productivity had an average increase of 8.7 percent annually. Financial income of the state went up 11 percent yearly on the average. In 5 years' time, the income of staff and workers of different state-owned departments had an average increase of 30.3 percent. The consumption level of the people of the whole country had an average increase of 22.9 percent. When compared, the speed and results during this period conformed to each other. Production and state accumulation were increased and the people's livelihood was improved. From 1963 to 1965, owing to the implementation of the principle of "readjustment, consolidation, replenishment and enhancement," the development of our country's economy was comparatively fast. The two were, on the whole, in concert and harmony. On the other hand, during the Second 5-Year Plan, under the guidance of the "leftist" thinking, speed and results deviated from each other. From 1958 to 1960, the output value of industry had an average increase of 32.8 percent yearly, yet the economic results were low, consumption high, equipment in bad repair and product quality poor. The cost of production was largely increased, the profit rate of capital largely decreased and the loss of enterprises was heavy, thus causing the fall of the growth rate of industry to a negative number in the next 2 years--that is, 1961 and 1962--the rate being 28.2 percent. During the entire period of the "Second 5-Year Plan," the output value of agriculture and industry had only an average increase of 0.6 percent yearly, while national income had an average decrease of 3.1 percent yearly. The proportions of national economy were thus seriously imbalanced, the market was totally short of supply and the people's livelihood was extremely hard. This condition of speed being deviated from results existed during the 10 years of internal chaos. The condition of only working on the political account and ignoring the economy account caused great losses in national economy. During the period of time after the fall of the "gang of four,"



owing to the influence of leftist thinking which had not been rooted out and the blind pursuit of high speed and ignoring economic results, state finance and economy again met with grave difficulties, so we were forced to turn to the great readjustment of economy.

In view of the experiences and lessons of the past, our economic work must keep on solving the contradictions between speed and results and encouraging the unification of the two. The report to the 12th national congress stressed the shifting of the overall economic work onto the track of centering on promoting economic results. This is the correct conclusion we have obtained from the historical experiences of our country's economic construction. This is also a basic yardstick for correctly handling the relationship between speed and results and for the wholesome development of our country's economic construction.

In order to unite the development speed and economic results it is necessary to pay attention to handling well the following relationships in economic construction:

Persist in uniting the macroscopic and microscopic economic results. Enterprises are the cells of national economy. Economic results of enterprises are the base of economic results of national economy. Therefore, carrying out the overall enterprise consolidation, overcoming the confusion in management, preventing the grave conditions of waste and enhancing economic results by a large margin constitute our task of top priority. However, our country practices planned economy on the basis of state ownership. The results we talk about are, first, referring to the results of the entire national economy. In order to upgrade the results of national economy and to realize the goal of quadrupling on the basis of good results, we must persist in paying attention to both the macroscopic as well as the microscopic economic results, letting macroscopic economic results take the dominant role. Considering from the viewpoint of the entire national economy, we must arrange well the proportions between accumulation and consumption on the principle of "first food, second construction." We must concentrate the necessary capital on carrying out key construction. At the same time, enterprises which are backward in production technology, have poor economic results and high energy consumption and which contend with advanced enterprises for raw materials, should be closed down and banned and transferred to perform some other duties. If key constructions such as energy resources, communications and transportation are not ensured and the irrational structure of enterprises and organizations are not transformed, the overall situation of national economy will not be invigorated, the speed will be slowed down and the economy and the economic results will not be upgraded. Considering from the viewpoint of local authorities, departments and enterprises, the most important thing is to firmly establish the concept of the overall situation and planning, firmly implement and earnestly accomplish the plans of production and material allocation issued by the state, as well as the plan of turning over money to the state, so as to achieve our own development under the precondition of guaranteeing the upgrading of national economy. Just as Lenin said: "Only by following a general and big plan and carrying out construction and trying to use the

economic resources reasonably does it deserve to be called socialist construction." ("Collected Works of Lenin," Vol 28, p 18)

Persist in uniting quantity with quality. One-sidedly seeking after quantity and neglecting quality is an old problem in our economic work. The underlying reason is that we do not have a correct understanding of the relationship between quantity and quality. Quantity and quality cannot be set apart. There will naturally be no such thing as quality if there is no quantity, whereas quantity without proper quality will have no meaning at all. Marx said: "No matter in what social form wealth is, its value of use inevitably constructs the material content of wealth." "If the material is of no use, then the labor put into it will be of no use too. It cannot be counted as labor. Therefore, no value will come into being." ("On Capital," Vol 1, pp 48, 54) This is to say that if products whose quality is not up to standard should not be counted in the output value because they do not have use value and worth and fail to constitute social wealth, economic results and development speed are out of the question. In order to handle correctly the relationship between quality and quantity, we should follow the principle of "quality comes first," and increase output on the basis of guaranteeing the fine quality of products and sales in conformity with demand. When there is contradiction between quantity and quality, quantity must obey quality. The standard of quality cannot by any means be lowered.

