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China Report

RED FLAG

No. 3, 1 February 1985

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3 April 1985

CHINA REPORT

RED FLAG

No. 3, 1 February 1985

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

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HOW TO DO A BETTER JOB IN DEPARTMENTAL WORK

Beijing RED FLAG in Chinese No 3, 1 Feb 85 pp 2-9

[Article by RED FLAG Editorial Department]

[Text] In the past few years, our whole party has made comparatively great achievements in its work, and all the departments have made contributions. However, we should do an even better job in departmental work during the current overall reform of the economic structure. How can we do even better departmental work? First of all, we should pay attention to handling several relationships well: 1) the relationship between a part and the whole; 2) the relationship between theory and practice; 3) the relationship between destruction and construction; and 4) the relationship between those who lead and those who are led.

First, the Relationship Between a Part and the Whole

Our party is a whole, our country is a whole, and the whole is composed of parts. The so-called parts include various departments, organizations at various levels, organizations of various regions, and so on. In short, the whole is composed of parts of various levels and parts at the same level. By departmental work, we mean the partial work of a comparatively high level that constitutes a system of its own. Exactly how many of our party and state working personnel are doing departmental work? Perhaps they account for a very large proportion, while only a very small number of persons are dealing with the overall situation. Therefore, the departmental work yields great effects on the overall situation because it is done by a large number of persons. It is indeed of a tremendous significance to solve well the problems of departmental work.

What relationship should exist between a part and the whole? Generally speaking, it should be a relationship of mutual dependence. In the organism of our party and our state, the parts should not be separated from the whole. Otherwise, the whole will be incomplete, and the parts will not survive. Conversely speaking, the whole should not exclude the parts. Otherwise, the parts will become useless, and the whole will also not benefit. Therefore, the parts and the whole should depend on each other. On the one hand, the parts should be subordinated to the whole, serve the whole, and act around the whole. On the other hand, the whole should be concerned about the parts, take care of and support them, and make them full of vigor.

This truth is simple, clear, and easy to be understood by the people. However, our practical experience of the last few years proves that it is not so easy to truly integrate this truth with the specific activities of various departments, and the attempt to do so will even cause problems. There are many reasons for this fact, and one of the important ones is the great change in the situation of our party and our state since the 3d Plenary Session of the 11th CPC Central Committee. In other words, under the new circumstances, there have been fundamental changes with regard to what our party and state as a whole should do, how they should do things, and how the parts should subordinate themselves to the whole and serve the whole. Whether or not the comrades working in various departments can properly adapt their thinking and work to the changes is a fundamental question concerning whether or not the departmental work can be done well.

For a considerably long period before the 3d Plenary Session of the 11th CPC Central Committee, the work of our party and our state--that is, the work of the whole--was "taking class struggle as the key link." Although relevant formulations had different degrees of emphasis during different stages, the fundamental guiding thought was always "taking class struggle as the key link." At that time, all departments--whether the Organizational Department, the Propaganda Department, various government departments, or the Army Political Department--were supposed to focus their work on "class struggle" as the key link. The Economic Department was no exception. Therefore, political movements were incessant then. It is particularly worth our attention that "to take class struggle as the key link" especially had the need to rely on and give prominence to some departments, such as the Propaganda Department, the Political Work Department, and the Public Security, Procuratorial, and Judicial Departments. For this reason, soon after the "Great Cultural Revolution" began, the leading cadres of the old Propaganda, Political Work, Public Security, Procuratorial, and Judicial Departments were overthrown overnight. Who replaced them? Kang Sheng, Chen Boda, Zhang Chunqiao, and Yao Wenyuan. Therefore, we should never forget those lessons. Generally speaking, the absolute majority of our comrades in all departments are now good. In the past few years, we promoted quite a few new cadres. They are also good comrades. Some are even very outstanding. However, we should never forget or underestimate the influence of "taking class struggle as the key link" on one's department, in particular, in the Propaganda, the Political Work, and the Political and Legal Affairs Departments. Of course, other departments should not underestimate it either. Many ideas and doings in this respect have evolved over a long period of time. If we have a clear understanding of this, we will, to a considerable extent, understand why many propaganda and political affairs cadres in factories and schools are not working with their minds at ease. Among them, some comrades have to start learning new methods and regulations because those they followed in the past are no longer suitable and, feeling it difficult to get used to the new, those comrades feel unimportant. This is not strange at all. When the whole nation was liberated 35 years ago, our millions of troops also felt unaccustomed to the sudden end to the fighting. Of course, there are many reasons why a number of comrades in the Propaganda and Political Work Departments do not feel at ease. Some of the reasons deserve attention and problems have to be earnestly

solved. For instance, an important matter is that there are indeed some party organizations which, ignoring ideological and political work, let problems remain undiscussed and unsolved for a long time. However, there is nonetheless an important reason for this, even a very important reason, which is that a number of cadres in the Propaganda and the Political Work Departments have not gotten used to the new situation, new tasks, and new methods as has been mentioned previously.

Then, what are our party and state as a whole doing now? We are engaged in achieving the four modernizations, developing productivity, and quadrupling the value of our total industrial and agricultural output. This is the most important task, the overall situation. Comrade Deng Xiaoping has made many important remarks on this subject. He said: All things should be centered around the four modernizations and the criterion to appraise whether our work in all fields is right or wrong is whether what we are doing is conducive to the four modernizations. He has also particularly mentioned that achieving the four modernizations is the most important aspect of politics. As far as our party's guiding principle is concerned, this is indeed a tremendous change, a situation we have never experienced since the inception of our party. During the agrarian revolutionary war, the war of resistance against Japan, or the war of liberation period, our topmost task was to oppose imperialism and feudalism, a military struggle that naturally left the economic work behind. At the beginning, after the founding of new China, our party still had to give priority to eliminating the remaining counterrevolutionary elements and to land reform. Later priority was given to the three major transformations, after which we talked about economic and cultural construction. This was necessary then. The problem was that after completion of the three major transformations we erroneously indulged in "taking class struggle as the key link" for nearly 20 years, leaving our party in a precarious situation. It was not until the 3d Plenary Session of the 11th CPC Central Committee that we began changing the situation, truthfully putting the four modernizations and development of productivity in the most salient spot as a task outranking all others. That is why we have said this is the first time this has happened in the scores of years since the inception of our party. In the history of our party, the era of separation of economy from politics has thus ended.

Developing the economy, quadrupling output and successfully carrying out the four modernizations are indeed most fundamental. Without striving to attain the four modernizations, the economy cannot be developed and we can talk about nothing at all. Only developing the economy to enable the state and people to become prosperous truly conforms to China's current reality, to the urgent demand of the vast number of China's people, to the historical mission of socialism in China and, genuinely, to Marxism. Our party stresses the four basic principles and the four political guarantees all for one purpose--to strive for the four modernizations. Only this can truly manifest today's practical goal of the lofty ideals of our communism. Therefore, striving for the four modernizations is the most important aspect of politics and separating the economy from politics is a gross error. The work in all our departments, in particular, propaganda and the various ideological and political work, must be done in close connection with the

four modernizations and quadrupling our total industrial and agricultural output. Only when this question is well settled can departments create a new situation in their work.

Second, the Relationship Between Theory and Practice

Any work of vital importance must be guided by a theory. It is guided either by a correct theory or a wrong theory. Likewise, any work of vital importance also has its own practical problems that are different from those of all other work and which go through frequent changes. In other words, comparing all other work, any work of vital importance inevitably has its different situations and characteristics and changes are constantly taking place in these situations and characteristics. There can never be identical situations, nor will these situations remain constantly unchanged. Therefore, to do departmental work well, we must not only pay attention to the question of theory and the question of general policies and principles. But we must also pay attention to the question of reality, particularly the question of the actual situation and concrete contradictions in our own departments. We must not pay attention to one at the expense of the other. To pay attention only to the question of theory and the general policies and principles while neglecting the question of reality and the actual situation and contradictions in our own departments, or to pay attention only to the reality while ignoring theory and the general policies and principles will invariably make us become one-sided. Comrade Mao Zedong was so right when he said that, without theory, a person will act confused and rash and become bogged down in routine matters. Having no knowledge of reality, he will become an armchair politician and a dogmatist. We should take this whole epigram as our motto. It is therefore necessary to emphasize the following two points in carrying out ideological education among the cadres. One is to understand theory. Another is to know reality. As everyone knows, the greatest contribution made by Comrade Mao Zedong was his advocacy for decades of combining theory with reality. Among his works, the one he himself was most pleased with was none other than "On Practice." The reason why the Chinese revolution turned from failure to victory and our party was able to seize political power was because we relied on the guidance of Comrade Mao Zedong's brilliant thinking with regard to the integration of theory with reality and combined the universal truth of Marxism with the concrete practice of the Chinese revolution. The fundamental reason that Comrade Mao Zedong himself made mistakes later on was also because of a separation of theory from reality. Therefore, a close integration of theory with reality is our party's magic weapon that will never become outmoded. Of the party's three important styles of work, this is the first. Anyone who depreciates theory will not be able to accomplish anything. Likewise, anyone who disparages reality is bound to be unable to accomplish anything. We must pay close attention to the fact that, in the recent few years, we have often become one-sided on this question. Sometimes, we would place emphasis only on theory. Sometimes, we would turn around to place emphasis only on reality. We must never make this mistake of one-sidedness again. Our slogan is: Integrate theory closely with reality. Comrade Mao Zedong made many famous remarks on this subject. Of course, Marx, Engels, and Lenin also left us with many well-known sayings. But it is still the

sayings made by Comrade Mao Zedong that ring closest to the hearts of the Chinese people.

Speaking of theory, where do we find it? In the books, of course. We must study the classic works of Marxism. It is correct for us to have encouraged reading books and studying Marxism in the past few years. All comrades in the party should do some reading and those in charge of actual work must pay attention to reading some necessary theoretical books. It is all the more necessary, in particular, to encourage the young university students who have just been admitted as party members and are ill trained in the basic theories of Marxism, as well as those comrades doing ideological and political work and propaganda work, to spend more time in studying the works of Marxism. There are very many classic works of Marxism. So we must select some principal ones to study and persist in studying them. It is especially necessary to focus more attention on studying some economic theories of Marxism. In the meantime, it is also necessary to strive to gain as much knowledge in modern science and technology and in administration and management as possible. In short, we must study seriously to have a good grasp of the theoretical weapon. This is of utmost importance to our great cause of socialist modernization.

Of course, it must be pointed out here that the fundamental tenets of Marxism, the fundamental Marxist theory on the history of mankind and on capitalist society, are correct. However, this is not the case as far as the various ideas on socialist society Marx had in those years is concerned. Marx had always been opposed to making one assumption or another about future societies. This is precisely the distinct characteristic of his way of thinking. Marx did make some assumptions. For instance, he assumed that socialism would be built on the basis of public ownership of the means of production. This is undoubtedly correct. However, he did not expect that there would still be commodity economies under socialist conditions. His idea in this regard was quite different from our practice today. It would be a big mistake to say, after reading "Critique of the Gotha Program," that what the central authorities are practicing is not Marxism simply because it is not what Marx had stated. The fundamental tenets of Marxism are correct. However, even these tenets also need continuous development along with the development of the times. This is because Marxism is science, which cannot possibly stand still. With regard to Marx' various ideas on socialist society, still less can they be regarded as dogma. This is because our predecessors did not have and could not possibly have the kind of experience we now have. Therefore, in studying Marxism, we must adopt an approach of studying and analyzing it in close connection with realities. The purpose of studying it is to enrich our minds to guide our practice. Therefore, it is necessary to pay attention to distinguishing between what is still applicable today and should be upheld and what is not applicable today and must be creatively developed. This is the correct attitude in study. Otherwise, if we merely copy indiscriminately and mechanically, trimming the foot to fit the shoe, we will be dogmatists guilty of swallowing ancient learning without digesting it. Can we resolve the issues of China's four modernizations today with a dogmatic attitude? Do not assume that Marxist classics are remedies for all ills. Do not act like the legendary

Social Democrats in Crimea ridiculed by Stalin who, when soldiers of the Tsarist Russian Black Sea Fleet asked how to revolt, held meetings to find out Marx' instruction on revolt in "Das Kapital" and his other works. Thus, our party suggested that as times develop, Marxism should also be enriched and developed. This is an unavoidable responsibility for us the descendants. Of course, practice alone can prove whether we have this ability or not and how capable we are. This requires our own efforts. As Marx' students, we should work hard to contribute to the enrichment and development of Marxism. It is necessary and correct to make this demand, whereas it is wrong not to do so.

Now let us discuss integrating reality. What is the foremost reality of present-day China? The foremost reality is the drive to achieve the four modernizations and quadruple our industrial and agricultural output value. Whoever works hard for the four modernizations and plunges himself into their practice will have grasped the foremost reality. Whoever refuses to study the four modernizations and throw himself into their practice will without any doubt be lagging behind. Economics is like a boundless ocean, where answers to many questions cannot be found in books but must be personally grasped through investigation and study. Some answers cannot be found in the country but must be sought abroad. In the final analysis, it is still necessary to plunge ourselves into the four modernizations and the practice of economic reform in order to understand economics. In addition, it is necessary to use our heads and conduct personal investigations. This requires far more effort than 1 or 2 days or 1 or 2 years. If comrades of some of our departments have failed to take the study of practical economic issues seriously in the past and missed the opportunity, they must not repeat it and miss the opportunity again. They must resolve to spend from 3 to 5 years going into it. It will not do to spend less time. Undoubtedly, to study reality means less time for other things. For instance, meetings should not be too frequent. No one can afford "mountains of paperwork and oceans of meetings" anymore. Meetings and paperwork must be drastically reduced.

Moreover, the actual conditions of our country indeed cover a vast area and are very complicated. Therefore, it is necessary to pay close attention to this complexity and recognize and stress the importance of suiting measures to local conditions. Take, for instance, agricultural reform. For years some Chinese localities have successfully carried out agricultural reforms with their own special characteristics while others have failed to do so. Why did this happen? To the surprise of nobody, it was because our country covers a vast area. The complicated and vastly different conditions in China require not only the central authorities' correct policy decisions and principles but also the painstaking efforts by the vast number of comrades in all departments and localities to personally conduct investigations and study in order to understand and successfully carry out an undertaking. In short, it is necessary to follow correct ideological and work methods by personally studying a matter in order to obtain direct knowledge. Indirect knowledge will not do.

Third, the Relationship Between Destruction and Construction

In his late years, Comrade Mao Zedong put forward a formulation of a principled character that said: "Put destruction first and, in the process, we have construction." This proposition, as a universal law of natural sciences, is of course untenable. It is also untenable as a theory of social sciences. This has been proven by practice since the founding of the country. This is a serious error made by Comrade Mao Zedong because this proposition does not concur with the reality of the historical development of our party. From an overall view, our party has gone through two different historical stages. In the earlier historical stage, which covers the period from the founding of the party to the establishment of new China, or, to the basic completion of socialist transformation, we wanted to topple the rule of imperialism and feudalism and destroy capitalist private ownership in order to establish a socialist society. In this sense, the general political task had to be "putting destruction first and, in the process, having construction." However, in the latter historical stage, that is, after the establishment of new China, especially after the basic completion of socialist transformation, our general political task has been shifted from destroying the old social system to developing productive forces and carrying out socialist modernization on the basis of the new social system. From an overall strategic view under such circumstances, should we continue to regard "putting destruction first" as a general principle? Isn't a shift to "putting construction first" necessary? We should change the proposition to "putting construction first and, in the process, having destruction." All "destruction" must and can only be subordinated to "construction." Because the historical conditions are different, the basic tasks and propositions should also be different. In the light of this, the abolition of the proposition of "putting destruction first" in the new historical stage is entirely correct.

Next, let us analyze the experiences in the ideological and political work over the past several decades. How has the work been done? It should be pointed out that our ideological and political work has been indeed imbued with glorious traditions over the decades, which should be affirmed. However, we have also accumulated unhealthy, or even evil, old habits. First, the glorious traditions are namely those fine styles of conducting lively ideological and political work and going deep among the masses, which were formed and developed during the years of revolutionary war. Why were we able to carry out lively ideological and political work at that time? It was because we, first of all, linked the fundamental reasons for revolution, such as toppling imperialism and overthrowing Chiang Kai-shek, with the masses in a simple language easily understood by ordinary people and, second, we went deep among the masses, showing concern for serving them. For example, Red Army cadres and party members tucked in the fighters' sheets at night, washed and warmed their feet, served meals to the wounded, and carried water for the masses, winning their hearts with exemplary deeds. In this way, cadres and soldiers merged as one and the party and the people became an integrated body. However, the ideological and political work somewhat changed after the victory of the revolution, primarily after the rise of the "leftist" hotchpotch. Going deep among the masses and showing

concern for them was not even regarded as doing political work. Hence, the mass line was gradually forgotten. While this tradition has now been reinstated in the armed forces, ideological and political work still is largely inadequate in our universities. Without approaching the students, we simply cannot hear the voices of the masses. How can we expect to accomplish anything simply by sitting in a room to do research work? We should approach the masses, go to the mess halls and to the dormitories of the teachers, staff members, and students. Of course, we should give the students some lessons on political theories, because this will help them develop a scientific and revolutionary outlook on the world and their lives, but we should also go directly into their lives, be concerned with the masses' well-being and listen to their voices. This is the most effective ideological and political work. How can we forsake this fine tradition? This is what the need of doing ideological and political work is all about. It is one of our fine traditions.

Secondly, we do have some bad, or even very bad, old habits. This is to say that, over a long period of time, we have completely equated ideological and political work to ideological struggle. Of course, some of our documents still mention the need for ideological struggle. Generally speaking, they are quite right. We know that Marxism was developed in the course of ideological struggle. At the very beginning of his important article "Combat Liberalism," Comrade Mao Zedong said: "We stand for active ideological struggle because it is the weapon for ensuring unity within the party and the revolutionary organizations in the interest of our fight." We will not give up this weapon now or in the future. But we must admit that over a considerably long period after the founding of the republic, ideological struggle was grossly abused, so much so that inner party life or even the life of the people was seriously affected. This is a mistake we must firmly correct. Facts have repeatedly indicated that, specifically under the grand label of "ideological struggle" we have gone too far in carrying out the so-called "struggle" against party members, nonparty members, intellectuals and objects of our united front work, as well as peasants and workers. The so-called "ideological struggle" refers to "struggle between the two lines," and "struggle against deviations," which refer to the so-called mountain-stronghold mentality, provincialism, and local nationalism, as well as rightist opportunism, revisionism, and so forth. We are not saying that we should completely deny the fact that these deviations existed in one way or another, the question is that they have been extremely exaggerated in the past, and that many things were indeed totally fabricated. In short, the "struggle between the two lines" and "struggle against deviations" never stopped, and when they came along, the whole party and the whole nation stopped working in order to participate in launching political movements. Coming along with these struggles were struggles against this or that kind of "elements." This way of completely equating ideological and political work with ideological struggle was indeed a bad habit cultivated over a long period of time, and this bad habit runs counter to our party's fine tradition of doing ideological and political work.

This bad habit has in fact been discredited since the 3d Plenary Session of the 11th CPC Central Committee. At least it has been discredited in the

Central Committee's guiding thinking. Since our country has eliminated the exploiting classes and there are no formidable opponents or subversive forces, since those ideologies associated with feudalism and capitalism are no longer predominant, and since the general political task of the whole party and the whole country is to work with one heart and one mind to build a modern socialist country, why should we continue to "put destruction first"? Therefore, in view of China's current practical needs, we must renounce this slogan and method because, first of all, it might give rise to new chaos. Second, it could seriously affect the four modernizations. And third, it could damage our international image.

Of course, when we say that we must oppose "putting destruction first," we do not mean that there are no more hostile elements or class struggle in the country, much less do we mean that there will no longer be any ideological and political strength. This issue has been discussed in the "Resolution on Certain Questions in the History of the Party Since the Founding of the PRC" and the report of the 12th party congress, which says that "within certain limits, class struggle will continue to exist for a long time," and that "hostile elements of different shades are still attempting to undermine or overthrow our socialist system in the economic, political, ideological, cultural, and other social spheres." We hold that the current issue is: We should specifically and appropriately analyze specific struggles in the future. It seems that we should differentiate among these several targets. First, those that must be firmly rebuffed. Such targets include elements having committed serious criminal offenses, and elements having committed serious economic crimes. We must firmly strike at these two types of criminal elements, who will continue to exist for a long time, and we must never be soft on them. As to the "three types of people," it is a problem left over by history, and after they have been liquidated during the current party rectification, there will be no new ones in the future. Such being the case, those we must continue to strike at persistently and for a long time to come are the two types of elements having committed serious crimes. To struggle against elements having committed serious crimes, we certainly must rely on the broad masses of people, but we must pay attention to perfecting the legal system. Our ways of punishing these elements should be based on law and facts, and the criminal sanctions against them must be executed by the judicial departments. We must also realize that, among the elements having committed serious crimes, the seriousness of each individual case is different, and so we should not regard all elements having committed serious crimes as hostile elements deliberately attempting to sabotage and overthrow our socialist system. Although certain elements that have committed serious crimes must be punished, we cannot say that they all are knowingly opposing socialism. Can we call these people in capitalist countries who have violated their criminal law elements opposed to capitalism? The same principle applies here. Of course, we must clearly realize that there certainly are hostile elements in our country that deliberately want to sabotage and overthrow our socialist system, as we have said before. But the actual situation has indicated time and again that there are very few such people, and they are a tiny minority even among those elements who have committed serious crimes.

The second type of targets are extremely erroneous tendencies, which can be seen within the party and in society. Two erroneous tendencies we have pointed out during party rectification are abuses of authority to seek personal gains and extremely irresponsible bureaucratic attitudes. During our current reforms, there are also unhealthy tendencies. The first gust of unhealthy tendencies can be seen among the functionaries of certain party and state organs engaging in speculative buying and selling. The second gust of unhealthy tendencies can be observed in certain enterprises that have irrationally hiked prices of their goods. There are also other unhealthy tendencies. These are all extremely erroneous tendencies. Do we have to expose and handle all these tendencies? Of course we must. But we must not do so by launching movements, let alone suspending production to launch movements, otherwise the situation will again become chaotic. In short, we should settle such contradictions by means of education, criticism, exposure, and investigation. Does this mean that we have renounced struggle? Certainly not. It shows that our work is done more properly, and that our direction is even more clear-cut.

The third type of targets are issues regarding two different ways of thinking, two different work styles, and two different stands. Since the capitalist world will not become socialist within a short time, and because of the influence of history and the habits of thousands upon thousands of people, these issues will continue to exist for a long time to come. They cannot be settled in several decades. We are afraid that we might have to work for as long as several hundred years before these issues can be settled step by step. Ideological education, whose role must never be neglected, is undoubtedly entirely necessary. But we should not overemphasize the role of ideological education. If we do, any problem that occurs would seem to be the responsibility of those who do ideological work. This is not fair. We cannot imagine that any problem can be resolved as long as everybody attaches great attention to ideological education. This would be a simplification of problems. What then can we do to handle the issues concerning two different ways of thinking, two different work styles, and two different stands? Our principle remains that of dealing with them through education, heart-to-heart talks, criticism, and self-criticism--as long as they are within the scope permitted by the state constitution and the law--and not the so-called "mass criticism" or denunciation as in the past. Several years ago we put forward the principle of enlightening, but it seems that this principle has not been fully explained. By enlightening, we do not simply mean heart-to-heart talks or criticism. For example, should positive exposition be regarded as enlightening? Should commendation and establishing advanced examples be regarded as enlightening? Should implementing policies and solving practical problems be also considered enlightening? All these can be considered enlightening. Enlightening is still a good way because experiences gained in the past several decades show that such simplistic and crude method as the so-called "blazing a way with mass criticism" was unsuccessful. What then can paper do when it has published an erroneous, or even harmful article? We hold that its editors must guard that pass in the first place. In case they have made the mistake of publishing what ought not be published, they should take remedial measures, such as writing commentaries to straighten things out by reasoning. The advantage of using commentaries, and not

denunciation, let alone mass criticism throughout the party and the whole country, is that they can uphold truth, correct mistakes, set people's minds at rest, and promote the good practice of democratic discussion.

To sum up, on the question of the relationship between destruction and construction, we do not mean to say that destruction is no longer necessary from now on. Instead, the issue is that we should correctly handle the relationship between destruction and construction and persist in "putting construction first." Take the reform of the economic structure as an example. In the course of reform, we should, of course, destroy many old rules and systems that must be destroyed. In the first place, however, this "destruction" should only serve the work of "construction" to achieve the four modernizations and to quadruple the value of the total annual industrial and agricultural output. It should only promote and should in no way disrupt the stability of our society, development of production, improvement of the people's living standards, and boosting of our country's financial resources. Second, destruction of old systems should be integrated with construction of new ones. On no account should it be allowed to merely "destroy" the old without "constructing" the new or to "destroy" the old first and then consider other things. As another example, in the campaign of "five stresses, four beauties, and three ardent loves" that we have proposed, it is also necessary, of course, to destroy many unhealthy ideas, styles, and habits. But this "destruction" should only serve the general purpose of "construction," which encompasses the "construction" of new styles, the achievement of the four modernizations, and the quadrupling of the value of the total annual industrial and agricultural output.

Fourth, the Relationship Between Those Who Lead and Those Who Are Led

Each of our departments is in charge of some units. These units differ in the nature of their work, and their situations and personnel are also different. For example, both the State Planning Commission of our government and the Propaganda Department within the party are departments characterized by the largest number of units under their charge and the largest scope of work. Take the Propaganda Department for example. Its work involves the fields of theory, education, literature and art, journalism, publications, cultural relics, mass culture, and external propaganda. It requires enormous energy and broad and profound knowledge to establish good work relationships with units in so many fields, while it is generally impossible for our comrades to have such energy and knowledge. The scope of activities is so broad, and nobody can be versed in all the fields involved. This is a contradiction. Not only the departments doing propaganda work but also many other departments are confronted with this kind of contradiction. What shall we do? There is no wonderful way. The only way is still what Comrade Mao Zedong told us: Be a student as well as a teacher; be a student before you become a teacher; be a teacher and, at the same time, be a student, and constantly be a teacher and student. To this, we may add one more thing: It is more important to be a comrade and friend. In this way the relationship between the two sides will be more lively, and they can talk in an attitude of equality. The relationship between those who lead and those who are led may be described as such a dialectical relationship in which they are both

comrades and friends and, at the same time, they are each other's teacher and student.

Our contingent of cadres must strictly abide by discipline, and those who are led must seriously carry out the various correct decisions made by the central authorities and the leadership at all levels. There should be no perfunctoriness in this in the slightest. On the other hand, however, leaders must constantly learn from those who are led by them. Long ago Confucius said: "Among three persons walking together, there must be someone who can serve as my teacher." Here the three persons or two of them were definitely not his superiors. Han Yu of the Tang Dynasty had a more explicit saying. He said: "The disciple is not necessarily inferior to the teacher, while the teacher is not necessarily better than the disciple." This saying is very dialectical and well worth our attention. Every one of our comrades appointed to do leading work should uphold "one purpose, dual status." "One purpose" means to serve the people wholeheartedly. Each comrade should set about wholeheartedly serving the people and being sharply against seeking personal gains through taking advantage of power and against other unhealthy practices of one kind or another and should discuss this question on a grand scale. By "dual status," we mean that each comrade is both the leader and a comrade of those whom he leads and should, first of all, learn from them. The status of the leader is not innate, nor does it have a lifetime tenure. It represents a duty and a responsibility that the party lets someone undertake within a certain scope for a certain period when the party deems it necessary and appropriate for someone to do so. For this reason, there is no disgrace for a leader to acknowledge that he is inferior, in many aspects, to those who are led by him. Nobody is omniscient and omnipotent, and it will never be possible for one to become omniscient and omnipotent. If a leader does not understand a question, he should study it intensively. In particular, if he is in contact with many fields of work, he should redouble his efforts to delve deeply, in a humble way, into the numerous fields about which he has scanty or no knowledge. He should study intensively, one by one, those fields in which phenomena are governed by their respective special laws. First, efforts should be made to grasp what is governed by the respective special laws in these fields. Second, it is necessary to strive to grasp the striking questions and advanced experiences in the work of these fields. All these should be discussed democratically with other comrades. In no way should a leader pretend to know what he does not know. When a question is made clear through discussion, a solution should be arrived at. If the question remains unclear after discussion, it is necessary to wait for some time. In many circumstances, waiting is also an indispensable prerequisite for solving questions.

The relationship between those who lead and those who are led should be turned into one characterized by the practice of giving mutual encouragement, learning from each other to make up for each other's deficiencies, and working together with one heart. Where discord and dissonance exist, the leaders and their followers should remedy this by strengthening their unity and looking ahead. Everyone has shortcomings and may make mistakes. The only difference lies in that some have serious shortcomings and mistakes,

and some have minor shortcomings and mistakes, and that some have more, and some have less. They should not take this to heart at all times. In the interest of the prosperity and development of our common cause, it is extremely important for all our comrades to work with one heart, unite, and look ahead.

CSO: 4004/18

LOOSEN CONTROL OVER THE PRICES OF FARM PRODUCTS TO PROMOTE THE READJUSTMENT OF THE PRODUCTION STRUCTURE IN RURAL AREAS

Beijing RED FLAG in Chinese No 3, 1 Feb 85 pp 10-13

[Article by Zhao Ziyang]

[Text] Agricultural Development Should Be Coordinated

On the whole, the current situation of agricultural production is good. The output of grain, cotton, and other crops has been increasing consecutively for several years. The peasants' income continues to rise, and a new, thriving situation has appeared in the rural areas throughout the country. However, many new problems and contradictions have also cropped up. For example, while a large increase in grain and cotton output has given rise to a situation in which grain and cotton are difficult to sell, the production development of certain agricultural and sideline products is too slow to meet social needs. This shows that our agricultural structure is still not entirely rational, the relationship between various agricultural sectors is not fully coordinated, and agricultural production still cannot keep up with social needs.

Development of grain and cotton production has been rapid during the past several years. Grain and cotton output in 1984 was expected to reach 800 billion jin and 110 million dan respectively. Of course, this does not mean that the output was extremely high. It means that, because of our low level of consumption, the needs of the state and society have been exceeded for the time being. We never anticipated such a situation. We failed to understand fully that various agricultural sectors should develop in a coordinated manner, and that in agricultural production, quantity should gradually give way to quality, and so we failed to keep up with the situation. The cause of this situation is primarily an institutional one. It is largely due to our agricultural planning system. In the past when there was a shortage of goods, the state's unified procurement and marketing of commodities played a positive role. However, because products were procured and marketed by the state in a unified manner, which means that the state procured whatever was available regardless of quantity, the peasants did not have to plan their production according to social needs. Moreover, since production and procurement plans were handed down from the upper departments to the lower departments, they could hardly be accurate or perfect, nor could they reflect market needs.

Today agricultural production has entered a new stage, marked by development of a commodity economy. This means that agricultural goods should be produced in accordance with market and social needs. When it is apparent that the old structure of agricultural production cannot keep up with current needs, we must restructure production to keep up with the new situation of the commodity economy. Within the agricultural sector there is the question of readjustment and coordinated development between grain crops and economic crops, and between various varieties of grain crops and economic crops, as well as between agriculture and animal husbandry, and between forestry and fishery. I presented this viewpoint when I was inspecting the Zhu Jiang Delta and the Chang Delta. I stressed that delta areas should aim at entering the international market and restructure their agricultural production, focusing on export needs. Not only should the agricultural structure of the coastal areas be readjusted, the nation's agricultural front must also readjust its structure of production according to local conditions as well as social and market needs.

As long as our agriculture is operated according to the principles for a commodity economy, the division of different types of labor will come into being naturally. In accordance with the quotas handed down from the upper departments, people in the Zhu Jiang Delta and the Chang Jiang Delta used to seek nothing but high output, regardless of quality or whether or not their products could be marketed. Now that the situation has changed, the people in those areas are unwilling to grow more grain crops than necessary. In Foshan the peasants there have proposed abolishing the system of unified procurement and marketing, and allowing them to pay cash in lieu of grain, and they have earned more money by growing sugar cane, flowers, vegetables, bananas, and other fruits, as well as breeding fish in areas released from growing grain crops. There is a promising future for our country's coastal areas to develop a food industry. Acting fully in accordance with the requirements of the international market, they should produce all types of commodities of various specifications needed by Hong Kong, Macao, and other foreign markets. For example, Shenzhen's Guangming Overseas Chinese dairy farm has cooperated with foreign businessmen to improve the quality of its products. Within 3 years it has taken over a large portion of the milk market in Hong Kong. The situation that has appeared in Guangdong and southern Jiangsu will not appear in interior provinces such as Jiangxi and Hunan, whose superiority is in the production of food grain. Other localities that are suitable for the development of forestry or animal husbandry should engage in projects in these areas. They should not necessarily try to achieve self-sufficiency in grain, much less should they engage in building bases for producing commodity food grain. The coastal, interior, mountainous, and hilly areas should give scope to their own specialties, develop the kind of production which they are good at, learn from each other's strong points to offset their weaknesses, and trade with one another in order to develop together in a coordinated manner. New ways of utilizing certain agricultural products should also be developed. Take dehydrated sweet potatoes, for example. After they have been processed into starch, the starch can be reprocessed into isomeric sugar, which has a high economic value. Regions such as northern Anhui and southeast Henan should reserve some areas for the production of sweet potatoes. Their production

and income should both be high. As the structure of rural production changes, the makeup of the labor force also changes. In Guangdong and southern Jiangsu, where the commodity economy has been developed, between 60 and 80 percent of their labor force has been switched to industrial and sideline production and to the tertiary industry. This process is much slower in the interior areas. To restructure our agricultural production, we must be well informed, improve our technical knowhow, increase capital, and train the required personnel; and this requires a process of development. We must work hard in all quarters so that this process can be accelerated.

Restructuring rural production is a measure which is in the interest of the country and the people. For many years we have tried to resolve this problem so that the production structure in the rural areas could be rationalized, but we got stuck in the question of grain. Now the supply of grain is abundant, the need of agricultural goods is increasing in all quarters, and the market has been expanding steadily. This is a very good opportunity. Agricultural production can turn around fairly quickly. As long as we make the best use of the situation and do our job earnestly, significant successes can be accomplished within a few years.

Loosening Control Over the Prices of Farm Products Is Imperative

The most fundamental requirement in restructuring agricultural production so that it can develop in a coordinated manner is to work according to the law of value, broaden market regulations, gradually loosen price control, and allow the peasants to produce according to market demands. We now have the conditions for loosening price control since the supply of agricultural products is abundant and there is a tentative surplus of grain and cotton. Such being the case, broadening of market regulations and fluctuation of market prices may begin in the rural areas. Control may be gradually loosened over prices of agricultural and sideline products, which include primarily perishable goods, pork, and vegetables, as well as food grain, cotton, and other crops. Restructure of our country's economic system began in the rural areas, where the issue of "eating from the same big pot" has been resolved by the adoption of the system of contracted responsibilities with remuneration linked to output. This basic experience has now been extended to the industrial sector and urban areas. Current price reform will also begin in the agricultural sector, beginning with agricultural and sideline products. In doing this, we can further invigorate the rural economy by instilling new vitality in it. If we succeed in solving this problem, which has not been resolved in socialist countries, our success would be of great significance.

Naturally, loosening price control does not mean that the state is not participating in market regulation. The state still purchases large portions of grain, cotton, and other major farm products at preferential prices. The state will purchase 150 to 160 billion jin of grain at a price based on a "reversed ratio of 30 percent and 70 percent" (30 percent of the grain will be purchased at the original state purchasing prices, while 70 percent will be purchased at a price set for surplus grain). The remaining surplus

grain will be sold at market prices and subject to market fluctuations. However, when market prices fall below state purchasing prices, the state will step in and buy any surplus at state purchasing prices. It will purchase any amount available. This is the price set to protect the peasants. In this way, peasants are "protected at both ends." The state must participate in market regulation by purchasing and selling commodities on the market in order to stabilize commodity prices. It must avoid taking blind action in market regulation that would cause drastic fluctuations in prices. It must protect the producers' interests as well as those of consumers. When the control over grain is loosened, market prices of products of various qualities and varieties in different localities may go up and down. For example, the price of high-quality rice may possibly go up, while that of poor-quality rice may go down. The prices in grain-producing areas may go down, while those in grain-deficient areas may go up. As a whole, prices will show a downward trend. For a period of time the prices of pork, vegetables, and aquatic products may go up after the control of the prices of these products is loosened. The experiences in Guangdong and other localities have indicated that the prices will go up at the beginning for a while after control is loosened. However, they will gradually drop and stabilize as more products become available on the market. To ensure the supply to the cities, the state may supply a fixed portion of some commodities for daily use such as grain, edible oil, and pork at prices fixed by the state. By providing subsidies, the state may also regulate the market by selling some commodities at lower prices to protect the interests of consumers and maintain the basic stability of commodity prices on the market.

Will there be any danger after relaxing price controls? Will such a relaxation of price control affect the peasants' enthusiasm? It is certain that peasants will reap benefits after the control over the prices of hogs, vegetables, and other live and perishable commodities is loosened and that their enthusiasm will be greatly heightened. People are more worried about grain. I do not think that it will be affected much, because the state has already planned to purchase 150 to 160 billion jin of grain at preferential prices, which account for large portion of the marketable grain, and this policy will remain unchanged for a long time to come. So only the remaining small portion of 10 billion jin will be subject to market regulation. Its price will fluctuate according to the market. Therefore, we cannot say that this is a "restriction in purchasing." We should regard such practice as one to loosen price control. Thus, in places where more grain crops are being grown, there will be no worries about marketing grain or about lower grain prices that would hurt the peasants. Those localities where the acreage sown to grain crops is being reduced may also increase their income by planting and growing something that would have even higher yields. The total amount of grain purchased by the state at preferential prices will remain unchanged, while the amount of state purchases may increase or decrease in different districts. The practice that "plans should be made known 3 years ahead" should be carried out in order to make arrangements on time. Various provinces and districts may also sign economic contracts on grain. Thus, they may give full play to their own dominant position, change their crop patterns, readjust the varieties of their crops, improve the quality of their farm produce, invigorate the rural economy, and help the

peasants become well-off as soon as possible. All this would benefit the state and the peasants.

Of course, the state will do its utmost to help change the agricultural structure. Some arrangements for this purpose have been included in this year's state plan. However, it requires our joint efforts to rationalize the agricultural structure and usher in a new situation of development of the rural commodity economy, and it won't do to rely on the state financially in everything. Moreover, giving aid to the rural areas is not merely a financial question in the final analysis, it also involves a question of placing money in circulation. Since this is a matter concerning our national economy as a whole, it is imperative to consider it in its entirety.

Also, the situation varies from place to place, so different measures should be taken for different places. For example, in the areas of southern Jiangsu and the Zhu Jiang Delta, there is a subsidy of 0.05 yuan for every jin of grain produced. If the grain output is cut by 1 jin, the subsidy will be reduced by 0.05 yuan. Those areas are very capable of taking appropriate action according to a change in circumstances. Once control is loosened, the peasants there will quickly make a change by growing other kinds of crops. We can reduce the grain purchase quota for those areas and accordingly increase the grain purchase quota for Hunan, Anhui, and Jiangxi to better exploit the favorable conditions for growing grain crops in these places. Some mountainous and semimountainous areas are quite unsuitable for growing grain crops. Those areas should no longer be used for farming but should be redesignated as forest lands and grazing grounds as before. In those areas work should be done to grow grass and plant trees. In doing so, however, the people in those areas must wait for a period of time before they can receive benefits, and there must be a solution to the problem of money required for buying grain brought in from other areas. The state has decided to supply them with certain quantities of grain, cotton cloth, and explosives [zha yao 3498 5522] and to take measures to provide work as a form of relief, such as organizing the masses to build highways. In addition, the state has decided to provide the mountainous and hilly areas with 20 or 30 billion jin of grain on a loan basis to support them for 2 or 3 years, such grain to be returned when they have recovered economically. In this way we will not only solve the difficulties encountered in readjusting the agricultural structure of mountainous areas without increasing the targeted amount of loans but, at the same time, will vacate the granaries and encourage raising crops other than grain in those localities that are quite unsuitable for grain crops but are forced to grow them. Economically this will bring about many good results in succession. The problem regarding the three provinces in the northeast is a rather big one. Essentially, the problem is that they have an abundance of corn, and for a long time transportation facilities have been quite inadequate for transporting their corn to areas inside the Shanhai Pass and for sending pork from these areas to the northeast.

Once control is loosened over the prices of grain and pork in these northeastern provinces, there will be a rise in the price of pork, and the

peasants will raise more hogs because they will feel it is more profitable to sell hogs than grain. After 2 or 3 years the price of pork will decline, and the ratio between the price of grain and hogs will become reasonable. The northeastern agricultural areas have favorable natural conditions for developing animal husbandry. All-out efforts should be made to raise hogs, cattle, sheep, and goats so the northeastern provinces can, by and large, supply their own meat requirements.

All in all, it is necessary to adopt different measures to readjust and change the agricultural structure according to different circumstances. There are many ways to do this. For example, the adjustment of crop strains in replacing the bad ones with good ones is a task with great potential. The yield of fine-strain rice is a little lower, but its economic value is much higher. For this reason, it still pays to grow fine-strain rice. We should find ways and give different forms of support to such adjustments according to different circumstances.

A Major Measure To Further Invigorate Agriculture

Loosening control of the prices of farm and sideline products step by step to bring about a change in the agricultural structure is a task which meets the urgent needs of the developing situation. Now is a very good opportunity to do this. If we do not make reforms and still act in the old way; that is, if we continue to practice the system of mandatory purchases and sales, buy whatever the peasants have grown, buy as much as they have produced, and fail to coordinate production with demands, then we will give incorrect information to the peasants. Now that large quantities of products like grain and cotton have already been overstocked, if we still promise to purchase all the grain and cotton produced by the peasants at the price based on the "reversed ratio of 30 percent and 70 percent" and thus encourage the peasants to raise large areas of these crops when in actuality we cannot purchase so much, or after purchase we would have to stockpile it in warehouses or even in open areas and could not sell it domestically or export it all because of the limited international market capable of payment, then our loss will increase greatly. It will be a very large waste for our society. In that case, the labor and money spent by the peasants are all wasted, and because large amounts of state funds are tied up, the normal circulation and revolving of funds are adversely affected. From the overall point of view, this is very detrimental.

Now there have appeared a number of new situations, which should be specifically analyzed. Generally speaking, an increase in agricultural production is good for our country's whole economy. However, this does not mean that the greater the increase, the greater the benefit to the continued development of our country's economy. On the contrary, some undertakings, if overly developed, will not only tie up state funds and cause waste, but also have a harmful effect on promoting the change in agricultural structure in a rational direction. In reality, they will bring about a situation like a hopeless chess game, instead of a promising chess game full of vigor and vitality. In making a choice between two things, we should choose the one with more advantages and fewer disadvantages. After looking at the entire

situation, we can see that there are more advantages than disadvantages in changing the system of mandatory purchases and sales and loosening control over prices.

Basically, this is a major measure to further invigorate agriculture. In doing this, we may meet with some difficulties at present, but they are difficulties naturally encountered in the course of progress and change and can be entirely overcome by our efforts. The whole party should be aware of this question, and it is necessary to let the vast numbers of peasants and grassroots cadres be aware of it also, so that all comrades, at both high and low levels everywhere, will pool their wisdom and strength to overcome the difficulties and bring our agriculture to a new stage of development.