Persist in uniting production with sales. Owing to the emphasis on production and the neglect of sales, there are some commodities that have been overstocked or are unsalable in markets. Yet enterprises are still carrying forward production blindly. This is a disastrous effect resulting from the present irrational system. Owing to the disregard of social need and, in addition, to the channel of circulation being congested, products are unsalable after they are produced. Proceeding from the angle of enterprises, output and speed have been achieved, the task of turning over money to the state has been accomplished and the percentage of profits that should be deducted has also been done. Nevertheless, looking from the angle of society, the entire process of economic activity has not yet been finished, for its labor consumption has not yet been recognized by society. Its value of use and value have not yet been realized. Therefore, it does not have real economic results and development speed. If products of enterprises are overstocked and unsalable, not only has the capital invested not realized self-proliferation, but it does not acquire the necessary compensation. This also increases the expenses of storage and management and causes us to bear the losses caused by rot, rust and deterioration and the loss of precision owing to overstocking. If we go on like this, production cannot be carried on, not to speak of speed and results. Therefore, we must unite production with sales, produce according to demand and plan production according to sales. As for unsalable products and products which are in good or excessive supply, we must exercise restriction, reduce production or stop production and prevent the expansion of capacity to produce such products. At the same time, we must dredge the channel of circulation, vigorously open the rural market so that the circulation of commodities will be fluent, sales will be expanded and overstocking will be done away with.

Persist in uniting the increase of production with the practice of economy. For a long period of time, owing to the great consumption and losses and waste in the course of production, construction and circulation, the increase of our people's income has lagged greatly behind the increase of the output value of agriculture and industry. Material consumption in production is extremely high. Even in Shanghai, where economic results are quite satisfactory, the consumption of energy resources and raw materials makes up 84 percent of the total cost of industrial production, which is much higher than industrially developed countries. This is one of the main reasons why economic results of our country are low. Comrade Zhao Ziyang said: When we talk about economic results, we mean to increase more products catering to social need with as little labor and material consumption as possible. That is to say, not only should there be more products, but there should also be products that cater to social need. Apart from that, the investment should be small, trying to cut down expenses, reduce consumption and lower costs. The increase of production and the practice of economy must be united. If the increase of production leads to the increase of consumption and the cost of unit production, or the practice of economy brings forth a heavy decrease in production or causes the quality of products to fall below standard, both will not have good economic results. At present, it is most important to grasp firmly the readjustment and consolidation of enterprises, collect the "gold" that is being strewn all over, reduce consumption, get rid of waste and gradually carry out technical transformation on this basis. Only in this way can the increase of production and quantity be realized and only in this way can the economy of expenses be practiced and income be increased, thus resulting in a comparatively steady speed and remarkable results.

Persist in uniting technical advance and the development of production. Upgrade in an all-round way the economic results of enterprises and strive to achieve a profitable speed. We must start the two "wheels" of management and technology simultaneously. In the long run, it is most important to bring the magnificent role of science and technology into play. After the war, the economy in capitalist countries developed rapidly. The main reason lies in the significant breakthrough of science and technology. In recent years, a batch of medium-sized cities have sprung up whose speed of economic development is rapid and whose economic results are good, such as Changzhou, Xiangfan, Siping, etc. About 60 to 70 percent of their increase of industrial production comes from technical advance. This shows that in order to create a new situation in the construction of socialist modernization and to uplift economy, we must primarily rely on technical advance and coordinate technical advance and the development of production, and we must let the former bring along the latter. This demands that on the one hand, it is necessary to adopt economic policies and necessary administrative means to encourage technical advance and, on the other hand, it is necessary to organize forces of various fields, make plans for technical transformation, introduce foreign technology, organize people to tackle key problems in technology and transfer technology, etc.

Persist in uniting speed with results and shift the entire economic work onto the track of centering on enhancing economic results. We must get ourselves adapted to this change in guiding thought, the system of management, policies and measures and the working method, etc. If only we have plans and do a solid job by steps, there is great hope in uplifting the economy of our country.

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WHY ARE THERE STILL INTERNAL AND EXTERNAL DEBTS WHEN THE ECONOMIC SITUATION IS VERY GOOD?