In general, the present agricultural question may be summed up in two points: One is that in dealing with agriculture, we must successfully readjust the rural production structure in accordance with the needs of commodity production. Through the market exchange of farm products, the labor of peasants is recognized by society. The peasants should be guided to show concern about changes in the market and to make production plans according to market demands so that production and social needs will be coordinated. The other point is that we should loosen the control over the prices of farm and sideline products and put market regulation into practice. The state should use economic means and measures to participate in market regulation and strengthen market control and supervision to overcome the blindness in its development and lead it to develop in the correct direction.

CSO: 4004/18

THE CPC CENTRAL COMMITTEE RESOLUTION ON THE SUMMARY ON COMBATING THE ENEMY'S FIFTH 'ENCIRCLEMENT AND SUPPRESSION' CAMPAIGN (ADOPTED BY THE POLITICAL BUREAU MEETING ON 17 JANUARY 1935)¹

Beijing RED FLAG in Chinese No 3, 1 Feb 84 pp 14-24

[Document--This text is taken from the mimeographed booklet of the resolution kept in the Central Archives]

[Text] After hearing the report submitted by Comrade XX on the summary on the fifth "encirclement and suppression" campaign and the supplementary report delivered by Comrade XXX,² the enlarged meeting of the Political Bureau deemed Comrade XX's report was basically correct.

1. The resolution of the CPC Central Committee on the enemy's fifth "encirclement and suppression" campaign³ clearly pointed out that the fifth "encirclement and suppression" campaign meant a more ruthless attack launched by the imperialists and the KMT reactionaries against the revolutionary Soviet movement, but at the same time it also pointed out that in this decisive battle of sharp class struggle, the weaknesses within the imperialists or the KMT and the renewed intensity in the situation of the revolution brought about a new change in the balance of domestic class forces, a change favorable to us. This led to the correct conclusion that "during the fifth 'encirclement and suppression' campaign, we have more complete conditions for winning victory in the decisive battle than ever before" (the central resolution adopted on 24 July 1933). However, in his report, Comrade XX overestimated the objective difficulties and attributed the failure to smash the fifth "encirclement and suppression" in the Central Soviet Area to the formidable might of the reactionary KMT forces and, at the same time, he underestimated the present situation of the revolution. This was bound to lead to an opportunistic conclusion that objectively, the fifth "encirclement and suppression" campaign simply could not be smashed.

2. According to its own correct appraisal, the CPC Central Committee set the specific tasks for combating the enemy's fifth "encirclement and suppression" campaign. The campaign to counter the "encirclement and suppression" campaign, a struggle riddled with difficulties and hardships and lasting for 1 and 1/2 years has proved that the political line of the CPC Central Committee was undoubtedly correct.⁴ Particularly the party organizations in the Central Soviet Area made achievements never seen before in mobilizing

the broad masses of workers and peasants to take part in revolutionary war under the direct leadership of the central authorities. The drive to expand the Red Army became a vigorous campaign among the masses. More than 100,000 worker and peasant activists were mobilized to go to the front with arms, thus significantly expanding the Red Army. The standard Young Red Guard⁵ began to become an available reserve force for the Red Army and the armed units of the masses--the Young Red Guards--developed in vast numbers. Under the slogan of "All for winning victories on the front," the party managed to satisfy the needs of the Red Army units fighting on the front in finance, grain, and other materials and goods. The in-depth development of class struggle within the Soviet areas and the thorough improvement in the economic construction of the Soviet and in the relationship between the Soviet government and the masses vigorously boosted the enthusiasm and initiative of the broad masses for taking part in revolutionary war. All these served as favorable conditions for thoroughly smashing the fifth "encirclement and suppression." However, in his report, evidently, Comrade XX underestimated these favorable conditions. And this underestimation was bound to lead to the conclusion that subjectively, we had no way to smash "encirclement and suppression" campaigns.

3. It must be pointed out that there are still a lot of serious weak points in our work: No remarkable progress has been made in the party's leadership over the struggle waged by the broad masses of workers and peasants in the White areas against the imperialists and the KMT and over day-to-day struggle in these areas; the work of developing guerrilla warfare and breaking up the White army's ranks of soldiers remains weak; and the Red Army units in the Soviet areas have not yet adequately worked in concert and cooperated with each other under a unified strategic will. All these weak points undoubtedly affected the campaign to counter the fifth "encirclement and suppression" and served as an important reason for the formation of the concept that the fifth "encirclement and suppression" campaign cannot be smashed. However, in his report and conclusion, Comrade XX exaggerated the weaknesses in these fields of work and failed to see or refused to recognize the appraisal that in terms of military leadership, the strategy and tactics were basically wrong. This has made it difficult for us to understand why the main force of our Red Army had to leave the Central Soviet Area and why we failed to smash the enemy "encirclement and suppression" campaigns in the area and this also covered three evil consequences of the erroneous line in the military leadership and in strategy and tactics. Although the Red Army officers and men are brave and skillful in battle, work in the rear is done in an exemplary way, and we enjoy the support of the broad masses, if we fail to apply correct strategy and tactics in military leadership terms, it will be impossible for us to win decisive victory in the war. Precisely here was the main reason for our failure to smash the fifth "encirclement and suppression" campaign in the Central Soviet Area.

4. After the repeated defeats in their previous "encirclement and suppression" campaigns, the KMT headed by Chiang Kai-shek and his imperialist military advisers came to realize that it would be to their extreme disadvantage to fight battles with us in the Soviet areas by adopting the "drive-straight-in" strategy and tactics. Therefore, during their fifth "encirclement and

suppression" campaign, they used the strategy and tactics of launching a protracted war and building blockhouses⁶ in an attempt to gradually wear down our effective strength and material wealth and tightened the ring encircling our Soviet areas, looking for an opportunity to fight a final decisive engagement with the main force of our army so as to wipe us out.

In this situation, our strategic line must be defensive in the decisive battle (offensive-defensive) that is, to concentrate a superior force to assure wiping out a part or most of the enemy in mobile operations by selecting its weaknesses so as to destroy the enemy forces one by one and to thoroughly smash the enemy's "encirclement and suppression" campaigns. However, during the campaign to counter the fifth "encirclement and suppression," we simply replaced the strategic line of the defensive in the decisive battle with an exclusively defensive line (or pure defensive) and replaced mobile warfare with positional and blockhouse warfare and used the tactical principle of the so-called "quick and sudden assaults"⁷ to support this strategic line of the exclusive defensive. This helped the enemy succeed in carrying out their strategy and tactics of protracted and blockhouse warfare and brought about in part losses to the main force of the Red Army as well as caused it to leave the Central Soviet Area bases. It must be pointed out that this line was entirely contrary to the basic principles of the strategy and tactics with which the Red Army had won victories.

5. At the stage of China's current civil war when we lack coordinated workers' insurrections in the big cities and mutinies by the White army soldiers, when our Red Army is numerically far from adequate and our Soviet areas constitute only a small part of the country, when we do possess no special weaponry, such as aircraft and artillery, and when we are still fighting on the interior lines and being attacked and "encircled and suppressed" by the enemy, our strategic line was, of course, defensive in the decisive battle, that is to say, our defensive was a defensive seeking an opportunity to fight a decisive battle and to switch from the defensive to the offensive and undertake campaigns rather than an exclusive defensive. With an exclusive defensive, we may considerably cripple the enemy and keep the land in our hands for quite some time but we cannot ultimately smash the enemy's "encirclement and suppression" campaigns and defend our Soviet areas, and winning the final victory is out of the question. Only when we switch from the defensive to the offensive (both in battle and strategy) and even undertake campaigns, win victories in decisive battles, and wipe out the enemy's effective strength in large quantities can we smash the "encirclement and suppression" campaigns, defend the Soviet areas, and develop the revolutionary Soviet movement.

Under this strategic line, when we have not discovered the enemy's weaknesses nor created conditions for them to expose their weaknesses, we must use our secondary forces (such as guerrilla forces, the armed units of the masses, the independent battalions and regiments or part of the Red Army's main force) to confuse or lure the enemy in various fields instead of fighting a decisive battle with the enemy where we are not sure of winning when the enemy attacks us and, no less importantly, we must concentrate mainly on pinning down the enemy in a mobile defensive and our main force should

retreat an appropriate distance or move to the flanks of the enemy's rear and should concentrate forces in a concealed way and anticipate a favorable opportunity to assault the enemy. In the situation in which battles are fought on the interior lines, when the enemy presses forward against us with a superior force, the Red Army should retreat and take cover. In this way we can exhaust, deplete, and confuse the enemy and dampen the enemy's arrogance and cause them to make errors and expose their weaknesses. This will create conditions for us to switch from the defensive to the offensive and to win victories in decisive battles. It is necessary to make a most careful analysis and judgment of the enemy's situation so as to make proper deployments for battle in good time. In the face of the enemy's provocations and feints, on no account must we unnecessarily move our troops and throw them into battle, for this will tire us from running and lose us the opportunity to win victories in decisive battles in a certain direction. To ensure victory, when the enemy is advancing as scheduled, we must, instead of checking their advance, let them in to a certain distance and then encircle and destroy them (that is, lure the enemy in deep). To ensure victory, we should not hesitate to abandon some of the land in the Soviet areas for the time being and even to move our main force away from the Soviet area bases. As we all know, so long as we manage to wipe out the enemy and smash their "encirclement and suppression" campaigns, not only can we recover the abandoned land but we can also expand the Soviet territory. All this is designed to ensure the Red Army can frequently crush the enemy's attacks and "encirclement and suppression" campaigns on their own initiative and to their advantage and avoid the outcome of negative and unfavorable factors.

However, all these principles were violated during the campaign to counter the fifth "encirclement and suppression." It was quite correct when the Communist International's message of February last year said: "It seems to us that at the present stage, the plans and steps of the military headquarters of the Central Area⁸ are frequently adopted under the enemy's pressure as one says. The enemy's provocations against us caused us to make unnecessary troop deployments. With constant changes in our troop deployments, our troops are in no position to take an active part in operations. We think that we must defeat the enemy in the places where we have won some victories and not attempt to defeat the enemy on all fronts and at the same time." The leaders who advocated the exclusive defensive line were unable to understand this directive of the Communist International. Not only did they not do so before February last year but also they failed to understand it even up to the time the main force of the Red Army left the Soviet areas. The advocates of the exclusive defensive line who were willing to put themselves in a passive position did not, or could not even if they would, aim to defeat the enemy simultaneously on all fronts but did aim to check the enemy simultaneously on all fronts. The slogan of "attack on all fronts" put forth by Comrade XXX in the past was transformed into resistance on all fronts during the campaign to counter the fifth "encirclement and suppression." Both are all wrong in strategic terms. The slogan of "do not give up an inch of land of the Soviet areas" is correct politically but it is entirely wrong to apply it mechanically in military affairs, especially in strategic terms, and moreover, it can be utilized to cover up the exclusive defensive line.

6. In order to ensure victory in a decisive battle, it is absolutely necessary to concentrate a superior force in terms of the decisive battle. As far as the present relative strength of the enemy forces and our own is concerned, the enemy forces absolutely predominate. More often than not, they used a force several times and even dozens of times bigger than ours in attacking us. However, this is nothing for us to fear. The enemy is fighting on exterior lines and strategically, they have adopted the principle of both encirclement and diverging advance and covering attacks. This will give us an opportunity to crush the enemy forces one by one and turn us into the beneficiary of fighting battles on exterior lines (partial exterior lines) while fighting on the interior lines strategically, that is, we can use some of our forces to pin down one or several of the enemy's routes and concentrate large numbers of our forces on encircling one of the enemy's routes and then destroy it. With this method, we can manage to destroy the enemy forces one by one and smash the enemy's "encirclement and suppression" campaigns. In the situation in which strategically, we are fighting on interior lines, only when we win victories in the battles we fight on exterior lines by concentrating a superior force can our Red Army take the initiative and can we put the enemy in a defensive position and smash his whole plan in the end.

However, to resist the enemy's advance in various directions, the leaders of the exclusive defensive line of the past frequently used forces in a decentralized way (mainly the 1st and 3d Army Group forces). This dispersal of forces frequently threw us onto the defensive, weakened our forces everywhere, and thus made things convenient for the enemy to defeat our forces one by one. During the campaign to counter the fifth "encirclement and suppression," we failed to win many campaigns (such as the Xunkou campaign,⁹ the Tuancun campaign,¹⁰ the Jianning campaign,¹¹ and the Wenfang campaign¹²) because our main force was not concentrated. In the eyes of the leaders of the exclusive defensive line, the key task of the Red Army was to check the enemy's advance and to attempt to destroy some enemy troops by "quick and sudden assaults" rather than to strive to gain the initiative and to win victories in decisive battles. As a consequence, the number of enemy troops annihilated by the Red Army was limited and the Soviet areas suffered devastation by the enemy.

7. Wiping out the enemy in mobile operations is the characteristic of the Chinese Workers' and Peasants' Red Army. At the start of the enemy's fifth "encirclement and suppression" campaign, the Communist International pointed out to us (in a telegram it sent in October the year before last): "In operations, we must carry on mobile warfare on both flanks of the enemy instead of positional warfare." The telegram it sent in February last year repeated this saying: "It is very obvious that in the light of our past experience, our forces have scored great victories in mobile operations but failed to win victories in attacking in force the enemy's blockhouses and their surrounding areas." All these instructions of the Communist International were entirely correct. When the enemy pursued the policy of blockhouse warfare during their fifth "encirclement and suppression" campaign, although we could not avail ourselves of the opportunity to launch large-scale mobile operations when the enemy "drove straight in" as we did in the

first, second, third, and fourth "encirclement and suppression" campaigns, the possibility for waging mobile warfare remained there. The facts have proved this point repeatedly (such as the Xunkou, Tuancun, Jiangjundian,¹³ Jianning, Hufang, and Wenfang campaigns, especially the 19th Route Army incident¹⁴). However, during the campaign to counter the fifth "encirclement and suppression," the exclusive defensive line resulting from the fear of the policy of blockhouse warfare and Comrade Hua Fu's¹⁵ theory of "quick and sudden assaults" caused us to engage in positional warfare instead of mobile warfare. Moreover, this method of positional warfare was of benefit to the enemy and extremely harmful to the Workers' and Peasants' Red Army then.

The idea of attacking enemy fortifications by force under those technical conditions should have been rejected. Only when the enemy's fortifications are not solidly built or isolated and only when we plan to strike at enemy reinforcements or to make the enemy move around should we attack enemy fortifications by force. It was not strange at all that we very often achieved no results in easily attacking enemy fortifications by force during the struggle against the fifth "encirclement and suppression" campaign, because war was regarded as a trifling matter.

The inadequate appraisal of the possibility of waging mobile warfare during the fight against the fifth "encirclement and suppression" campaign resulted in the absolute separation of the enemy's fifth "encirclement and suppression" campaign from their previous first, second, third, and fourth "encirclement and suppression" campaigns. Therefore, as far as the leaders sticking to the notion of exclusive defensive and quick and sudden assaults are concerned, it was only natural for them to categorically deny the experiences gained in the previous mobile operations and the method of operations of luring the enemy in deep and wiping them out then and there and in reality to reject the Communist International's correct instructions.

8. Overestimating the enemy's policy of blockhouse warfare and underestimating the possibility of waging mobile warfare engendered the theory of victories originating from tactics, asserting that only victories in tactics can be transformed into victories in campaigns, the victories in campaigns will bring about a change strategically favorable to us (See: Comrade Hua Fu's article and the letter of Comrades XX and XX to Comrade Lin Biao and Peng Dehuai), that "while the enemy is pursuing the policy of blockhouse warfare, we can win only numerous small victories rather than impassioned and forceful ones" (See: The speech delivered by Comrade XX at a Political Bureau meeting and Comrade XX's article carried in HONGXIN BAO [RED STAR NEWS]), and that we can deal with the policy of blockhouse warfare only by adopting the tactics of dividing the resistance forces and launching quick and sudden assaults. All these theories and practices of opportunistic strategy and tactics in the revolutionary war fell through in the struggle against the fifth "encirclement and suppression" campaign.

We do not deny that the policy of blockhouse warfare brought us additional difficulties in smashing the enemy's fifth "encirclement and suppression" campaign (however, at first they underestimated the policy of blockhouse

warfare with "leftist" phrase-mongering. See: Comrade XX's article carried in HONGXIN BAO) and that we must create technical conditions (aircraft and artillery), particularly the insurrection of the workers, peasants, and soldiers within the enemy blockhouse areas, for the Red Army to wipe out the enemy's future more strongly built fortifications. However, in the present conditions, the policy of blockhouse warfare can also be smashed. Under the policy of blockhouse warfare, being dispersed and exhausted, the enemy forces depend heavily on the policy and if separated from the blockhouses, they would lose their confidence in winning. Meanwhile, to press forward toward us, the enemy has to move out of their blockhouses and is in no position to build blockhouses throughout the country numerous and strong enough to control the Red Army's activities. All these serve as favorable conditions for us to cope with the policy of blockhouse warfare. Therefore, the method for our Red Army to smash the policy of blockhouse warfare is still to rely on mobile warfare, on developing guerrilla warfare around the lines of enemy blockhouses in cooperation with the Red Army in operations, and on the in-depth movement of soldiers in the White army. By using mobile warfare to smash the policy of blockhouse warfare, we mean that in the interior lines of enemy blockhouses, we should wipe out large numbers of the enemy when they advance and in the exterior lines of their blockhouses or when the Red Army switches to the vast areas where there are no enemy blockhouses to carry out operations there, the enemy are compelled to leave their blockhouses to engage in mobile operations with us. So long as we apply the strategic and tactical principles of mobile warfare flexibly and skillfully and with novelty, we can surely smash the enemy's policy of blockhouse warfare. Only with correct strategic principles can we correctly command campaigns and correctly use tactics to smash the policy of blockhouse warfare and "encirclement and suppression" campaigns. The concept of the exclusive defensive and quick and sudden assaults which asserts that victory can be won by relying exclusively on tactics instead of correct leadership over strategic campaigns is in fact a capitulation to the policy of blockhouse warfare, for in the final analysis, it cannot smash such a policy.

9. The understanding of the leaders of the exclusive defensive line about the question of protracted war and war of quick decision was also wrong. It must be realized that the civil war going on in China is a long-term protracted war rather than a short-term one. The Soviet revolution is progressing and being consolidated in the course of constantly combating the enemy's "encirclement and suppression" campaigns. Therefore, under favorable conditions, it is entirely necessary for us to switch from the defensive to the offensive and campaign so as to wipe out the enemy and smash their "encirclement and suppression" campaigns (as we did in the struggle against the first, second, third, and fourth "encirclement and suppression" campaigns and before the Guangchang campaign¹⁶ during the campaign to counter the fifth "encirclement and suppression"). Under unfavorable conditions, we may retreat for the time being so as to preserve our effective strength and to switch to the offensive and campaign under a new situation favorable to us (as we did after the Guangchang campaign during the campaign to counter the fifth "encirclement and suppression"). This is the first basic principle. At the same time we must also understand another principle, that is, in order to carry on a long-term

protracted war, we must strive to win a quick battle in all struggles we wage against enemy "encirclement and suppression" campaigns and in any campaign we launch. This is because in view of the present relative strength of the enemy forces and our own, adopting the principle of protracted war in every struggle against enemy "encirclement and suppression" campaigns and in every battle is extremely harmful to us. When the enemy uses protracted warfare against us (as he did during his fifth "encirclement and suppression" campaign), we must use the correct strategic principle to strangle the enemy plan and strive to win a decisive victory within a period of time we can afford to sustain so as to smash the enemy's "encirclement and suppression" campaigns. The understanding of protracted warfare which demands comparing our manpower, financial resources, and arms and ammunition supplies with the KMT's (namely, the so-called proposal for facing the enemy in a contest of attrition. See: Comrade XX's article carried in HONGXIN BAO) was fundamentally wrong. At present we are in a state of absolute inferiority in this regard. This comparison of figures can only lead to an adverse conclusion, that is, that protracted warfare gives us no guarantee of victory.

It is precisely because we want to carry on a long-term protracted war in the civil war and to launch battles of quick decision in all struggles against enemy "encirclement and suppression" campaigns and all operations that we must be particularly prudent in deciding our strategic plans for a campaign. The strategy of exclusive defensive adopted during the campaign to counter the fifth "encirclement and suppression" was fundamentally wrong, under which the numerous battles fought in desperate recklessness (such as the Dingmao Shan campaign,¹⁷ the Sanxixu campaign,¹⁸ the Pingliao campaign,¹⁹ and the Guangzhang campaign) were also all wrong. The Red Army should avoid fighting battles it is not sure of winning. Even though the decision on a battle was correct then, when the situation has changed to our disadvantage, we should reject such a battle. Playing with insurrection is a monstrous crime and approaching a battle like a game is similarly a crime.

It is precisely because we want to carry on the war in a protracted way and to fight battles of quick decision in any campaign that we must give the Red Army a period of recuperation and of education and training. This is an indispensable condition for victory. The assertion that there was no possibility to rest and to carry out training during the campaign to counter the fifth "encirclement and suppression" was wrong. It was only a natural conclusion of the advocates of the doctrine of exclusive defensive and quick and sudden assaults. The argument that by frequently going in for vigorous operations the Red Army had to engage in endless battles and, therefore, no stress should be laid on rest and training was also wrong. It must be realized that without necessary rest and training, winning sound victories in battle is out of the question. The establishment of the Red Army should tally with the situation of the ongoing civil war. It is wrong to form many new divisional units while our main force has not yet been activated. New units should be formed only after the main force has been activated. It is wrong to allow divisions which consist of raw recruits uneducated in military training and inexperienced in fighting to fight independently. It is necessary to provide such divisions with veteran soldiers as the backbone force and to let them help the raw recruits gain combat experience through

fighting as far as possible at the initial stage and under the command of older corps. It is wrong to form unnecessary units with a disproportionate number of officers and men and cumbersome equipment. They must be equipped as lightly as possible. It is necessary to strengthen the organization of companies and leadership over units below the division level.

It is precisely because we want to carry on the war in a protracted way and to fight battles of quick decision in all campaigns that we must oppose the theory that sets the preserving of effective strength against the defending of Soviet areas. To win victories in battle, it is entirely necessary for the Red Army to fight heroically and make sacrifices, which is a characteristic of armed class struggle and a foundation for victory in the revolutionary war. Crowned with victory, this sacrifice is well paid. However, this concept should not be applied to fruitless battles fought in desperate recklessness. It must be understood that only when effective strength is preserved can we genuinely defend our Soviet areas. Without a strong Red Army, the preservation of the Soviet areas is out of the question. With a strong Red Army, we will be able to recover eventually the part of the Soviet areas which we lose temporarily and only by relying on the Red Army can we open up new Soviet areas.

In line with the principle of protracted war, it is necessary to oppose two erroneous tendencies which may emerge after we succeed in smashing the enemy's "encirclement and suppression" campaigns with counteroffensives. One is the emergence of conservatism as a result of exhaustion and overestimating the enemy's strength. This conservatism breeds laxity and stagnation and makes it impossible for us to switch from the counteroffensive to the offensive, to expand the Soviet areas and the Red Army, or to create ample conditions for smashing the enemy's new "encirclement and suppression" campaign before it is launched. The other is the emergence of adventurism as a result of overconfidence in our victory and underestimating the enemy's strength. This adventurism makes it impossible for us to gain victories in our attacks (for example, attacking a key city without any certainty of success and without the need to do so) and even causes us to reduce or forfeit the victories we have gained in our offensives, thus causing an excessive loss in the Red Army's effective strength and the abandonment of the task of expanding the Red Army and the Soviet area. This adventurism also makes it impossible for us to create ample conditions for smashing the enemy's new "encirclement and suppression" campaign before it is launched. For this reason, opposing the two erroneous tendencies is a serious task of the party in launching strategic offensives during the interval between two enemy "encirclement and suppression" campaigns.

In line with the principle of the campaign of quick decision, it is necessary to oppose various opportunist tendencies, such as accepting battle in haste because of panic, being careless in engaging the enemy in initial battles, attempting to forestall the enemy, and, having failed to defeat the enemy at one go, considering it impossible to win the battle, or failing to make ample preparations on the pretext of fighting for a battle of quick decision, that is, failing to make the necessary preparations against the enemy's "encirclement and suppression" campaigns for the longest possible

time. A war of quick decision makes it imperative to make all necessary preparations (superior strategy, correct guidance of campaigns, mobile warfare, utilization of opportune moments, concentration of forces, and so on) to wipe out the enemy troops. Only by wiping out the enemy troops is it possible to resolve a war situation quickly and to smash enemy offensives or "encirclement and suppression" campaigns.

10. Using every conflict within the counterrevolutionary forces and vigorously widening the rifts between them so that we can switch to the counteroffensive or offensive constitutes an important strategy for smashing the enemy's "encirclement and suppression" campaigns. The 19th Route Army incident in Fujian was of vital importance to the smashing of the enemy's fifth "encirclement and suppression" campaign. At that time the CPC Central Committee adopted the correct political line of using the contradictions within the KMT to sign an armistice agreement with the 19th Route Army and to urge the army to oppose the Japanese imperialists and Chiang Kai-shek. However, Comrade XX and others, who indulged in "leftist" rhetoric, adopted an opposite strategic policy without understanding that simultaneously using the 19th Route Army incident politically and militarily was crucial to the smashing of the fifth "encirclement and suppression" campaign. On the contrary, thinking that by continuously maneuvering on the eastern front and making a flank attack on the Chiang Kai-shek troops attacking the 19th Route Army, the Red Army was in reality helping the 19th Route Army, they transferred the main force of the Red Army to the west to attack the blockhouses in Yongfeng District to no avail, thus losing a valuable opportunity. They did not realize that the existence of the people's government set up by the 19th Route Army was beneficial to us. Making a flank attack on Chiang Kai-shek's troops in direct coordination with the actions of the 19th Route Army precisely conformed to our own interests and was aimed at smashing the enemy's fifth "encirclement and suppression" campaign. The 19th Route Army was not a revolutionary army but only a small faction within the counterrevolutionary forces trying to maintain the rule of the landlord class and the bourgeoisie as a whole with more deceitful rhetoric, arbitrary publicity, and even such terms as socialism.²⁰ Only by showing, through our practical deeds, the worker and peasant soldiers deceived by the 19th Route Army that we helped all factions in their struggle against Japan and Chiang Kai-shek would it have been easier for us to expose the duplicity of the warlords of the 19th Route Army and, in the joint struggle against Japan and Chiang Kai-shek, win them over to our side. Only by adopting the policy of direct coordination with the 19th Route Army militarily would it have been possible for us to take advantage of this crucial moment to wipe out the main force of Chiang Kai-shek. Such a favorable condition did not exist in previous wars. However, we failed to make use of this opportunity militarily. For the leaders who one-sidedly pursued a defensive line, this was not at all surprising because their original objective was only to resist the enemy's advance. In their view, using the contradictions and conflicts within the enemy to enable us to go over to the counteroffensive or the offensive was a risky act.

11. On the question of making a strategic shift and breaking out of the enemy encirclement, they likewise committed errors of principle. It should

first be pointed out: When we saw that it was quite unlikely and at last (between May and July 1934, after the Guangchang campaign) completely impossible for us to win a decisive victory by continued fighting on interior lines in the Central Soviet Area, we should have unhesitatingly changed our strategic principle and beaten a strategic retreat in order to preserve the effective strength of the main Red Army, to seize an opportune moment to go over to the counteroffensive in the vast areas free of block-houses, to smash the "encirclement and suppression" campaigns, to establish new Soviet areas, and to defend the old ones. In its cable dated 25 June, the Communist International (Comintern) pointed out: "Mobilize new armed forces which have not been exhausted in the central area. The strength of resistance of the various Red Army units as well as the conditions in the rear do not warrant our panic. Even the withdrawal of the main Red Army from the Soviet areas is aimed only at preserving our effective strength and preventing a possible enemy attack. In discussing the resolutions of the 13th Plenary Session of the Comintern²¹ and the Fifth Plenary Session of the CPC Central Committee²² on the prospects of struggle, the current international situation, and the flexible tactics of the Red Army, it was deemed necessary to preserve our effective strength, under the new conditions, to consolidate and expand ourselves in order to wait for the opportune moment to go over to the counteroffensive and to combat imperialism and the KMT."²³ Obviously, our strategic principle on this important issue was wrong. It was not mentioned at all in the "Strategic Plan for May, June, and July." Although it was mentioned in the "Strategic Plan for August, September, and October" and although direct preparations were started for the withdrawal from the Soviet areas, the basic principles of the new plan were still contrary to the strategic principles that should have been followed at that time. The formulations, such as "continue to defend the central area with all our strength in order to win great victories in our campaigns" and "develop guerrilla warfare and step auxiliary activities in order to change the strategic situation," were still incorporated in article 2, section 1, of the basic principles of the new plan. The question of preserving our effective strength, which formed the basis of the strategic principle of deciding to withdraw from the Soviet areas, was completely ignored. The error in sizing up an opportune moment to launch a campaign, as well as the launching of positional warfare, caused heavy losses to the Red Army. This contradictory attitude of preparing to break out of the enemy encirclement on the one hand and "continuing to defend the central area with all our strength" on the other was precisely an inevitable panic-stricken manifestation of leaders who pursued a purely defensive line at a critical moment.

More important, in the eyes of Comrade Hua Fu and others, our breaking out of the enemy encirclement was basically not a resolute and combat act but a panic-stricken, runaway, and house-moving one. For this reason, in the face of such a great shift, they not only failed to conduct explanatory work among the cadres and the officers and men of the Red Army as instructed by the Communist International but also refused to discuss this issue at the meeting of the Political Bureau, regarding as unimportant the political objective of a mass action by several million people. They shifted the main force of the Red Army from the Soviet areas to the White areas and went over

from positional warfare to mobile warfare in haste without giving the troops the necessary rest and without carrying out the necessary consolidation and training. They kept silent about our basic tasks and orientations, such as why it was necessary to withdraw from the Central Soviet Area, what were our present tasks, and where we should go. Therefore, they could not rouse the enthusiasm and initiative of the Red soldiers militarily, and politically in particular. This was a serious error. The cumbersome organizations of the Military Commission column²⁴ and the rear service departments of the various army groups caused extremely great trouble in marching and operations, making it necessary to turn all the combat troops into covering forces and to delay our actions, and thus forgoing the advantage of arriving at a predetermined area in time. They completely forgot that in effecting a strategic shift, the Red Army would encounter strong enemy resistance and that it could achieve its objective only after numerous hard struggles against the pursuing and intercepting enemy troops on its long distance move. All these political, military, and organizational errors, particularly the failure of placing our strategic principle on seizing the necessary and opportune moment to fight a decisive battle against the enemy, landed us in a more or less passive position, subject to constant enemy attacks and unable to give the enemy a heavy blow. The result was that for 3 months our campaign to break out of the enemy encirclement became more or less a covering campaign, unable to attack the enemy on our own initiative; that although they often talked about fighting battles on their own initiative, the Red Army always tried to avoid engaging the enemy except in fighting covering battles; that the Red Army could not boost its morale; that the Red Army men were so exhausted due to the lack of rest that casualties reached an unprecedented scale; that the correct slogan of "counteroffensive" served in reality as a cover for Comrade XX and others not to engage the enemy and not to try to win the victory of genuine counteroffensives at the necessary and opportune moments; and that it was impossible to fulfill the basic tasks of forcing the enemy to change its overall plan of attacking the Central Soviet Area by the strategic shift of the Red Army, to defend the Central Soviet Area, to smash the fifth "encirclement and suppression" campaign, to establish the base area in Hunan, or even to preserve the effective strength of the Red Army to a high degree. All this was the inevitable outcome of the basic strategic policy of not engaging the enemy. This strategic policy of not engaging the enemy was based on an erroneous viewpoint, that is, that the Red Army should arrive at a predetermined area (western Hunan) and put down their baggage before they launched a counteroffensive against and wiped out the enemy, and therefore they dared not engage the pursuing enemy (such as the two columns under the command of Zhou Hunyuan and Xue Yue²⁵), even if they were separated and exhausted. The roots of this erroneous viewpoint lay in their failure to understand that the situation at that time made it impossible for us to act in such a simple, easy, and smooth manner and in their overestimate of the strength of the pursuing enemy. They did not understand that such a method might be possible in a short move or in the light operations of a small number of troops but it was impossible in the great strategic shift of the main force of the Red Army in the fifth "encirclement and suppression" campaign extending for several thousand li or that we should avoid fighting unnecessary battles with the enemy in an unexploitable position but should not avoid fighting necessary battles with

the enemy in an exploitable position. The main cause of our failure to fulfill our task in breaking out of the enemy encirclement was precisely here. This error of principle lingered on till the final phase of the campaign to break out of the enemy encirclement. When the Red Army arrived at the border between Hunan and Guizhou, where the situation was unfavorable to us, Comrade Hua Fu and others still mechanically instructed the Red Army to move toward the areas controlled by the 2d and 6th Army Groups without understanding that it was necessary to change their actions and policies according to the changed situation. And, when the Red Army arrived in the Wu Jiang region, they failed to put forward the task of going over to the counteroffensive in the Sichuan-Guizhou border area to wipe out Chiang Kai-shek's pursuing troops in line with the new situation but noticed only the task of wiping out a small number of enemy troops in Guizhou and so-called bandits. Although the last two errors were corrected after firm opposition by most comrades in the Political Bureau, Comrade Hua Fu and others amply demonstrated their consistent opportunist tendency on strategic issues.

The future development of the purely defensive line is either desperate recklessness regardless of anything or flightism. There is no other way out.

12. The enlarged meeting of the Political Bureau held that all facts have proven that the purely defensive military line was the chief cause for our failure to smash the enemy's fifth "encirclement and suppression" campaign and that it was futile to try to defend the erroneous line in military leadership (such as Comrade XX did in his report and Comrade Hua Fu in his speech) with the correct line of the party.

The enlarged meeting of the Political Bureau further held that this purely defensive military line is a specific manifestation of Right opportunism. It originates from an insufficient appraisal of the enemy strength, an overestimate of the objective difficulties, particularly those caused by the protracted war and the policy of blockhouse warfare, an underestimate of our subjective strength, particularly that of the Soviet areas and the Red Army, and a lack of understanding of the characteristics of China's revolutionary war. For this reason, the enlarged meeting of the Political Bureau held that the struggle against the purely defensive military line is one against Right opportunism in the party and that this struggle must be carried out thoroughly throughout the party. All attempts to turn this struggle into unprincipled personal disputes must be dealt a serious blow.

13. Moreover, the enlarged meeting of the Political Bureau held that the leadership method of Comrade XX, and Comrade Hua Fu in particular, were extremely abominable, with Comrade Hua Fu personally running all the work of the Military Commission, completely abolishing collective leadership in the Military Commission, vigorously developing punitiveness, lacking the spirit of self-criticism, completely ignoring and even suppressing any differing views on military affairs, and obliterating the creativity of commanders at the lower levels in acting promptly at their own discretion. On the pretext of changing strategy and tactics, they discarded numerous valuable experiences and lessons gained in previous revolutionary struggles and regarded them as "guerrillism." Although most comrades in the Military

Commission aired their correct views on many occasions and although there were numerous heated arguments, Comrade Hua Fu and Comrade XX paid no heed to them. All this accounted for the extremely abnormal phenomena within the Military Commission.

Meanwhile, the Political Bureau also held that the Secretariat and the Political Bureau failed to exercise ample leadership over the Military Commission in the past. The Secretariat and the Political Bureau focused most of their attention on expanding the Red Army and ensuring material supplies for the Red Army and achieved unprecedented successes in these fields. However, they paid little attention to the strategic and tactical aspects and placed the responsibility for them on very few comrades, and particularly on Comrade XX and Comrade Hua Fu. They failed to understand that the question of directing a war has a direct bearing on the outcome of that war. Errors in directing a war may reduce our best achievements in rear-area work to nothing. The Political Bureau should admit the mistake it made on this question and all comrades in the Secretariat should assume greater responsibilities because some important decisions or strategic plans were approved by the Secretariat.

However, the enlarged meeting of the Political Bureau especially pointed out the serious mistake Comrade XX has made in this respect. He presided over the work of the Military Commission on behalf of the CPC Central Committee but he not only failed to promptly correct Comrade Hua Fu's mistakes in line in conducting operations and the abnormal phenomena in the Military Commission but also energetically supported and encouraged the development of these mistakes. The enlarged meeting of the Political Bureau held that Comrade XX should bear the main responsibility in this respect. However, he refused to accept the criticisms of most comrades or to admit his mistake in his summation report. It should be pointed out that this mistake does not represent Comrade XX's mistake in the political line as a whole but a serious political mistake.²⁶ But if he should persist in his mistake, it would certainly develop into one in the political line as a whole.

The enlarged meeting of the Political Bureau held that in order to smash the enemy's new sieges and to establish new Soviet areas, it is necessary to thoroughly correct the previous mistakes in military leadership and to improve the method of leadership in the Military Commission.

14. In conclusion the enlarged meeting of the Political Bureau held that although our previous erroneous military leadership made it impossible for us to smash the fifth "encirclement and suppression" campaign in the Central Soviet Area, forcing the main force of the Red Army to withdraw from the Soviet and to suffer some losses, the main force of our courageous Red Army still exists. Given our excellent relationship with the masses, the correct leadership of the party, our materially and topographically favorable areas, the support of the broad masses throughout the country, our victorious coordination with 4th Front Army and the 2d and 6th Army Groups, and our correct operational command, we believe that with the joint efforts of all comrades and the commanders and fighters of the Red Army, all these difficulties can be overcome. At the same time, the enemy is confronted

with greater difficulties. With our maneuvering areas far from the counter-revolutionary base area of the Nanjing government, Chiang Kai-shek can no longer count on the blockhouses he has been building for several years. Meanwhile, the contradictions and disunity within the warlords have further developed. The main force of our principal enemy, Chiang Kai-shek, has been weakened in the fifth "encirclement and suppression" campaign. The partition of China by the imperialists, the traitorous policy of the KMT, and the unprecedented collapse of the national economy as a whole, in particular, have enabled the people throughout the country to see more clearly that only the Soviet can save China. For this reason, they sympathize with and support the Soviet revolutionary movement to a greater extent and even directly struggle for the Soviet regime. These are our favorable conditions in smashing the enemy's new sieges, establishing new Soviet base areas, and promoting the Soviet movement throughout the country.

It should be pointed out that the party and the Red Army are confronted with an arduous task under the present circumstances. This is because the imperialists and the counterrevolutionary KMT warlords will never ease their pressure on us at any time. With the enemy ready to launch a new attack and the central Red Army lacking a Soviet area in Yunnan, Guizhou, and Sichuan, we have to wage arduous struggles in order to win victories and to establish new Soviet areas. And this cannot be achieved without bloody battles. Our central task now is how to vanquish the enemy troops from Sichuan, Yunnan, and Guizhou and the Chiang Kai-shek troops. In order to vanquish these enemies, it is necessary for the Red Army to be highly mobile in its operations. Since the basic principles of the revolutionary war have been defined, the Red Army should flexibly apply these principles in order to fulfill its operational tasks. The advantages of the Red Army in waging mobile warfare has been considerably reduced by the protracted positional warfare in the five campaigns but the present situation demands that the commanders of the Red Army at the various levels master a high level of mobile warfare tactics. Therefore, we are confronted with the serious task of making a resolute and swift transition from the tactics of positional warfare (short, swift thrusts) to those of mobile warfare. It is necessary to conduct technical education among the fighters, particularly the new ones. Our political work must be adapted to the needs of the present mobile warfare to ensure the fulfillment of every fighting task. It is even more necessary for the Red Army to rehabilitate and consolidate itself in the course of operations and to greatly expand its strength. The Red Army should enforce its discipline and forge closer ties with the broad sections of toiling worker and peasant masses. It should greatly step up its work among the local inhabitants and become a publicizer and organizer of the Soviet regime. Under the present circumstances, the leaders of the party and the Red Army should make every effort to solve these basic problems specifically and practically.

It is necessary to embark upon and step up the party's work in the White area. It is necessary to thoroughly change the methods of leadership over mass struggle in the White area. The work of destroying the White army must be genuinely started. Extensively developing guerrilla warfare is one of the most central tasks of the party at present. In the Central Soviet

Area and the Hunan-Jiangxi, Hunan-Hubei-Jiangxi, and Fujian-Zhejiang-Jiangxi Soviet Areas, the party must persist in its leadership over guerrilla warfare and change its previous methods of work in order to adapt itself to the new environment. Last, it is necessary to maintain closer relations with the 2d and 6th Army Groups and the 4th Front Army and to strengthen leadership over them in order to act in unison and to coordinate with the Red Army throughout the country.

The enlarged meeting of the Political Bureau believes that we can fulfill these heavy tasks. Fulfillment of these tasks is the guarantee of our new victories in future revolutionary warfare. The victories in future revolutionary warfare will enable our central Red Army to establish new Soviet base areas in extensive regions of Yunnan, Guizhou, and Sichuan, enable us to recover the old Soviet areas, enable the Red Army and the Soviet areas in various parts of the country to merge together, and enable the struggles of the worker and peasant masses throughout the country to become a great and victorious revolution.

The enlarged meeting of the Political Bureau believes that with its rich historical background, the Chinese Soviet Revolution can neither be eliminated nor vanquished by the enemy. The transformation of the Central Soviet Area and the Hunan-Hubei-Jiangxi, Hunan-Jiangxi, and Fujian-Zhejiang-Jiangxi Soviet Areas into guerrilla areas represents only a partial setback for the Soviet revolutionary movement as a whole. This setback does not in the least unnerve us toward the advance of the Chinese Soviet Revolution. In fact, it would be impossible for the imperialists and the KMT to temporarily check the development of the Soviet revolutionary movement even if they wanted to. The victories of the 2d and 6th Army Groups and the 4th Front Army, the energetic activity of the central Red Army in Yunnan, Guizhou, and Sichuan, and the revolutionary struggles of the worker and peasant masses throughout the country prove that the Chinese Soviet revolutionary movement as a whole is advancing.

The enlarged meeting of the Political Bureau pointed out that the party's previous mistake in military leadership represents only a partial mistake in terms of the party's line as a whole. We should not feel disheartened over this mistake. The party has boldly exposed this mistake, educated itself in the course of this mistake, and learned how to lead revolutionary warfare more satisfactorily to complete victory. After exposing its mistake, the party has not been weakened but has grown stronger.

The enlarged meeting of the Political Bureau calls on the comrades throughout the party to oppose, with the steadfastness of a Bolshevik, the right opportunist manifestations of panic, pessimism, and hopelessness, and the purely defensive line in particular. The enlarged meeting of the Political Bureau also calls on the comrades throughout the party to rally as one around the CPC Central Committee and to fight to the end for the general line of the CPC Central Committee. The victory will surely be ours.