Beijing RED FLAG in Chinese No 2, 16 Jan 83 pp 47-48

[Article by Wu Zhenkun [0702 2182 0981]]

[Text] When looking at the relationship between an economic situation and the raising of domestic and foreign loans, we must make a concrete analysis in an all-round way. It is not appropriate to say generally that an economic situation in which domestic and foreign loans have been raised is not good, while a situation in which the state has no debts is good. In the 1950's, the state issued economic construction bonds for 5 years running starting in 1954, and it also contracted many loans from the Soviet Union. With these loans we constructed 156 key projects and laid an initial foundation for our country's industrialization. As we all know, the First 5-Year Plan was carried out successfully and the economic situation during that period was excellent. At present, our cause of socialist modernization needs a great deal of funds, but our state does not have enough funds in its hands because of its weak foundation. This is a major contradiction. Relying on our own efforts and hard work to increase accumulation is the main way to solve this contradiction. However, self-reliance does not mean closing the country to international intercourse. In order to race against time and speed up the pace of modernization, and also in order to strengthen our self-reliant capability, it is necessary and helpful to appropriately contract some foreign loans. At the same time, surplus funds in the international market are now seeking their way out, for Western countries are bogged down in an economic stagflation. This condition also makes the utilization of foreign funds possible. On the principle of equality and mutual benefit, and being active and steady, the appropriate utilization of foreign funds will help the import of advanced technology and equipment and promote the development of our modernization cause. Therefore, we should not simply regard the raising of foreign loans as a negative thing.

Because of the appearance of financial deficits in recent years and the excessive decentralization of the disposition of funds, the central authorities have met with difficulties in the finances. In order to overcome these difficulties, apart from taking necessary steps for increasing revenue and retrenching expenditure, it is also necessary to raise some

domestic loans in appropriate forms so as to guarantee the funds needed in the construction of the state's key projects, reduce financial deficits and achieve a financial balance in a few years' time. In the last 2 years the state has been issuing treasury bonds; this is a form serving precisely this purpose. Enterprises and individuals who have subscribed or will subscribe for treasury bonds all have ability to share some burdens with the state. After adopting the system of retaining profits, state-owned enterprises throughout the country can retain profits of about 10 billion yuan at their disposal each year. So, they are able to take a part from the sum and lend it to the state for centralized utilization. At the same time, the savings of urban and rural inhabitants have also steadily increased in recent years. According to statistics, by the end of 1982, the personal savings in urban and rural areas throughout the country amounted to 67.538 billion yuan. If inhabitants, on a voluntary basis, take a small part of their savings to subscribe for treasury bonds, their current livelihood will not be affected.

The raising of domestic loans indeed reflects some difficulties existing in the state finances. But on the whole, the mainstream of the current economic situation is good. The 12th party congress report points out: "The present period is one of the best since the founding of our People's Republic." This is true not only in the political field but also in the economic field.

There are many signs indicating the current good economic situation:

1. Most importantly, "leftist" errors in economic work have been eliminated and the work of setting our guiding ideology to rights has been completed since the 3d Plenary Session of the 11th CPC Central Committee. The focus of our work has been shifted onto socialist modernization. At the same time, our party has laid down and carried out a series of correct principles and policies, has solved many major problems left over by history and has gradually blazed a new trail for handling economic construction centered on the improvement of economic results.

2. The implementation of the principle of "readjustment, restructuring, reorganization and upgrading" has achieved marked results. The growth rate of the total industrial and agricultural output value in 1981 reached 4.6 percent and the 1982 figure is expected to be 6.4 percent. The economic situation is getting better and better each year with exciting changes appearing. One of the marked changes appeared in the proportion of accumulation. The share of accumulation in used national income has dropped from 36.5 percent in 1978 to under 30 percent in 1981. The problem of excessively expanded capital construction has initially been solved. The utilization of investments has been more rational than before. The ratios between agriculture, light industry and heavy industry have tended to be better coordinated. Agricultural production has steadily increased in an all-round way and the production of industrial consumer goods has also rapidly developed. The volume of domestic trade has grown year after year with the national total retail volume increasing at an average of 9.4 percent in 1981 and 1982. Market prices are basically stable. Foreign

trade has also greatly developed. On the basis of economic development, the falling trend of the state finances has also been reversed. This is a comprehensive manifestation of the marked results brought about by economic readjustment.

3. The people's livelihood has been markedly improved since the 3d Plenary Session of the 11th CPC Central Committee. In the period from 1979 to 1981, the state used a total of 140 billion yuan for raising purchase prices for agricultural products, relaxing part of tax burdens in rural areas, raising workers' wages, issuing bonuses and creating job opportunities, increasing investment in building houses for urban workers and other public utility, and for price subsidies. The amount accounted for 31 percent of the financial income during the 3 years. Thanks to these measures adopted by the state, workers' wages and peasants' incomes have all greatly grown. Wages issued in state-owned units in 1981 totaled 66 billion yuan, showing an average wage income per worker of 812 yuan. After the factor of price rise is deducted, average actual wages grew by 12.4 percent over the 1978 level, showing an average yearly increase of 4 percent. According to sample surveys of peasant households, the 1981 per capita income (including income from sideline occupations) was 223 yuan, increasing by 16.8 percent against that in the previous year. All this shows that the living standard of workers and peasants has been greatly improved in recent years.