FOOTNOTES

1. The various existing editions of this resolution all bear the footnote "adopted by the Political Bureau meeting on 8 January 1935" under the title. Investigation reveals that the meeting ended on 17 January. Although the resolution was written after the meeting, as a matter of fact, it should bear the concluding date of the meeting. After consulting the other editions of this resolution, we made some corrections to a few punctuation marks and incorrectly written characters in this text.
2. The person who made the report at the meeting was Comrade Bo Gu (that is, Qin Bangxian) and Comrade Zhou Enlai made the supplementary report. In the various existing editions of the resolution and in this text as well as in the following paragraphs, mention of the surnames and personal names of persons concerned are avoided and replaced with "XX" or "XXX." The "XX" in the 2d and 11th lines on page 3 and on the 4th, 5th, 16th, 19th, 20th, and 21st pages [page numbers cited here apparently refer to the booklet in the archives] all refer to Bo Gu. The others are still being checked.
3. This refers to the "Resolution on the Imperialists' and the KMT's Fifth 'Encirclement and Suppression' Campaign and Our Party's Tasks" of the CPC Central Committee.
4. In its "Resolution on Certain Questions in the History of Our Party," the Seventh Plenary Session of the Sixth CPC Central Committee, which was held in April 1945, made an overall summary of the mistakes in the CPC Central Committee's political line in the period between the Fourth Plenary Session of the Sixth CPC Central Committee and the Zunyi meeting which concentrated its efforts on settling the then most vital question of the military line, the question of the erroneous political line was left unsettled.
5. The Red Guard and the Young Pioneers are referred to as the Young Red Guard. Both the Red Guard and the Young Pioneers were armed units of the masses in the Soviet areas. Every Red Guard was at least 23 years old and the age of a Young Pioneer ranged from 16 to 23 years.
6. The policy of blockhouse warfare refers to the mode of operations adopted by the KMT forces during their fifth "encirclement and suppression" campaign, whereby they built blockhouses, consolidated at each step, and pressed forward slowly but steadily toward the internal parts of the base areas.
7. The tactical principle of quick and sudden assaults was advanced by Li De [Otto Braun], a military adviser sent by the Communist International, during the fifth "encirclement and suppression" campaign. It required that, when the enemy built blockhouses and pressed forward by consolidating each step, the Chinese Workers' and Peasants' Red Army would also build blockhouses and defend their positions and launch

surprise attacks against the enemy troops when they came out of their blockhouses. (See footnote 15)

8. The Central Area refers to the Central Soviet Area.
9. The Xunkou campaign refers to the contact battle launched by the Red Army's 3d and 5th Army Groups against the KMT army in Xunkou northeast of Lichuan, Jiangxi, on 7 and 8 October 1933.
10. The Tuancun campaign took place in Tuancun southeast of Lichuan, Jiangxi, on 12 December 1933. In countering the some 40,000-strong KMT army, with a force of 10,000 troops or more, the Red Army's 3d, 5th, and 7th Army Groups only managed to rout the enemy with few enemy troops annihilated due to decentralized troop deployments and to making too early a surprise assault.
11. The Jianning campaign refers to the battle waged by the Red Army to defend Jianning, Fujian, in mid-May 1934, which ended in the failure to check the advance of the KMT army. Jianning fell into enemy hands on 16 May.
12. The Wenfang campaign took place in the Wenfang area of Liancheng, Fujian, from 1 to 4 September 1934.
13. The Jiangjundian campaign took place in the Jiangjundian area near Lichuan, Jiangxi, from 27 to 29 January 1934, a battle where the Red Army and the KMT army confronted each other without result.
14. The 19th Route Army incident refers to an event in which, in cooperation with some force within the KMT headed by Li Chi-shen and others, the generals of the 19th KMT Route Army, such as Tsai Ting-kai, Chen Min-hsu, and Chiang Kuang-ting openly declared breaking with Chiang Kai-shek and formed the anti-Japanese and anti-Chiang "People's Revolutionary Government of the Republic of China" (that is, the Fujian People's Government) in Fuzhou in November 1933. The 19th Route Army signed an initial anti-Japanese and anti-Chiang agreement with the Provisional Central Government of the Soviet Republic of China and the Workers' and Peasants' Red Army on 26 October 1933. In January 1934 the Fujian People's Government ended in failure under Chiang Kai-shek's military pressure. Committing a "leftist" closed-door mistake, the CPC Central Committee failed to grant the government due assistance.
15. Hua Fu, whose original name was Otto Braun (1900-1974), was a German also known as Li De. In 1932 he was sent by the Communist International to China and in September 1933 he came to the Central Soviet Area and acted as an adviser to the Central Revolutionary Military Commission of the Soviet Republic of China. During the campaign to counter the fifth "encirclement and suppression," together with the leaders who committed "leftist" mistakes, he practiced a series of erroneous strategies and tactics in military leadership terms, which led the Red Army to grave losses. When the Red Army embarked on the Long March, he

went along with the army. However, after the Zunyi meeting, he no longer assumed the responsibility of a commander. He left China in 1939.

16. The Guangchang campaign took place in Guangchang, Jiangxi, from 10 April to the night of 27 April 1934. The KMT army concentrated 11 divisions to attack Guangchang in an attempt to break through the northern gate of the Central Soviet Area and then to capture Ruijin. The leaders of the CPC Central Committee with "leftist" deviationist thinking concentrated nine divisions and recklessly fought the enemy to defend the area to the end. By adopting the method of operations combining positional defense with quick and sudden assaults, although the Red Army inflicted a serious blow to the enemy, it also suffered great losses and at last was forced to evacuate Guangchang.
17. The Dingmao Shan campaign took place in the Dingmao Shan south of Yongfeng, Jiangxi, from 31 December 1933 to the beginning of 1934. The Red Army launched an offensive against KMT army blockhouses, in an attempt to break through the enemy blockade line there and in the end, the Red Army suffered heavy casualties. This was a battle of attrition in which the loss outweighed the gain.
18. The Sanxixu campaign took place in Sanxixu southwest of Nanfeng, Jiangxi, in mid-March 1934. The Red Army launched an assault on the KMT army which was solidly guarded by strong fortifications, thus suffering heavy casualties.
19. Pingliao [1627 1402], also known as Pingliao [0988 0055], is in the region of Lichuan, Jiangxi. The Pingliao campaign took place on 1 February 1934.
20. With regard to the class nature of the 19th Route Army, in his report "On Tactics Against Japanese Imperialism" Mao Zedong made a further analysis, pointing out that they represented the national bourgeoisie, the upper petit-bourgeoisie, and the rich peasants and small landlords in the rural areas and were different from the landlord class and the comprador class represented by Chiang Kai-shek.
21. Referring to the 13th Plenary Session of the Communist International Executive Committee held from 28 November to 2 December 1932.
22. Referring to the Fifth Plenary Session of the Sixth CPC Central Committee held in Ruijin, Jiangxi, in January 1934.
23. The text of the cable from the Comintern on 25 June 1934 quoted here, as well as those in October 1933 and February 1934 quoted previously, could not be checked against the original copies because they were unavailable. In this document we have preserved the original form of the various existing editions of this resolution.

24. The Military Commission refers to the Central Revolutionary Military Commission of the Soviet Republic of China, also called the Revolutionary Military Commission of the Chinese Workers' and Peasants' Red Army, which was founded on 25 November 1931. The Military Commission column during the Long March originally consisted of the first column (the 1st field column) of the Military Commission made up of the general headquarters of the Red Army and the organs directly under it and the second column (the 2d field column) of the Military Commission made up of the central organs and the Central Logistics Department. Established on 11 October 1934, they were combined into the central column on 18 December that year.
25. When the central Red Army began its Long March, Xue Yue was commander in chief of the KMT "pursuit" units and concurrently commander of the 5th Army and Zhou was commander of the 36th Army. Soon after that, Xue was frontline commander in chief of the 2d Route Army of the KMT "bandit suppression" army with its headquarters frequently following the movement of the first column under its command. Zhou, however, was commander of the second column of the 2d Route Army.
26. On the nature of Comrade Bo Gu's mistake, the "Decision on Several Questions in History" approved by the Seventh Plenary Session of the Sixth CPC Central Committee in April 1945 again reached a conclusion. Comrade Bo Gu supported this decision and corrected his mistake by his deeds. He was reelected member of the CPC Central Committee at the Seventh CPC National Congress.

CSO: 4004/18

ON THE FURTHER TRANSFORMATION OF PARTY WORK

Beijing RED FLAG in Chinese No 3, 1 Feb 85 pp 25-28

[Article by Li Ligong [2621 4539 0501]]

[Text] In accordance with the inevitable development trend in China's economic and political situation, the 3d Plenary Session of the 12th CPC Central Committee made a timely decision on speeding up reform of the entire economic structure by focusing on the urban economy. This indicates that the focus of reform carried out under the leadership of the party since the 3d Plenary Session of the 11th CPC Central Committee has shifted from the rural economy to the urban economy and from agriculture to the entire economy. This is a profound change in the great historical period.

In a broad sense, the urban economy does not refer merely to the economy in cities. The urban economy, particularly the modernized urban economy, has the characteristics of being diverse and all-embracing. The shift of the focus of economic structural reform to the urban economy also implies the shift from partiality to entirety and from singularity to generality. This shift requires party leadership and party work to change accordingly. We must seriously study the characteristics of cities and their economy, be familiar with working conditions which are different from those in the rural areas, and adapt leadership structure, leadership quality, leadership level, and leadership methods to the needs of the change in the shortest possible time.

"The Decision of the CPC Central Committee on Economic Structural Reform" points out: "Cities are economic, political, scientific, technological, cultural, and educational centers where modern industry and members of the working class are concentrated. They play a leading role in socialist modernization." A city is a product of the development of the productive forces to a certain level, the realization of social division of work to a certain degree, and the transformation of human society to a certain stage. It is an entity which possesses a huge number of factors, highly centralizes the objects of production, the means of production, and laborers, and consists of political, economic, cultural, and population factors on the basis of this centralization. Engels said that contrary to the isolation and dispersion of the rural areas, "cities are by themselves the concentration of population, production tools, capital, enjoyment, and demand." ("Selected

Works of Marx and Engels," Vol 1, p 56) Therefore, the first characteristic of cities is the concentration of population. The area of the 10 big, medium-sized, and small cities in Shanxi Province accounts for 9.1 percent of the province's total area, but their population accounts for 24 percent of the province's total. This characteristic determines that the construction of service facilities and basic facilities in cities as well as comprehensive planning in cities are more important than those in the rural areas. The second characteristic of cities is the concentration of knowledge and talented persons. As cities are superior to the rural areas in communications, transport, cultural, and educational facilities, they have gradually gained the upper hand in concentrating talented persons in the course of concentrating all available advanced production means. The concentration of talented persons promotes the exchange and popularization of knowledge and causes the emergence and maturity of more talented persons. The third characteristic is the concentration of production, exchange, distribution, and consumption. In comparison with reproduction in the rural economy, a prominent characteristic of reproduction in the urban economy is that production time is consistent with labor time and that the reproduction period is short. Such concentration of reproduction enables the urban economy to get better results and faster development than the rural economy. Take Shanxi as an example. The gross urban industrial output value accounts for 70 percent of the province's total industrial output value, thus playing a leading role in its national economy. The fourth characteristic is the concentration of politics, economy, culture, and other social contradictions. Cities are complicated social formations which, within their narrow space and based on their economies, concentrate administration, law, culture, science, education, and almost all social contradictions, thus making themselves the economic, political, and cultural centers of certain regions.

Such a high degree of concentration in cities and the lively change, alternate replacement, and constant progress in the course of concentration require our party leadership structure to become an efficient and high-caliber "center of talented persons" which is full of vitality and knowledge. Otherwise, our party will not be able to fulfill the great task of leading economic structural reform or even the four modernizations drive. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has engaged in the work of readjusting party and government leading groups at various levels according to the criteria for the "four transformations" of cadres. Of the 92 leading cadres of the 11 prefectural and city CPC committees in Shanxi Province, 31 have received college education, accounting for 33.69 percent of the total, and of the 31 cadres, 25 graduated from liberal arts and 6 from science and engineering. Their average age has dropped from 59.8 before the readjustment to 49.8. Practice has proved that whether or not leading groups at various levels are equipped with cadres who are suited to the new working environment and new working conditions has an important bearing on whether economic structural reform can be carried out successfully. Localities, departments, factories, or enterprises will have vitality, enterprising spirit, and the spirit of reform so long as they select cadres for their leading groups according to the party's organizational line in the new period and by strictly adhering to the criteria for the "four transformations." If they select cadres in an inappropriate

manner, by considering just their length of service, or for the purpose of "glossing things over," they will lack vitality, hesitate to move forward in reform, and be tired of going through the motions.

Following the development of urban economic reform, we have come to know that the understanding and practical experience of a certain number of party and government leaders, including those who have just been promoted to leading positions, are not suited to the needs of urban economic reform.

Although the "localist and departmentalist" ideas of some of the leading cadres are being eliminated, their conservative ideas are still hampering the progress of reforms. For example, some comrades adopt a passive attitude toward separating government functions from enterprise functions and delegating power to the lower levels, and they would rather make mistakes by following old methods than play an exemplary role in reforms. Let us give another example. The factory director responsibility system is an important measure for strengthening and improving party leadership over enterprises and for increasing vitality in enterprises. But under the influence of the habit of "what the secretary says counts," some comrades maintain that implementing the factory director responsibility system means abandoning party leadership. Comrade Mao Zedong pointed out long ago that we should not use leadership as a slogan and should not force others to follow us, but should persuade and educate others to accept and implement the party's line, principles, and policies by setting good example for others. Some localities and departments are still in the habit of hampering talented persons in displaying their talents, are content with the state of being ignorant, cannot free themselves from narrow-mindedness, and cannot appoint persons on their merits.

In leading the urban economy and economic structural reform, it is necessary to have rich knowledge, particularly knowledge of modernized economic management. However, the cultural level of our cadres is still far from being able to meet this requirement. Due to various historical reasons, some of the comrades in charge of planning work only know how to make lists and do not know how to use the law of value to realize equilibrium and coordination; some of the comrades engaged in production only have the knowledge of site and surface management and do not have the knowledge of three-dimensional economic management; some of the comrades responsible for circulation work only know how to purchase, market, regulate, and store commodities and do not know how to use the science of marketing and the science of commodities to forecast and organize large-scale commodity exchanges; and some of the comrades doing financial and taxation work are only familiar with the distribution function of financial and taxation work and are not familiar with its function as an economic lever in promoting production. As for microeconomic computer technology, systems engineering, information engineering, and other modern managerial, scientific, and technological knowledge, they have not been applied to larger fields. This has urged on us the necessity for changing the knowledge structure of members of leading groups and for improving their cultural accomplishment.

Let us view our work from the angle of practical experience. As the party has for a long time focused its attention on rural work, its rural experience cannot cope with the needs of urban economic structural reform. Work at the prefectural and county levels should be carried out in coordination with urban economic structural reform. It faces the new problem of county economic structural reform, which is the link between urban and rural economic structural reforms. County economic structural reform also has some characteristics of urban economic structural reform. The practice of reform has proved that the past experts in "urging people to sow and reap" now seem to be overshadowed by county comprehensive economic reform, which is proceeding according to the law of commodity economy. Many comrades feel that "agricultural secretaries" and "grain secretaries" have found it difficult to keep up with the tempo of the new situation. Extensively speaking, while renewal of knowledge is as fast as today, even veteran comrades who have engaged in urban economic work for decades also have the problem of outdated experience and obsolete knowledge. As the "Decision of the CPC Central Committee on Reform of the Economic Structure" points out: "Confronted with new tasks in the new period, old, middle-aged, and young cadres generally lack new knowledge and the experience required for modernized construction."

The decision on economic structural reform adopted by the 3d Plenary Session of the 12th CPC Central Committee explicitly points out that China's present economy "is a planned commodity economy based on public ownership." This is a major breakthrough in theory and practice. The socialist commodity economy requires the entire social economic structure to follow and apply the law of value; requires socialist enterprises to abide by the principles concerning commodity production and commodity exchange so as to enable them to shift from the "productive form" to the "productive and operational form"; and requires economic management departments at all levels to realize coordination by using the regulating function and regulating means of economic levers such as price, taxation, finance, loans, wages, and bonuses. These characteristics determine that party and government leaders at all levels should cultivate the following concepts.

First, the concept of talented persons. This is an important factor for successfully carrying out reforms. Man is the subject that transforms nature and the world. Many learned persons have finally understood that the best combination of laborers, technological conditions, and managerial factors is realized by man. Therefore, the attention in international economic exchange is focused on talented persons. As China's modernization has great demand for talented persons, the problem of lacking talented persons is particularly prominent in China. We can say that the way of fulfilling urban economic structural reform is through party and government cadres training, selecting, and using talented persons. An important experience in socialist revolution and construction over the past 35 years is this: The socialist construction cause thrives and prospers when knowledge and talented persons are respected; when the situation is reversed, setbacks and detours occur in socialist construction. Some comrades in Shanxi have not cultivated the concept of respecting knowledge and talented persons. "Leftist" ideology, traditional conservative ideas, and various types of

meager knowledge are still hampering us from boldly training, selecting, and exchanging talented persons. As a result, our province, which used to be a region "rich in talented persons," is now experiencing an "intellectual outflow." This situation requires us to promote cadres like Chen Xiuyun to leading positions.

Second, the concept of being good at coordination. Following the development of social division of work and the development of reforms from a single field to various fields, the characteristics of the modern economic structure will become such that economic mechanism networks will emerge between enterprises, between cities, and between cities and the rural areas, which will compete with and rely on each other. Party and government leading cadres, particularly medium- and high-level leading cadres, should establish the concept of coordination in this huge and complicated economic mechanism network. They should do away with the unitary, vertical leadership model and go for the combination of vertical and horizontal model, with stress on coordinative leadership. Through coordination by leading departments, they should let enterprises bring their vitality into full play so as to completely change the old method of "arranging work level by level upon receiving an order." A host of facts emerging in the gradual development of urban economic structural reform have proved that cadres who have acquired the concept of coordination and have mastered the art of leadership, such as having an overall perception of the situation, grasping the key link, coordinating flank work, and even "playing the mandolin in an extraordinary manner," can effectively overcome the situation of "each going ahead his own way regardless of what others are doing" and can creatively perform their tasks in various fields.

Third, a strategic concept. Leaders at various socialist economic management levels should cater to both immediate and long-term needs. Facts have proved that a correct strategic policy is an important factor determining the development of economic structural reform and the rate of economic construction. In the world today, leading departments of many developed countries regard efficient strategic study institutions as pearls in the palm. In reforming the urban economic management system, it is necessary to break away from the concept of small-scale production and the trammels of narrow empiricism and to enable ourselves to become leaders who are good at using modern information, can pay attention to the domestic and international situation, can cater to present and future needs, and can have an insight into future development. The development of economic structural reform and the expansion of decisionmaking power will severely test the practical policymaking ability of each locality, city, department, enterprise, and leader. By adopting major measures such as replacing old products with new ones and readjusting the marketing policy, the Shanxi wireless factory was able to free itself from a difficult situation which almost halted its production, thus making up deficits and increasing surpluses. While knit cotton goods were selling slowly, the Shanxi knitting mill resolutely carried out technical innovations and was finally able to find the way to Beijing, Tianjin, and Shanghai markets. All this shows that leaders should have the concept of practical policymaking and be good at changing past policies into practical policies. Only in this way, can they shoulder the heavy

responsibility of reform and enable the localities, cities, departments, and enterprises they lead to cope with the challenge of the new world technological revolution, to follow the development of the modern urban economy, and to realize the target of quadrupling production.

The successful waves of rural reform keep pounding the gate of urban reform. A profounder change is beginning to take place in party work. We are required to investigate and handle new situations and new problems. The party's history has proved that cadres are trained to guide a strategic change in the course of the change and not before the change takes place. So long as we persist in study and practice and adhere to the party's ideological line of seeking truth from facts, we will definitely master the law of the entire economic structural reform focused on the urban economy and fulfill this new, significant strategic task.

CSO: 4004/18

PRACTICE IN REFORM OF THE URBAN INDUSTRIAL AND COMMERCIAL SYSTEM

Beijing RED FLAG in Chinese No 3, 1 Feb 85 pp 29-34, 28

[Article by Liu Guoguang [0491 0948 0342] and Dong Fureng [5516 6534 4356]]

[Text] The decision of the 3d Plenary Session of the 12th CPC Central Committee on the reform of the economic structure has summed up our experiences in socialist construction, especially experiences in the reform of the urban and rural economic systems. The outline and blueprint for the reform of our economic structure have been made. The problem of the pattern of our socialist economy has been solved. This is of great realistic and profound historic significance as far as our socialist modernization effort is concerned. We must look back over and sum up our actual experiences in the reform of the urban industrial and commercial system in the past few years. This is a necessity for deeply understanding and correctly upholding the spirit of the "Decision" and further perfecting our socialist economic system.

I. A Review of the Reform of the Urban Industrial and Commercial System in the Past 5 Years

Our urban industrial and commercial system gradually took shape in the period of the First 5-Year Plan, becoming a highly concentrated economic system focusing on administrative management. This system went through several changes, but they were nothing more than alternations where the relationship of one enterprise being subordinate to another and the delimitation of power are concerned. There was no substantial change in the principles of operation. In certain ways this system could still satisfy the needs of the situation in which the level of economic development shortly after the founding of the PRC was relatively low and the economic structure was relatively simple. Satisfaction of the people's needs to keep adequately fed and clothed was the goal. It also played a certain role in the effort then to concentrate financial and material resources and manpower on priority construction projects and establish an initial foundation for industrialization as quickly as possible to safeguard the fundamental needs of the people's lives. But later, this system gradually became fixed and incompatible with the development of production. This system, which focused on administrative management with an overconcentration of power, became increasingly incompatible with the demands of the developing situation, especially the demands of socialist modernization. It called for reform.

Since the 3d Plenary Session of the 11th CPC Central Committee, our urban industrial and commercial system has gone through a series of reforms. On the whole, it has undergone three stages of development: pondering things ideologically and experimenting with enlarged enterprise decisionmaking power; establishment of the economic responsibility system; and stimulating circulation and developing links over a wider scope.

After the downfall of the "gang of four," through the criticism of the "two whatevers," a discussion of practice as the only criterion for testing truth was begun. Order was ideologically brought out of chaos. This enabled us to emancipate our minds and to realize the defects and shortcomings of the original system in a down-to-earth manner and the necessity of carrying out reforms. Under the guidance of the 3d Plenary Session of the 11th CPC Central Committee and the direct concern of the leading comrades of the CPC Central Committee and the State Council, those in theoretical circles launched into heated discussions about such questions as the relationship between politics and economics, economic management and administrative management, commodity production and the law of value, planning and the market, profits and bonuses, and so forth, making ideological explorations and preparations for the reform of the industrial and commercial system.