Therefore, when looking at the current economic situation, we must first fully realize the above-mentioned major changes and view the problem of raising domestic and foreign loans against this general background. It only took us 3 years after the convention of the 3d Plenary Session of the 11th CPC Central Committee to solve a great deal of important problems left over by history and realize a stable and united political situation, which is coupled with great successes of economic readjustment. Inspired by the spirit of the 12th party congress, we will certainly overcome difficulties through a few years' efforts and bring about a fundamental turn for the better in the state's financial and economic situation. We must be full of confidence in this.

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A TALK STARTING WITH A COMMUNE MEMBER UNWILLING TO CONTRACT FOR FORESTRY WORK AGAIN

Beijing RED FLAG in Chinese No 2, 16 Jan 83 inside back cover

[Article by Lin Wenshan [2651 2429 1472]]

[Text] Recently I read a newspaper article written by commune member Chen Qiyan. There are six members in Chen's family and four of them are laborers. He has earlier contracted for forestry work on 5 mu of barren slopes to provide several hundred thousand saplings to the state, people's communes and production teams and commune members. The family has sold more than 2,000 jin of saplings. There are good prospects for developing forestry in this place. With this contract, Chen Qiyan has earned more but at the same time some people said that he "has become rich by relying on the land of the collective." The production team to which he belongs originally provided him with fertilizer, investment, grain rations and edible oil but later he had to solve all these by himself. The reason for the criticism was that this commune member had the money to buy grain, edible oil and fertilizer at high price. In addition, various measures were taken to criticize and limit him. Chen could not but decide not to contract for forestry work again and to do the same work with other commune members.

It is not difficult to find similar cases in newspapers to show that various restrictions have been imposed on individual households, households that have contracted for specialized jobs and enterprises run by people's communes and production teams, and the purpose of this practice is to make them gradually decline and give up the jobs. It is not difficult to imagine the consequences of this practice. Having refused to contract for forestry work again, the income of Chen's family decreased to the level of other commune members in the production team and consequently he could not "become rich." At the same time, the forests and saplings on the 5 mu of slopes have once again been replaced by grass because there is nobody to take care of the land. With the spreading of such practice, all the barren hills will remain unchanged.

For many years, some comrades have resorted to simple and metaphysical methods in handling problems. They have departed from concrete conditions and the productivity situation, considered collective ownership better than



individual households and ownership by the whole people better than collective ownership no matter what the situation. Therefore instead of sparing no effort to display the advantages of different types of ownership and show these advantages in the process of production, they have tried in every way to obstruct individual households from surpassing collective households, and collective enterprises from surpassing the enterprises owned by the whole people. And if such things have occurred, they have used various methods, including obstructing and criticizing, to limit the development of the production of the economy with collective ownership and individual households and even to make them collapse in their bid to guarantee the "superiority" of ownership by the whole people over collective ownership or individual households. It seems to them that otherwise "capitalism" will overrun socialism. The various difficulties met by some individual households and small collective enterprises are inseparable for some comrades whose brains are dominated by such muddled ideas.

Although we have been building socialism for three decades, some comrades are not likely to have understood what is socialism and what is capitalism. Consequently, even if some people are undertaking labor individual economy that has nothing to do with the exploitation of surplus value, they will be opposed as capitalists. The collective economy is a true socialist economy and yet it will be regarded as a "heretic" opposing the enterprises owned by the whole people if such economy is composed of only several or a few dozens households. What is more serious, some comrades still firmly hold the muddled and frightening logic which considers that socialism means poverty and that only capitalism produces wealth. Therefore those who have earned more through their own labor and wisdom are considered as "capitalists" and consequently microscope and magnifying glass are used to find "capitalist germs" in these people until such "capitalism" is eliminated. Conversely, as long as it is the economy with the ownership by the whole people, these comrades will not care if its labor productivity is low or even if it continues to lose, and they will continue to let such situation go on.

People cannot but remember that we have suffered many setbacks under the influence of the views which were not based on enough Marxist knowledge. And it seems that even today, it is still urgent to popularize basic Marxist knowledge and particularly popularize a basic knowledge of political economics.

Of course, what we must first of all understand is: What is socialism, and what is capitalism?

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