In October 1978, Sichuan Province first experimented with enlarged enterprise decisionmaking power in six enterprises, including the Ningjiang machine tools plant, raising the curtain on the reform of the urban industrial and commercial structure. In July 1979, the State Council promulgated five documents on enlarging decisionmaking power for the operation and management of state enterprises, and worked out concrete stipulations on the limits of authority for experimental enterprises. The relevant department selected eight enterprises in Beijing, Tianjin, and Shanghai as pilot projects. Later, the CPC Central Committee again worked out a series of policy decisions allowing experiments with enlarged enterprise decisionmaking power to gradually unfold and reach every part of the country. By the end of 1980, the number of experimental industrial enterprises throughout the country had reached more than 6,600. Of these, more than 200 experimented with "substitution of taxes for profits, independent accounting, and individual responsibility for profits and losses." These experimental enterprises accounted for about 16 percent of the total number of industrial enterprises included in the national budget. Their output value accounted for around 60 percent and their profits approximately 70 percent. Meanwhile, the state also enlarged decisionmaking power for more than 3,900 commercial enterprises owned by the whole people and for 500 grain enterprises.

The development of experiments with enlarged enterprise decisionmaking power called for the proper combination of responsibility, authority, and profits. In 1981, inspired by the agricultural production responsibility system, Shandong, Beijing, and other provinces and cities started introducing the economic responsibility system in certain industrial enterprises. The CPC Central Committee quickly summed up the experiences of the iron and steel industrial company of the capital and other enterprises. In October and November 1981, the State Council successively approved two documents on the introduction of the industrial production economic responsibility system,

stimulating the introduction of the industrial economic responsibility system throughout the country. In 1981, the whole country had more than 36,000 industrial enterprises, over 23,800 commercial enterprises, and 11,650-plus grain enterprises committed to the economic responsibility system. By the end of 1982, the industrial enterprises practicing the economic responsibility system accounted for more than 80 percent of the industrial enterprises owned by the whole people which were included in the budget. The commercial enterprises introducing the economic responsibility system accounted for around 35 percent of the enterprises practicing independent accounting.

Beginning in 1982, the reform of our urban industrial and commercial system gradually developed toward stimulating circulation and developing economic links over a wider scope. At this stage, stress began to be laid on developing the role of central cities in organizing production and circulation. Experiments with the comprehensive reform of central cities were successively conducted in Shashi, Changchou, Chongqing, and other cities. A series of measures was adopted in such areas as doing away with the separation of departments and regions and the separation of urban and rural areas, stimulating the reorganization and integration of industries, and providing more outlets for the circulation of urban and rural commodities. In 1983, the first step began to be taken in the switchover from profits to taxes. At present, the second step is being taken in the switchover from profits to taxes. In May 1984 in the "Government Work Report" of the Second Session of the Sixth NPC, Comrade Zhao Ziyang pointed out: In our upcoming economic work, we must stress the proper handling of the two important matters of reforming the system and opening to the outside world, and we must put forth some interrelated measures for the reform of urban commerce and industry. The State Council decided to further enlarge decisionmaking power for industrial enterprises in 10 areas, including the formulation of production and operations plans. Emphasis was placed on the reform of the wholesale system in the reform of urban commerce owned by the whole people. The historic decision at the 3d Plenary Session of the 12th CPC Central Committee will enable the reform of urban industry and commerce to enter a new stage of overall development.

II. Achievements Scored in the Reform of the Urban Industrial and Commercial System

In the past 5 years or so, the reform of our urban industrial and commercial system has involved social production, circulation, distribution, and various other fields and links. The achievements scored may be summed up mainly in the following seven ways.

1. There has been development of the collective economy and the individual economy, with the appearance of many systems of operation for enterprises.

In the past few years cities and towns have restored and developed a number of collectively owned industries and construction, transportation, retail, catering, repairing, and other trades and enterprises. By the end of 1983, the number of workers of collectively owned city and town enterprises had

risen from 20.48 million in 1978 to 27.44 million, an increase of 6.96 million. The number of city and town individual operators had risen from 150,000 in 1978 to 2.31 million, an increase of 2.16 million. The restoration and development of the collective economy and the individual economy made up for what was lacking in the system of ownership by the whole people. This played a positive role in stimulating the economy, enlivening the market, providing more job opportunities, increasing service networks, and serving the everyday needs of the masses.

In regard to the pattern of operations, ownership of the means of production began to be separated from the control of operations and management matters. Experimental enterprises owned by the whole people had different degrees of decisionmaking power over operations and introduced different variations of the profit and loss responsibility system or individual responsibility for profits and losses. For a number of small enterprises owned by the whole people or collectively owned, measures committing groups of workers or individuals to operations or rental operations were carried out on a trial basis. This changed the traditional concept that enterprises owned by the whole people must be directly operated by the state, creating a very beneficial situation for revitalizing enterprises.

2. There has been enlargement of the decisionmaking power over operations for enterprises owned by the whole people, with a reform of the system of exercising leadership over enterprises.

After reform, the enterprises owned by the whole people had a certain degree of decisionmaking power over production, supplies, and sales in regard to production and operations, except for mandatory production plans and special assignments. In regard to the distribution of profits, the state enabled differently situated industrial and commercial enterprises to have profits at their disposal by successively implementing measures calling for a retained percentage of profits based on a given base, a retained percentage of excess profits, distribution of gross profits on a percentage basis, undertaking a given assignment with profits and losses put on a contract basis, taking up a given assignment by contracting for progressive increases in profits handed over to the higher levels, a switchover from profits to taxes, and so forth. A small number of enterprises took advantage of the retained bonus funds to effect a wage reform and promote workers on a floating basis. In June 1984, it was decided to apply to enterprises the method of "setting no maximum and minimum limits" on bonuses and "imposing taxes on excess amounts." In addition, there were certain limits of power for enterprises in regard to handling assets, setting up offices, personnel and labor management, operating on a joint basis, and so forth.

Simultaneously with the enlargement of enterprise decisionmaking power, a reform of the system of exercising leadership over enterprises was effected. In line with the relevant regulations by the CPC Central Committee and the State Council, industrial enterprises resorted to the proper division of work based on collective party committee leadership, democratic management by workers, and administrative orders from factory directors (managers). Some enterprises experimented with the practice of inviting applications for

jobs and democratically electing factory directors. In 1982, more than 8,900 enterprises democratically elected factory directors and deputy directors. In 1983, the number rose to more than 15,000. Now, all enterprises owned by the whole people have gradually introduced the factory director (manager) responsibility system. They have also further improved the system of the workers' congress, realistically guaranteeing the workers' right to the democratic management of enterprises.

Since the above reforms, the position of an enterprise as a relatively independent economic entity has been initially established. An enterprise's responsibility, rights, and profits have been gradually made clear. This has vested enterprises with initial vitality and dynamic power. They have faced some pressure, gradually changing from sole preoccupation with production to production and operations.

3. There has been a practice of industrial reorganization and enterprise integration. In some large and medium cities, enterprises closely related in production have been organized in a planned manner for a process of restructuring and integration in line with the principle of cooperation in specialized fields and as justified by the economic situation. Many cities arranged for the establishment of industrial centers involving casting, forging, heat treatment, electroplating, and so forth. Under the impetus of the CPC Central Committee's guideline of "giving full play to superior features, protecting competition, and promoting integration," enterprises have shown relatively great progress in the matter of integration. Despite the existence of many problems in organizing and establishing companies, there have also emerged a number of companies and complexes that cut across the boundaries between regions, between departments, between systems of ownership, and between enterprises where relations had one subordinate to another. Relatively satisfactory economic results have been achieved, and these enterprises have demonstrated great vitality.

4. An initial reform of the system of circulation has been carried out, stimulating the production and exchange of commodities. The means of production began to go into circulation as commodities, while the commodities distributed under quotas gradually declined. Some flexible supply measures were also adopted. For industrial consumer goods, the practice of state purchase and marketing long followed was changed. Instead, various purchase and marketing patterns such as planned procurement, placing advance orders, selective buying, self-distribution by enterprises, and so forth began to be followed. City and town rural trade markets showed great development. Collective and individual trade across different areas was put on an open-door basis. More outlets for circulation were created. In regard to wholesale trade union system of ownership by the whole people, some provinces handed over the control of second-level [erji 0059 4787] stations to central cities, practicing the integration of stations and companies. For example, the industrial products and agricultural and sideline products trade centers established by Chongqing and other cities observed "no distinction between people belonging to public or private enterprises and no distinction between goods from the south or from the north." This played a major role in lifting local blockades and reducing

levels and links involved in circulation. It was a major breakthrough as far as the system for circulation was concerned. The Ministry of Commerce has started the separation of functions between government organs and enterprises, no longer exercising direct control over enterprises.

5. There has been development of the cities' role in organizing the economy. Large and medium cities' power over economic management has been enlarged. Some cities experimenting with comprehensive reforms have been put on a separate list of plans and entrusted with the equivalent of a province's management power. Some provincial and central enterprises under the ministries of various industries began to be handed over to cities for management. Gradually introduced was the experience of Liaoning Province in letting cities take charge of counties.

6. Attention has been paid to using an economic lever to run enterprises and regulate the economy. The prices of some small industrial commodities were decontrolled and experimentation began with the practice of putting the prices of some industrial products on a floating basis. The system for the compensatory use of investments in capital construction and for undertaking construction projects on a contract basis was followed. Also introduced was the granting of loans for the full amount of circulating capital, the readjustment of bank deposit rates, the imposition of new kinds of taxes in the switchover from profits to taxes, the readjustment of tax rates, and so forth.

7. Practice of an open-door policy began. Simultaneously with the energetic development of foreign trade, such patterns as cooperative production, joint-venture operations, compensatory trade, and so forth were followed in bringing in advanced foreign technology and foreign capital. In such areas as Shenzhen, Zhuhai, Shantou, Xiamen, and so forth, special economic zones were established on a trial basis. In 1984, it was further decided to open 14 coastal port cities. These measures play a definite role in using foreign capital, technology, and management experiences and in accelerating the pace of our socialist modernization. Major reforms are being carried out where the foreign trade system is concerned.

Reforms carried out in the above areas are still of an experimental and exploratory nature. There still exist problems of one kind or another. But to a certain degree, hackneyed traditional concepts and irrational economic systems that have long restrained us have been shattered. These reforms have provided a direction for the overall reform of the industrial and commercial system and allowed an accumulation of experiences and the training of a contingent of cadres and workers. They have also played a very important role in stimulating economic development, allowing the appearance of an unprecedentedly lively situation in urban economic life. In the 5 years from 1979 to 1983, the average annual rate of industrial growth reached 7.9 percent, though our national economy was still in a process of readjustment. In the past few years there has been a very quick increase in the variety of industrial products. The quality of products has shown improvement. The consumption of staple raw materials, energy, and power has dropped. There has been progress in enterprises' efforts to turn

losses into profits. There has also been an ever greater increase in profits realized and payouts to higher levels. With economic development, employment opportunities have increased. The workers' living standard has improved. In the 5 years from 1979 to 1983, cities and towns throughout the country placed a total of 39.156 million people in jobs. The average annual worker family income that could be spent on living expenses rose from 316 yuan per capita in 1978 to 526 yuan in 1983, an increase of 66.5 percent, or an average annual increase of 10.7 percent. After adjustment for the rise in the index for workers' cost of living, the actual average income increase per year was 7.3 percent. There was also further improvement in workers' collective welfare. These achievements are undoubtedly attributable to many factors, but without doubt, the reform of the economic system is a very important factor. But while fully affirming the achievements scored in reform, we must soberly realize that compared with the results achieved in the rural economic reform, the achievements in the urban economic reform are only in their initial stage.

III. Push the Urban Industrial and Commercial System Reform Forward To Perfect the Socialist System

Despite the existence of many problems that call for further solution in the reform of our urban industrial and commercial system, judging from the initial results achieved, the reform direction is obviously correct. But different ideas of reform also existed among people. For example, does the practice of separating government and enterprise functions, simplifying administration with the delegation of power, and holding enterprises responsible for profits and losses mean ridding the socialist state of its economic management function? Will this result in weakening and even negating the system of ownership by the whole people? Will the emphasis on the development of commodity production and the application of the law of value weaken a planned economy? Is the emergence of some people getting rich first compatible with the socialist principle of distribution? Does toleration of the existence of various economic patterns mean a return to the time before the socialist transformation? These and other problems focus on one point: Since we began reform, have we really upheld and perfected socialism, or have we run counter to socialism and retrogressed to capitalism? This is indeed a major problem having to do with both theory and reality. It calls for clarification.

For the above questions, the 3d Plenary Session of the 12th CPC Central Committee has provided clear-cut answer. In the "Decision," it was pointed out: The current reform of the economic system calls for reforming a series of interrelated links and aspects within production relations and in the superstructure that are incompatible with the development of production, by upholding the fundamental socialist system. This is to say that through reform, we must transform a rigid pattern of the past incompatible with the development of production into a socialist economic system with Chinese characteristics that is full of vim and vigor. This reform is not a minor alteration or correction, partial, or incidental. Instead, it is a fundamental transformation of the existing system. But this reform is carried out with the upholding of public ownership, distribution according to work,

and other fundamental socialist economic systems. This does not smack in the least of running counter to socialism. Instead, it represents the socialist system's self-improvement and development. We have something to say about several relevant problems, as follows:

The problem of separating government and enterprise functions and simplifying administration and delegating power: In the past, given the system of government and enterprise functions not being separated, enterprises owned by the whole people became appendages of state administrative organs and did not have any decisionmaking power in their operations. This arose from a misunderstanding of the functions of the socialist state and the contents of the system of ownership by the whole people. Given the socialist state's function of economic management and its ownership of the property of the whole people as representative of the whole body of people, it seemed that state organs should naturally take a direct part in the operations and management of enterprises owned by the whole people or intervene in their operations and management in an excessive manner. Thus, not only was the line blurred of a division of labor between the state's role in management and an enterprise's role in operation, but the distinction between ownership and the power of operation was obscure. As an organ of state power, the socialist state plays a role in economic management and regulation and even operations, to a certain extent. As an owner representative of the whole people, the socialist state must also exercise its power of ownership over enterprises owned by the whole people and subject enterprises to certain guidance and supervision. But the state generally should not be a direct operator and should not directly handle the normal business of enterprises. A misinterpretation of the socialist state's functions and the state's actual excessive direct intervention in enterprise operations resulted in state organs being mired in routine affairs. This not only hampered its exercise of the function of overall regulation and control in the development of the whole economy, but also subjected enterprises to rigid control. In fact, the ownership of the means of production and control over their use and operation are interrelated. Yet they are also capable of being properly separated. They have often been separated in history. The current "Decision" has made it clear that under socialist conditions, ownership and control over operations can also be properly separated. This is a major theoretical breakthrough. Experience shows that a reform in the ways of managing enterprises owned by the whole people and the separation of control over operations and ownership do nothing to weaken and negate the system of ownership by the whole people. On the contrary, this will only contribute toward the consolidation and perfection of the system of ownership by the whole people. In the urban reform at present, the ways of operating enterprises owned by the whole people have become increasingly varied, with the practice of simplified administration and delegation of power, the separation of government and enterprise functions, and so forth. The essence of this lies in correctly distinguishing between state and enterprise functions, enabling the state as the leadership organ of state power and as owner of the property of the whole people to play its role in guiding, controlling, and regulating the development of the whole economy, and an enterprise as a relatively independent economic entity to assert its vitality. So-called delegation of power actually calls for handing over control to enterprises

of lesser important affairs that should not be handled by state organs. State organs must not only loosen control over major matters that must be handled by them, but also tighten and strengthen control. A reform carried out in this direction does not weaken, but strengthens, the socialist state's function of economic management. It does not weaken or even negate the system of ownership by the whole people, but allows its greater consolidation and development to play a leading part in the national economy.

The problem of developing commodity economy and using the law of value: The socialist state must practice planned economy. In the past, due to the influence of the idea of natural economy, it was often held that socialist planned economy was incompatible with commodity economy. It was especially not admitted that in the system of ownership by the whole people there exists the relationship between commodity production and exchange. It was held that only material-related targets could be taken as the focus in practicing mandatory production and mandatory distribution. The role of market forces was ruled out and the role of the law of value was disregarded. This narrow way of interpreting things--equating socialist planned economy with mandatory plans or treating mandatory plans as the main pattern of planned economy--often results in the system of planned management becoming rigid, so that the effort to enliven enterprises and develop the socialist commodity economy suffers. Now, like the rural reform, the focus of the urban reform calls for shattering the bonds of the idea of natural economy and energetically developing commodity production and commodity exchange. The urban reform allows the existence of many economic patterns and many ways of operation and enables enterprises owned by the whole people to be gradually vested with the role of a relatively independent economic entity. It calls for shattering the bonds of departments and regions being separated where commodity production and circulation are concerned, reducing mandatory plans for material goods that are subject to analysis at all levels, reforming the irrational price structure and the price control system, enlarging the scope of the fluctuation of floating prices and free market prices, strengthening the use of economic means and market mechanisms, and so on and so forth. All these are in line with the main task of the reform. The "Decision" clearly puts forth the argument for our practicing "planned commodity economy." It breaks with the traditional concept of setting planned economy in opposition to commodity economy. Both theory and experience show that socialist economy is of a planned nature, because the interests brought people by the system of public ownership are fundamentally unanimous. Still, it is of a commodity nature because of differences in people's interests arising from such factors as labor being a means of life, distribution according to work, and so forth. Therefore, socialist planned economy should not exclude commodity economy. Instead, it calls for the energetic development of socialist commodity economy. To do otherwise with planned economy would only leave us limp and inefficient. The most important task of planned economy calls for consciously maintaining a regular balance in the development of the whole economy. To accomplish this given commodity economy and the need to enliven enterprises, we cannot chiefly rely upon mandatory plans and must properly enlarge the scope of guidance plans and market regulation. Be it mandatory or guidance plans, we must consciously rely upon and apply the law of value. Thus, this does

not involve the negation of planned economy. Instead, it further enriches the contents of an economic plan, bringing it more in line with the nature of socialist economy and thus more effectively stimulating the development of socialist economy.

The problem of opposing egalitarianism and letting some people get rich first: People gravitate toward socialism because socialism is a symbol of equality and wealth. Equality in terms of scientific socialism means equality for people in ownership of the means of production after the deprivation of the means of production possessed by a small number of exploiting classes, and the practice of equality calling for no food for those who do not work and the implementation of the principle of distribution according to work in regard to the distribution of income. In the past people often misinterpreted socialist equality as the equal distribution of income. Due to the influence of this idea, the distribution system of sharing equally in the "big rice pot" formed. The result was that enterprises shared equally in the state's "big rice pot"--with all faring the same, no matter whether profits or losses were registered. Workers shared equally in an enterprise's "big rice pot"--with all faring the same, no matter how much work was done. This egalitarian system of distribution distorts and runs counter to the socialist principle. It brings with it not common wealth but common poverty. The serious negative consequences that it once brought in the development of the socialist economy are common knowledge. The current reform calls for a thorough solution of the problem of sharing equally in the "big rice pot" and firmly and unswervingly carrying out the policy of encouraging a number of areas, a number of enterprises, and a number of people to get rich first. The implementation of the second phase of the switchover from profit delivery to tax payment and such systems as the introduction of the responsibility system at all levels in an enterprise, the granting of bonuses to enterprise workers based on an enterprise's own operating results, and so forth will pave the way for overcoming the two cases of sharing equally in the "big rice pot." The "Decision" also calls for the adoption of necessary measures in the future enabling remuneration for enterprise workers' work to be better linked with an enterprise's economic results. Under socialist conditions, we must advocate working hard to get rich and let a number of laboring people get rich first through performing well in their work and making great contributions to society. This will inevitably hold great attraction for the majority of people and produce an inspirational effect, so that most people will be encouraged to gradually head for common prosperity. The phenomenon of polarization, a small number of people greatly wealthy and the great majority of people reduced to the state of being exploited cannot possibly appear. The state can take economic measures, such as tax collection, to regulate and control people's income and allow the maintenance of a logical ratio of people's income and the growth of consumption to the development of production and an increase in labor productivity. Therefore, the practice of doing away with the egalitarian system of distribution and encouraging people to get rich through hard work does not run counter to the socialist principle of distribution according to work. To restore and seriously carry out this principle will be a great driving force in stimulating the development of socialist production.

The problem of allowing the simultaneous existence of many economic forms: In the past, a one-sided idea of simplifying things existed concerning the problem of ownership. It was made to seem that the "bigger" and the more "public" an undertaking is, the more socialist it is. Therefore, the policy of getting rid of individual handicrafts, commerce, and services was carried out in cities. Moreover, there were two successive transitions for urban collective enterprises from "the small collective" to "the big collective" in an attempt to establish an economic structure of sole ownership by the whole people in cities as quickly as possible. This narrow way of understanding and practicing the socialist system of ownership not only hampered socialist economic development but also brought great inconvenience to the people's lives. To counter this situation, the urban reform in the past few years has allowed the restoration and development of the collective economy, the individual economy, and other flexible patterns of a transitional nature, giving the urban system of ownership variety in structure. The "Decision" reaffirms the upholding of various economic patterns and ways of operation as our long-term guideline and a necessity in socialist progress. Originally there was and should be now no need for socialism to exclude the individual economy and the collective economy existing within a certain scope. Especially given an extremely great imbalance in the levels of productivity between various trades and within a trade in the cities of our country and the varied needs of urban residents, there were great multitudes of new working people with a need for employment. These are problems that cannot be solved by the system of sole ownership by the whole people. The existence of many economic forms with their flexible and varied ways of operation makes up for the deficiencies of the system of ownership by the whole people and enriches the contents of the socialist economy. The structure of the system of ownership with its variations now being reestablished in our country is varied, given the system of public ownership dominating the scene and the economy of ownership by the whole people occupying a leading position. It is fundamentally different from the coexistence of a varied economic mix in a situation prior to socialist transformation where the socialist system of public ownership was still besieged by the system of ownership by the bourgeoisie and the petty bourgeoisie and the problem of who defeated whom remained to be solved. In 1982, of the total industrial output value, the system of ownership by the whole people accounted for 77.8 percent, the system of collective ownership 21.4 percent, and the individual economy and others only 0.8 percent. Of the total social commodity retail sales, the system of ownership by the whole people accounted for 76.6 percent, the system of collective ownership 16.1 percent, and individual commerce, rural trade markets, and so forth represented by individuals only 7.3 percent. Under the management of the socialist state and the leadership of the powerful system of ownership by the whole people, the existence of varied economic patterns does not interfere with the socialist economy. On the contrary, it helps promote the improvement of enterprises owned by the whole people in their operations and management and allows the development of the whole socialist economy. At present the proportion represented by the collective economy in urban industry and commerce is still very small, and that represented by the individual economy is especially infinitesimal. Their development must be accelerated on a still larger scale within a still broader scope. Only in this way can the development of the socialist economy be promoted.

In summation, we can see that like the rural economic reform, the current reform of the urban economic system calls for transforming a previously imperfect economic system involving various erroneous misinterpretations of the socialist principle into a relatively perfect system that is more compatible with the spirit of the socialist principle. Therefore, reform leads to socialist progress and not retrogression by any means. By correctly understanding the nature of the current reform and upholding the correct direction affirmed in the "Decision," we can stimulate the quick advance of the reform of the urban industrial and commercial system and perfect the socialist system with Chinese characteristics.

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THE INCOME OF WORKERS AND STAFF MEMBERS MUST BE LINKED TO THE ECONOMIC RESULTS OF ENTERPRISES

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[Article by Han Chao [7281 6389] and Du Songshan [2629 1529 1472]]

[Text] The source of strengthening the vitality of enterprises lies in arousing the enthusiasm of the masses of workers and staff members. How should it be aroused? Speaking from the standpoint of displaying the regulatory role of economic levers, it is necessary that the individual income of the workers and staff members be closely linked to the economic results of the enterprises. The system of salaries and wages and bonuses which has long been enforced in our country is extremely imperfect, and cannot rationally display unanimity of increases in the income of workers and staff members and increases in the economic results of the enterprises. For example, the bonuses of enterprises are kept under control according to the absolute amount fixed by the higher-level organs while the gross amount of salaries and wages is determined by the size of the staff and is controlled by the bank and the Ministry of Finance, without floating or moving according to the greater or smaller economic results. This is extremely disadvantageous to further arousing the enthusiasm of the masses of staff members and workers. The conditions in the past 2 years of our Jing Dezheng Electrical Wares Industrial Company have also shown the great irrationality in the growth rate of the income of the individual staff member or worker as compared with the growth rate of the profits of the enterprise. Thus, in 1983, the gross output value of the whole company (the state-run portion) was over 11.4 million yuan; the amount of profits realized was over 820,000 yuan. The gross outlay for salaries and wages was over 880,000 yuan, averaging 60.92 yuan a month per person. Bonuses averaged 6.34 yuan a month per person. In 1984, its gross output value was over 16.03 million yuan, an increase of 35.7 percent over the preceding year; realized profits were over 2.11 million yuan, an increase of over 155 percent over the preceding year. The gross outlay for salaries and wages was 1.01 million yuan, averaging 69.31 yuan a month per person, an increase of 8.39 yuan a month per person over the preceding year, or, a growth rate of only 13.77 percent. The bonus for each person was 7.33 yuan a month, an increase of only 0.99 yuan over the preceding year, or a growth rate of 15.62 percent. Conditions of this kind hinder the rationalization of the system of salaries and wages and the normal growth of the level of salaries and wages. They also stifle the enthusiasm of the enterprises and the masses of staff members and workers.

Actual practice has made us feel that it is necessary to basically change the method of fixing the amount of the outlay for salaries and wages according to the number of staff members and workers of an enterprise. Rather, the state should determine the increase or decrease of the gross amount of salaries and wages in accordance with the contribution of an enterprise being large or small. In other words, the gross amount of salaries and wages should be allowed to move up or down in accordance with the size of the excess portion of the realized profits over the profits under the original plan of the enterprise.

A socialist enterprise is a relatively independent commodity producer under the guidance of the state plan. Its chief mission is, under the guidance of the state plan, production of marketable products, improvement of the economic results, and continuously satisfying the daily increasing needs of the material and cultural life of the people. This mission determines that an enterprise not only must take up a definite burden toward the state but also must possess the decisionmaking power and economic interests of a relatively independent commodity producer. The principal basis for the state to enforce the principle of distribution according to work in regard to an enterprise should be the high or low economic results of the enterprise, that is to say, the large or small value of the contributions of the enterprise to society. Implementing the principle of macroscopic control and microscopic enlivening, the state should principally be responsible for formulating, in a unified manner, the guidelines, policies, and statutes relevant to salaries and wages, specifying a general standard for salaries and wages, compiling the salaries and wages plan for the whole country, and in a general way controlling the gross amount and growth rate of salaries and wages; while toward the localities, departments, and enterprises it should enforce a control system calling for a floating but contracted gross amount of salaries and wages. In part, it should permit the various enterprises, in accordance with their own conditions and special features, to carry out diversified standards of salaries and wages and different distribution forms. Doing this is beneficial to acting in such way as to suit measures to conditions such as displaying the function of salaries and wages as an economic lever, thoroughly breaking egalitarianism between enterprises, and better enabling the enterprises to raise their technological level and improve their management and control and economic results. One of the basic causes for the serious state of egalitarianism in the existing system of salaries and wages in our country is the high degree of centralization in the system of control of salaries and wages. Under the current system of control of salaries and wages, the state exercises overall and unified control. The state grasps the compilation and enforcement of the plan governing the gross outlay for salaries and wages and the fixing and control of the standard of salaries and wages and at the same time grasps the formulation and balancing of concrete measures on increases in the salaries and wages of the staff members and workers. Regarding such matters as piece-rate wages and the system of bonuses and subsidies, both the state and local governments have formulated concrete measures to summarily keep them under their control. It appears that this high degree of centralization and the system of exercising a stranglehold over salaries and wages should be reformed.

In order that we may correctly enforce the measure of the gross amount of the salaries and wages of an enterprise following the size of the realized profits of an enterprise and developing a floating or flexible character, it is still necessary to further overcome egalitarianism in the guiding ideology. At present, long-standing egalitarian ideology and customs have frequently appeared in new forms such as using the pretext of making "overall arrangements" to tie our hands and feet, forever fearful that the advanced enterprises gain too much profits. "Overall arrangements," properly carried out, should, first of all, and in an overall manner, arrange well and look after well the relations between production and distribution, truly accomplishing the objective of gradually improving the standard of living of the staff members and workers, on the foundation of increasing production and on the prerequisite of improving the economic results. Overall arrangements of this kind require us to acknowledge that a gap exists between the advanced, the middle-level, and the backward and to encourage and support the advanced to become rich before others and to lead the middle-level and the backward onto the road to affluence. We must let those enterprises which produce good economic results and realize large profits to retain more of the profits and let those staff members and workers who do the most work and have made big contributions to the enterprise and to society become affluent before others, making them examples to others. We should never take from the advanced the excess wealth they have created to have it equally divided among the backward people, as this would only result in protecting the backward.

Naturally, in enforcing the system of the growth in the gross amount of outlay of salaries and wages of an enterprise moving according to the size of its profits, there must be a rational ratio for its control. The principle governing the determination of this ratio should be: the ratio of the increase in profits. After determining this ratio, we should not determine any ceiling for the increase in salaries and wages even though the growth rate of profits has been a large one. This is because the larger the scale of increase of the profits of an enterprise, the more will be the revenues of the state. Under such conditions, increases in the gross amount of salaries and wages will not add to the burden of the state and will not make the consumption funds go out of control. However, if the profits of an enterprise fall on a large scale and the gross amount of salaries and wages floats to a lower level, then it is necessary to stipulate a maximum limit for the drop in the gross amount of salaries and wages, so as to protect the basic level of living of the staff members and workers. Certain enterprises usually incur losses as a matter of policy; in such cases the movements or variations in the gross amount of salaries and wages should be determined according to the increases or decreases in the amount of the losses.

Some comrades are of the opinion that the growth rate of the gross amount of salaries and wages should be linked to the growth rate of the net value of output. Although this method is reasonable to a certain extent, it has a certain drawback which cannot be overcome: Speaking from the standpoint of the enterprise, the realization of the net output value is not the basis and symbol for an increase of revenues for the state and in the event of the slow-selling or stockpiling of goods the contradiction would be even more

apparent. So far as the enterprise is concerned, it can retain more of the profits, the staff members individually can receive more, but the state will lose a definite ratio of the increase in revenue. It is only by using the economic results of the large or small amount of the realized profits as the basis to determine the movements of the gross amount of salaries and wages that we can correctly, in a relative sense, handle the relationships between greater revenues for the state, greater retentions for the enterprises, and higher income for the individual.

In short, a definitely workable scheme for linking the income of the staff members and workers to the economic results of the enterprise is for the increase in the gross amount of salaries and wages to float according to the increases in the economic results of the enterprise. Whether or not this measure can be enforced has become a problem which many people are watching closely and with much concern.

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ON THE ARTISTIC PRINCIPLE OF STYLIZATION

Beijing RED FLAG in Chinese No 3, 1 Feb 85 pp 37-41

[Article by Min Ze [2404 3419]]

[Text] Regarding the issue of artistic stylization, there has been much deep discussion in our literature and art circles in the past few years. On the basis of thorough research, some articles have made relatively scientific and practical criticisms of the various simplified views that have been in vogue on this issue. Others have conducted some useful discussions in light of the practice of contemporary literature and art creation about certain aspects of the issue of stylization. These include the history of the development of artistic stylization and the relationship between the specific and general nature of the creation of models. They have thus pushed the research into this issue a step forward. At the same time, many literary works of excellence have depicted quite a few successful or relatively successful artistic typical models. All these should be fully confirmed.

However, in some recent novels a phenomenon has emerged of overlooking or negating the creation of models. In a very small number of literary works, the writers are keen to depict certain feelings, moods, and ideas, but the characters they have depicted have a vague character or none at all. As a result, the characters become mere tools for expression or symbols of a certain feeling, mood, or idea of the writer. The idea that serves as a theoretical summation of this literary trend was put forth by a few comrades who said that the artistic principle of stylization is "outdated." According to some comrades' views, as time passes and literature and art develop, the creation of artistic models will gradually become a relic of history. They think that novel writing has already entered a period of "middle age," and the depiction of artistic models is a goal best pursued during the period of "childhood" and "youth" in novel writing. They hold that "since the beginning of this century, novelists" have had "more abundant" artistic outlets, but that neither plots nor artistic stylization are entirely indispensable. We should say that we appreciate the pioneering and exploratory spirit that have been reflected in this view, but as a theory, it is disputable.

Take two kinds of literature--narratives fiction and plays--for example: Despite their long history, conscious artistic stylization was by no means active during their so-called "childhood" and "youth," but was developed as they matured, namely during the Yuan, Ming, and Qing Dynasties. At the initial period of the development of fiction writing, for example during the Han Dynasty, fiction was merely "a recording of a collection of words of little significance"¹ or were "written on the basis of hearsay and gossip."² Nothing was known then about artistic stylization. During the Wei, Jing, and Southern and Northern Dynasties, the development of our country's novels experienced a very important stage. Generally speaking though, the fiction then was about strange and rare things and was not connected with artistic stylization. The Tang Dynasty was an important period in the history of the development of fiction in our country, with the emergence of romances which made a great stride forward in depicting people, human relationships, and the ways of the world, and thus "fiction began to be written on purpose."³ However, the depiction of characters in the fiction then was still at the initial and immature stage. Through the development of the fiction in the Song, Yuan, Ming and Qing Dynasties, the depiction of characters in fiction gradually became a goal pursued by writers, who consciously paid attention to language, images, plots, inner thoughts, and external behavior in order to depict vivid and lifelike artistic models. In depicting people, they had to "depict a lewd woman really like a lewd woman, a man of character really like a man of character, an idiot really like an idiot, a middleman really like a middleman, and a naughty child really like a naughty child. Thus when people read the fiction, the images of a lewd woman, a man of character, an idiot, a middleman and a naughty child appeared before their eyes like real people." The reason "Water Margin" is so "unprecedentedly wonderful" in "vividly depicting characters" is entirely because "there are differences between characters of similar disposition. For example, Lu Zhishen, Li Kui, Wu Song, Ruan Xiaoqi, Shi Xiu...are all impatient characters, but they are all depicted differently in terms of their manners, ways, habits, and family background. As a result, none is confused with another, and when one reads the book, one can easily distinguish between the characters. As soon as one reads about the deeds of a person in the book, one can identify the character even if his name is not mentioned."⁴ It was not until the emergence of the "Dream of the Red Chamber" that the depiction of typical characters in the novel writing of our country reached its first peak. The development of our country's traditional playwriting has also shown that it took a long time to reach the period of consciously depicting artistic types. By the time Guang Hanqing and Tang Xianzu emerged, it had entered maturity.

This was also the case in the history of the development of Western literature. Although Western tragedies began to develop very early (much earlier than fiction), and followed a path of development that was completely different from our country's literature, the artistic images depicted in ancient Greek tragedies, while types, show that relatively less attention was paid to the depiction of the dispositions of characters. In Aristotle's "Poetics," he said that in a well-known "tragedy, movement is indispensable; otherwise it cannot be regarded as tragedy. However, it can still be regarded as a tragedy if it depicts 'personal characteristics.'"⁵ This

fully shows the view at that time. For a very long historical period afterwards, until the 17th century, "the theory of character types" maintained its dominant position. Although successful typical models of great historic significance such as Don Quixote and Hamlet emerged in the Renaissance, it was after the Enlightenment of the bourgeoisie in the 18th century that importance was really universally and consciously attached to depicting the models of tremendously great social and historical content through the wonderful description of their peculiar characteristics and that the theory on artistic stylization approached maturity.

The above simplified review of the history of this idea can prove that there is not enough ground for the view that the depiction of artistic models is just done in the so-called periods of "childhood" and "youth" of the narrative literature of the human race. On the contrary, it proves that universally and consciously depicting typical characters with clear-cut personalities and rich historical bases is a tremendously great step achieved in the prolonged process of the development of art. The typical characters depicted by writers such as Honore De Balzac, Cao Xueqin, and Tolstoy have greatly enriched the ideological and artistic meaning of narrative literature and intensified its ideological and artistic strength. The typical characters that are of positive and profound ideological and aesthetic significance and that have been created in the process of the development of world literature are a most valuable creation and legacy of the aesthetic and spiritual wealth of the human race and are a concentrated reflection of the ideological accomplishment of the artistic skill and wisdom of artists.

The historical practice of socialist literature also can prove this view. Although socialist literature is a brand-new stage in the long history of the development of the literature of the human race, it is not based on the precondition of discarding the legacy of the fine literature of the human race that was present before the emergence of socialist literature as the proletarian cultural school and the school of the "Russian proletarian writers' federation" wanted us to believe. Precisely the contrary; new socialist literature is a reasonable and true heir of the legacy of all fine literature, and its development cannot discriminatorily dispense of this inheritance. Since Gorky's depiction of Bavit Nirovna in his "Mother," new socialist literature has attached great importance to the aesthetic and educational significance in depicting typical characters. It was precisely because of the rich historical foundation of the typical character in "Mother" that this novel was highly praised by Lenin, teacher of the proletariat. Lu Xun not only created such a profound typical character as Ah Q early in his life, but after he became a fighter for communism, he also published quite a few well-known ideas on the depiction of typical characters in novel writing, although he devoted most of his energy to writing social essays which were very militant in nature.

The current practice of our country's socialist literature is no exception. What works have been widely regarded as important and enthusiastically loved by the masses of people? They are the books that, in accordance with Marxist aesthetic viewpoints, depict the artistic models that have both positive

ideological and aesthetic significance. Such works include "Class Master," "People at Middle Age," "Legend of Tianyun Mountain," "Factory Director Qiao Assumes Office," "A Garland on a High Mountain," "Story of the Criminal Li Tongzhong," "Enchanting Sea," "Heavy Wings," "Li Shunda Builds His House," "Black Steed," "Homeland," and "Trees for Afforestation." There has been no exception. These are the artistic models conceived and created in our time. They are permeated with the social, moral, ideological, and aesthetical ideals and emotions of the writers and are the fruit of the writers' painstaking labor. They also reflect their profound and prominent thoughts and artistic talents. These artistic models have not only played an important and unique role in building our socialist spiritual civilization, but have also greatly enriched socialist literature and promoted its healthy development. This is, of course, loved and respected by the people. At the same time, the extremely small number of works that have been intended to negate the creation of typical characters and that pursue the so-called style of writing without plots or models were once hailed by some people, but as time goes by, people have gradually forgotten their existence. This shows that there is no doubt whatsoever that our literature will continue to make progress, develop, and be improved as our life becomes broader, richer, and more diversified. Our literature should not lag behind the times and life either in the aspect of maintaining links with life in the sphere of thoughts or in its artistic expression. However, no effort in blazing new trails in art can go against the basic law of the development of art. We should not depart from the fine artistic experiences that have been accumulated in the process of thousands of years of development of art. Nor should we carry out the so-called practice of blazing new trails and developing new styles without foundation. Otherwise, we will be punished by the law of art.

The creation of typical characters is a basic law of narrative literature.

The depth and width of the ideological enlightenment provided by an artistic model and the height and precision it attains in art not only determine its artistic social role and aesthetic role, but also determine the vitality of the artistic work. As for the idea that "there has been no lack of works at home and abroad (in regard to the fiction that does not write about people or artistic models, but focuses on describing 'atmosphere,' 'mood,' and even 'scenery') and that some of them are even fairly good works," it is worth probing and discussing. Examples that those who hold this view are often fond of citing are Anton P. Chekhov's "Sorrow," "The Steppe," and "The Lady With the Lapdog." However, regarding these as works that negate the depiction of people and focus only on writing about "scenery," "the rhythm of life," and "atmosphere" is, in fact, a misunderstanding. How profoundly and deeply the story "Sorrow" depicts the sorrow of cart driver Yauna Bodabof and his loneliness and misery! It seems to him that his sorrow will rip open his breast and "flow out in a torrent," but he can find no one to whom to tell of his sorrow. People not only do not understand him, but even make fun of him. That is because he is poor and is in a situation where he can "find no way out and is looked down upon by the people in the world." Finally, he has to tell a young mare about his sorrow over losing his son. The depiction of the cart driver in this story is indeed written with a

forceful hand and still moves readers even now. Through the image of Yauna, we can see how grim the society was under the rule of the tzars. How can we say that this story does not write about people or depict artistic images? This is even more the case with "The Lady With the Lapdog." "The Steppe" describes nature and sings the praise of the scenery and atmosphere of the nature on the Russian grassland. However, the success of this well-known story is inseparable from the writer's vivid depiction of a series of artistic images--Moysey Moyseyvich, Solumon, Panttoilay, Deymov, Kiluha, Aimilion, and so on. Through these images, the writer expresses his consideration and concern for the miserable lives and destiny of the peasants and expresses their aspirations for a happy life. Without these images, there would not have been the story "The Steppe," let alone the praise and description of nature in Russia. These artistic images are by no means just a description of a certain kind of atmosphere or scenery, nor are they unessential ornament, but they constitute the foundation and soul of this story.

There are some universally acknowledged "fairly good" narrative literary works among the works of the various artistic factions of the modernist school. For example, Franz Kafka's "The Metamorphosis," "In the Penal Colony," and "The Castle"; James Joyce's "Ulysses"; Karel Capek's "R.U.R." and "Mother"; Faulkner's "The Sound and the Fury"; "Catch 22" by Joseph Heller--representative of the U.S. school of "black humor"--and so on. They all depict people's destinies and bitter experiences, though their methods of expression are odd or even absurd and the people they depict are not typical. The significance of these works lies in their description of the deformed mental world of their characters, by which they objectively and profoundly expose the chronic malady of capitalism. As for the so-called "abnormal novels" which are characterized by confused plots concerning time and places, there have not been universally acknowledged works of "fairly great excellence" among them, although they have impact over a certain scope and for a certain time.

Another ground that the comrades who advocate writing novels without plots and characters use to support their theory is the so-called "diversification of artistic methods" and the "diversification of style of presentation." Life is diversified and so are things that interest people. Therefore, undoubtedly, "artistic methods" and "style of presentation" must be diversified. This is what is meant by the saying "as things are diversified, the forms of literature should also diversify." Under the precondition of being favorable to socialist literary undertakings, patriotism, and the physical and mental health of people, we encourage writers to strive to depict new images that have a keen pioneering spirit and are determined to carry out the reform in order to promote the four modernizations. At the same time, we should also encourage writers to depict various kinds of artistical models and advocate the most diversified possible artistic style and methods. Writers are allowed to "write in various styles" at will, and are also allowed to give play to their talents to the full and create works of art with diversified approaches and styles. We should attach full importance and pay full respect to different degrees of beauty and different styles of beauty. This is not contradictory to our view that advocates that narrative

literature should do its best to depict the artistic images that have the most profound ideological content and the highest degree of artistic skill. A truly successful and immortal artistic model is not identical to another in its style and artistic approach. Only those false works of art of the so-called "models" of a writer who is devoid of a unique ideological and artistic contribution can be identical with another. As "a character that is depicted by copying a successfully depicted model is dead," the work that depicts such a character can never have vitality.

What is style? Style is the unique expression of a writer's individual impressions, feelings, experiences, understanding, and presentation in terms of art. Basically, it is a merger of the writer's innate endowment and temperament, his acquired education, experiences, and impact of the prevailing customs of the society, his artistic taste and interest, and many other factors. Because of the profound difference in the above factors of the really great or outstanding artists in ancient and modern times at home and abroad, the artistic typical characters about whom they write differ in thousands of ways in terms of style and artistic approach. Balzac, Victor Hugo, Ivan S. Turgonev, Anton P. Chekhov, Lev Tolstoy, Nikolai V. Gogol, Charles Dickens, Henry Fielding, Guy Maupassant, Stendhal, Theodore H. A. Dreiser, Jack London, Lu Xun, Maodun, and more, all worked their hearts out to create their respective immortal artistic models in the history of art, but how their style and approach differ. Are there any identical approaches and styles in the well-known artistic typical models that have been created by the contemporary writers who have really scored achievements? Examples of such writers can be selected at random; for example, Zhang Xianliang, Zhang Chengzhi, Su Shuyang, Deng Gang, Deng Youmei, Cong Weixi, Li Cunbao, Zhang Xian, Gao Xiaosheng, Chen Rong, and so on. They have all depicted relatively good or successful artistic typical models in their works, but how great the difference is between their style and approach! Who can confuse the style and approach of one of them with that of another?

A truly outstanding artist can not only depict different typical models in works of different themes, but can also depict clearly different artistic images even in works of the same theme. "Writing poems is like brewing wine in the prefectures to the south of the Chang Jiang. People all use rice as raw material, but the taste of their wine differs. A person good at distinguishing wines can taste wine and say: 'That is the wine made in Nanjing, that is made in Suzhou, that is made in Zhengjiang, and that is made in Jinhua.' All the wine is good, but they differ. Why? Because they are made by differently skilled workers."⁶ The above passage is about poem writing, but is novel or play writing an exception? As long as they are really "skilled workers," they certainly can write with different approach about the same theme. Examples of this are not rare in the history of literature. For example, the pictures of the same Virgin Mary drawn by Michelangelo, Da Vinci, and Raphael are so clearly different in their style and approach. Who would confuse the style of one painter with that of the other? This is because the pictures were drawn "by differently skilled workers."

The characteristics and methods of art in understanding, seeing through, and presenting objective reality differs from those of philosophy in understanding, seeing through, and presenting the world. They are naturally different and cannot be confused. Otherwise, we will abolish or deny the characteristics of artistic thinking and presentation. Neither philosophy nor literature is an exception concerning the principle of developing from understanding particular and specific things to understanding universal and general things that govern the human race's process of understanding the world. "The Relations" in "The Book of Changes" says: "A specific thing is described, but it reflects a large category of things." This refers to the characteristics of understanding the world by philosophy, but applies even more to art that presents the general through the particular and the specific. It is precisely because of this reason that people have always held that "The Book of Songs" and "The Book of Changes" are of the same view in this respect. In "On Study" in Li Menyong's "Master Kongtong," Li says: "Those who know 'The Book of Songs' can talk about 'The Book of Changes.'" In "Four Good Qualities and Four Bad Ones" in Wang Shihan's "A Collection of Opinions on Poems," Wang says: "Those who can talk about 'The Book of Songs' must certainly master 'The Book of Changes.'" Both Li and Han had the same view. Regarding narrative literature, the principle that can enable people to most effectively and fully present major points by minor points and general things by specific things is undoubtedly the artistic principle of stylization that the human race has understood and mastered during the practice in its prolonged history. From the point of view of its foundation of a world outlook, socialist literature differs in essence from all literature before it, but it should not throw away this method, should carry it on, develop it, and continuously enrich its content. At the same time, we should also see that literature reflects people's thoughts and feelings. According to people 2,000 years ago, this meant: "the reason poem writing is a skill is because people build on previous skills."⁷ On the other hand, according to Marxist viewpoints, man is "the sum of all social relationships."⁸ Therefore, literary works in general which are characterized by profoundly reflecting the mental features of the times and society through depicting specific and particular reality cannot help but write about people. In order to write about people, we cannot help but adopt the most effective method of stylization and present profound and universal thoughts and social issues in general through vivid and perceptual artistic images that can be directly perceived through the senses. The more successful the artistic images, the greater their capacity to contain the richest, deepest, and widest thoughts and art which other artistic methods are incapable of containing. Therefore, the greater is the universality and vitality of these images. In order to continue to improve its ideological and artistic quality, new socialist literature cannot dispense of conscious and all-out pursuits and efforts in depicting artistic models. For a writer, creating a model of the greatest aesthetic and ideological significance is very arduous creative labor. Since a model is the crystallization of his talents of thinking and art, it is also what marks the approach of our socialist literature to maturity. If we willfully or unintentionally belittle it, we will only relax and reduce our requirements for the ideological and artistic quality of our literary and artistic works and reduce the role of socialist literature. As a result, our literature

will follow a path of naturalism, as has been seen in a very small number of literary works in the past few years.

During the new historical period, life has been changing drastically. Therefore, our literature must follow the path of meeting the demands of life, a path which should be further widened. Naturally, the artistic approach in creating models must also be vigorously developed and enriched. As a matter of fact, in our practice of writing in the past few years, many successful writers have worked hard to add lots of new content to and develop the artistic skill for depicting models, and they will continue to develop and enrich it. We believe that the basic artistic principle of stylization will never become "outdated," and it will shine with dazzling splendor in our future practice of art.

FOOTNOTES

1. From Huan Tan's "New Thesis" in Li Shan's annotations to "Anthology Through the Ages."
2. Ban Gu: "History of the Han Dynasty: History of Literature and Art."
3. Lu Xun: "Outline of the History of Chinese Fiction."
4. This quotation is from summary of Chapter 24 and the end of Chapter 3 of Rong Yutong's "Water Margin."
5. Aristotle: "Poetics," p 21.
6. Xie Cou: "Notes on Poetry of Four Oceans."
7. "History of the Han Dynasty: Biography of Ji Feng."
8. Marx: "Thesis on Feuerbach."

CSO: 4004/18

THE IMPORTANT THING IS TO BLAZE NEW TRAILS

Beijing RED FLAG in Chinese No 3, 1 Feb 85 p 42

[Article by Jia Chunfeng [6328 2504 1496]]

[Text] Recently, many theoretical research and propaganda units, for the purposes of implementing the guideline of making theoretical work serve socialist modernization and strengthening research on practical problems, have started to choose, through public appraisal, good and superior articles and dissertations. In these activities, special attention has been paid to the selection of writings and publications of value which are rich in creative spirit and possess new contents, new ideas, and new speeches. This is a practical measure of fostering creative research and is worthy of commendation.

Under the guidance of the two documents of the 3d Plenary Session of the 11th CPC Central Committee, the socialist enterprise of our country is full of vitality. The cities, the countryside, and the vast territory of the motherland are everywhere full of the people's gigantic creations. New things, new situations, a new atmosphere, and new experiences have emerged endlessly. Undertaking actual practice necessarily calls for opening up theories, while creations of actual practice inevitably promote the development of theories. In the literary circles, some writers have said that literature is currently facing the challenge of living. In reality, in the ever changing and thriving development of social practices, our economics, political economy, sociology, studies in administration and management, education, science of law, and philosophy are all facing the challenge of living. In other words, the current reform of the structure and actual practices in the four modernizations program have raised many new and important questions to all these sciences and these sciences all have the problem of meeting the new demands to suit the new reform and suit the building of socialism with special Chinese characteristics. Many of these important questions had never come up before and can hardly be answered by referring to books and publications of the past. Hence, the party Central Committee has repeatedly emphasized the necessity, in the new actual practices, of striving to employ the basic theories of Marxism and Mao Zedong Thought to investigate new conditions, research new problems, sum up new experiences, and offer new theories. Undoubtedly, this requires devoting tremendous and painstaking efforts to doing superb scientific work and

requires, what is most precious, a creative spirit and the courage to explore and probe. In this context, it may be said that in theoretical research it is necessary to have a boldness of vision of "daring to be the first in the world."

In advocating and encouraging creative scientific research, it is necessary to vigorously rectify the methods of mechanism and doctrinairism, which have long existed, of outright copying or carrying on certain theories or using them as models and then proceeding with vain theorizing. Measures of this kind will only make theories lose their vitality and become withered and ossified. This is what history has repeatedly told us. In saying this, will the guiding role of Marxism be weakened? Certainly not. The reason for this is not at all complicated. When we talk about insisting on Marxism, we mean employing the Marxist world outlook and methodology to analyze and research economic and social life and, through meticulous and complex theoretical thinking, to display independent and creative talents and reach new conclusions. We do not mean to seek words and phrases from the classical publications, to "find seats according to the numbers," or to copy mechanically. Just as Comrade Deng Xiaoping pointed out: "This is never the kind of work that can be accomplished through merely changing the appearance and copying outright from old books but is superb, creative, and scientific work requiring the utmost devotion of the painstaking efforts of revolutionary ideologists." ("Selected Works of Deng Xiaoping," p 166)

Like the new and rolling waves in the big sea of actual practices, it is necessary that endless waves continuously emerge in the lengthy stream of ideology. Life's actual practices are sounding a call to us. Indeed, we are in dire need of an increasing number of scientific solutions of practical problems and new theoretical works possessing new and fresh understandings, giving people theoretical enlightenment and spiritual inspiration.

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POWER AND LOCK

Beijing RED FLAG in Chinese No 3, 1 Feb 85 p 43

[Article by Zuo Chuntai [1563 2504 0665] and Shang Liqiang [1424 0500 1730]]

[Text] "The carpenter wearing the cangue which he has made with his own hands" is a folk adage which describes how some people have made chains to wear round their own necks. A condition of this kind likewise exists among certain Communist Party members and revolutionary cadres.

Over 100 years ago, Marx and Engels announced in "The Communist Manifesto": "In this revolution, the chain and lock are what the proletariat will get rid of; and what they will gain is the whole world." In 1949, people of various nationalities in China, under the leadership of the CPC, with Comrade Mao Zedong as the leader and after a prolonged period of difficult armed struggle and struggle in various other forms, eventually overthrew the rule of imperialism, feudalism and bureaucracy-capitalism, achieved victory in revolution, and established the People's Republic of China. Since then, the Chinese people have freed themselves of the chain and lock of the "three big mountains," gained liberation, and become masters of the nation. In the initial period of the victory of the revolution, the CPC members, the PLA and the vast numbers of cadres, carrying the ashes of the wars which had raged across the length and breadth of the country, emerged into the cities from their former rural cottages. At that time, their thinking and deeds revolved around the five brilliant and shining characters meaning "serving the people." The PLA soldiers would rather sleep on the sidewalk, refusing to enter civilian households. In the event of relatives being found destitute, Comrade Mao Zedong's exhortation to governments of the localities was: "Solve the difficulties by reducing rents and carrying out land reform, in the same way as the general peasants are being treated; but no special relief should be given." In a letter to his children, Comrade Xie Jiaozai wrote: "You have called me a high official; but like Premier Zhou, I rise early and sleep late, feeling satisfied only after having done much work." In a poem, Comrade Chen Yi wrote: "I wish people would feel ashamed of themselves for having sought private gain." All this illustrates the spiritual countenance of the vast numbers of our party members and cadres at that time. This superb tradition of our party, nurtured from the exemplary deeds of the elderly ranks of the proletarian revolutionaries, has formed a kind of invisible and momentous force which serves not only

as a reliable basis for changing the people's customs and building a socialist spiritual civilization but also as an important guarantee for seeking the improvement of financial conditions and building a socialist material civilization.

However, there were certain Communist Party members and cadres of the revolution who, at the time of our party's becoming the country's ruling party, when we moved from the countryside to the cities and towns and the war environment had turned into one of peaceful construction, became victims of "sugar bullets," just because of their weak will and lack of self-consciousness. They were released from one chain and lock but they put on themselves another chain and lock of seeking private gain. At the time of the 10 years of turmoil, the party atmosphere and social atmosphere both suffered serious damage and there was a rampant flood of such fallacies as "if you do not use your power now, it will become void upon expiry." The evil consequences of such fallacies have not been swept away up to now. Is it not true that at present there are still certain comrades who do not use properly the power and conditions of work which the party and the people have bestowed on them specially for the purpose of seeking the welfare of the people, but who have used them to seek private gain for themselves and those around them? They stretch out their hands to the party demanding living quarters, promotion, salary readjustments, the granting of bonuses, schooling or jobs for their children, and outside work. They go through the back door and look for special privileges. In the course of the reform of the economic structure, some even go so far as to occupy vacant positions and take actual benefits. These people think themselves clever. In reality, they are placing the chain and lock on themselves.

We should yell loudly to these comrades: Stop! The 3d Plenary Session of the 11th CPC Central Committee has already pointed out: "It is necessary to assure the people that everybody is equal before their own laws and that it is not permissible for anybody to have special power over and above the law." Recently, Comrade Chen Yun has pointed out: Under the party principles and party discipline, there is no problem of "loosening the bonds." The only practicable choice is to "loosen the bonds" with one's own hands and cast away the shackles one has placed around one's own neck; otherwise one will be like the "carpenter wearing the cangue which he has made with his own hands."

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REAPPRAISING GUANGZHOU IN THE LIGHT OF THE OPEN-DOOR POLICY AND ECONOMIC REFORM

Beijing RED FLAG in Chinese No 3, 1 Feb 85 pp 44-47

[Article by Xu Shijie [6079 1102 2638], secretary of Guangzhou City CPC Committee]

[Text] Through studying the CPC Central Committee's decision on economic structural reform, I reviewed Guangzhou's practice in opening up to the external world and reforms in the past few years and realized that only by applying the viewpoints of the Marxist epistemology and continuously reevaluating the objective situation in our practice can we really proceed from practice, seek truth from facts, and formulate correct principles on our economic development. This is an important precondition for satisfactorily carrying out urban reforms and creating a new situation in our socialist construction.

Since liberation, we have undergone quite a tortuous process in understanding Guangzhou. Though we have scored quite great achievements in the work related to Guangzhou, we have failed to sufficiently change Guangzhou's features, to develop its economy quickly enough, or to improve its people's livelihood or to give full play to Guangzhou's characteristics and advantages as a coastal central city. The cause for this failure was that in the past our understanding was affected by the "leftist" guiding thoughts and some malpractice in our economic system. Therefore, though we were in Guangzhou, we failed to correctly understand the true situation in Guangzhou nor were we able to very satisfactorily work in accordance with objective economic law. Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has decided to implement special policies and adopt flexible measures for Guangdong, including Guangzhou, and Fujian Provinces and thus allow them to begin earlier than other areas in opening up to the outside world and carrying out reforms. That was why we put forth the suggestion of "achieving a new understanding of Guangzhou" in the light of the strategic goal of quadrupling and focusing on selecting the key to our economic development. Under the guidance of the CPC Central Committee's ideological line of seeking truth from facts, we have mobilized experts and masses of people to make investigation and study and conscientiously sum up the experiences in, and lessons drawn from Guangzhou's economic construction in the past 30 and more years. As a result, we have gradually obtained some

new understanding about Guangzhou's situation, become clear about Guangzhou's characteristics and advantages, and adopted corresponding measures for the economic structural reform in Guangzhou city.

I

Guangzhou has always been a commercial city with relatively developed tertiary industry including commerce. Its history of foreign trade began in the Qin and Han Dynasties. During the period of the greatest prosperity in the Tang Dynasty, it had already become the greatest foreign trade and commercial port in our whole country. In modern times, Guangzhou became an even more well-known center of foreign trade and commerce and a distribution center for the commodities of the various provinces in southern and central-southern China. Since liberation, it has become the site for national export trade fairs. It has relatively good commercial facilities, a work force that is good at carrying out commercial activities, traditional commercial channels that have taken shape in the course of history and important economic and trade relations with other areas at home and abroad. The prosperity of commerce has promoted the development of Guangzhou's economy. In 1957, there were 3.8 commercial units and 8.61 commercial workers in every 100 people in Guangzhou. Later, because of the destruction wrought by various kinds of political movements, the influence of the "leftist" guiding thoughts, and other causes, many methods of doing business were regarded as capitalism and criticized and many channels of doing business were regarded as capitalist and blocked. As a result, people wrongly regarded conducting commerce as inglorious and thought that only engaging in industry was glorious, and they wrongly thought that production determined circulation and that circulation was of little significance. As they failed to correctly realize Guangzhou's characteristics, views on the questions of what kind of city we should build Guangzhou into and what key functions Guangzhou should play have changed and differed and no one could tell which view was right.

There have been many changes of view on the principle concerning development in Guangzhou. For example, we have put forth the views that we should "build Guangzhou into an industrial base for southern China"; that "Guangzhou should be developed into a city with light industry as its major undertaking and a certain percentage of transportation, communications, and commerce in its economy," and that we had to "build Guangzhou into a comprehensive city with harmonized development of light and heavy industries." The general tenor of these views was turning a commercial city into an industrial city, turning city of consumption into a city of production, and failure to give due importance to circulation. Under the influence of these kinds of views, many commercial centers were closed and many commercial workers were transferred to other fields and this greatly weakened Guangzhou's tertiary industry. This was particularly serious during the "Great Cultural Revolution." In 1978, there were only 0.3 commercial units and 4.8 commercial workers left in 100 people on average. Because of the reduction in the number of commercial units and, in addition, because the commodity rate of agricultural and commercial products at that time was not great enough, there was a shortage of staple goods and poor service for

people's livelihood. We could not satisfy the diverse kinds of social demands and found it difficult even to supply the agricultural and sideline products for the foreign trade fairs that were held in Guangzhou twice a year or for New Year and Spring Festivals, let alone the daily supply of foodstuffs for our residents. Many commercial workers and facilities and many methods of commercial and service undertakings that have proved effective cannot play their role. Restricting commerce and demanding an excessive speed of industrial development resulted in failure to increase industrial output value quickly. After the operation of the commercial sector was restricted, its capability for arranging the supply of the raw materials needed by individual industrial production and its capacity in opening up the market and marketing industrial products was weakened. As a result, the channels of circulation were blocked and this seriously affected the development of our industry.

Since the 3d Plenary Session of the 11th CPC Central Committee, through analyzing and criticizing the erroneous views of "only paying attention to production and neglecting circulation," "only paying attention to industry and overlooking commerce," and regarding conducting commercial business as capitalism, we began to see anew that Guangzhou's characteristics and advantages were its developed commerce and to see anew the dialectical relationships between production and circulation, namely, production determines circulation, but reversely, circulation also affects production and under certain conditions even determines production. Thus we understand that developing commerce and enlivening circulation is of great significance in promoting the development of industrial production and the prosperity of economy.

Therefore, we have adopted measures to enliven circulation and develop commerce such as the measures to "reform our systems of purchases and marketing, allow prices to vary, remove barriers between urban and rural areas and unblock circulation channels." We have consciously applied the law of value, relatively quickly restored and built warehouses for trade, opened up a market for wholesale trade and developed individual industrial and commercial households. By 1984, the number of commercial centers in the whole city rose to 1.46 for 100 residents on average and that of commercial workers rose to 12 among 100 residents on average. In 1984, the city's total commercial retail sales totaled 5.95 billion yuan, an increase of 177 percent over 1978. In the past 6 years, the city's average annual rate of increase in its industrial output value has been 136 percent greater than that in 1978. Practice has proved that developing commerce is by no means in conflict with developing industry and the development of the two can promote each other if we make appropriate arrangements.

Guangzhou city's practice in enlivening commodity circulation, developing tertiary industry and in particular, developing commerce proves that cognizance is a continuously deepening process from shallow to deep, from this to that and from the exterior to the interior. Furthermore, in achieving any progress in the process of the deepening of cognizance, we must break the mental fetters of "leftism" and correct outdated and erroneous understanding. If we act in this way, we will surely further emancipate our

minds and further relax our policies. In carrying out reform in our commercial sector in Guangzhou, we started to make efforts first of all to reform the system of the purchases and marketing of our agricultural and sideline products. During the initial period of the reform, the prices of goods rose sharply to the highest level in the whole country. This roused great complaints among the masses of people and put great pressure on us. However, the high prices attracted people to come and do business in Guangzhou from a long distance away and this was precisely what made the market in Guangzhou attractive. The excessive level of prices was a penalty imposed by the law of value on our previous "leftist" mistakes and is a phenomenon of "growing pains" that was unavoidable in applying the law of value to enliven the market. As our circulation is enlivened, as production develops, as commodities become abundant, and as the relations between supply and demand improve, prices will gradually fall. In 1982 and 1983, the price indices in Guangzhou city rose respectively by 0.3 and 0.6 percent, but those for the same periods in the whole country were respectively 1.9 and 1.5 percent. In the first half of 1984, Guangzhou's price index rose by 1.2 percent, while that of the whole country rose by 2.1 percent. Since control over the prices of aquatic products was lifted, the supplies of fresh fish in our market have risen by 400 percent and the prices have dropped from 3 yuan a jin to 1.4 yuan a jin. This process has made us deeply realize that conscious application of the law of value is an important means for enlivening circulation under a socialist system. This is indeed a great leap in the understanding of the vast number of cadres who have got used to exercising a monopoly over supplies and marketing. Later, our determination and steps became greater in continuing to carry out the reform of our commercial system. Last winter, we abolished the monopoly over the purchases and marketing of vegetables and entirely lifted the control on prices. The results have been satisfactory.

II

Guangzhou is one of the well-known homelands for Overseas Chinese in our country. There are a total of 1.3 million Overseas Chinese, Chinese naturalized in foreign countries, and Hong Kong and Macao compatriots who are descendants of Guangzhou natives. Guangzhou is the capital of Guangdong Province. The province as a whole had nearly 20 million Overseas Chinese and Hong Kong and Macao compatriots. Guangzhou is situated near Hong Kong and Macao and has had close economic relations with them in its history. However, because of the influence of "leftist" guiding ideology, for a relatively long time, we adopted an erroneous attitude toward Overseas Chinese and Hong Kong and Macao compatriots and toward our economic relations with them. An erroneous view emerged in our society which seemed to regard overseas relations as a "political impurity." At that time, the vast number of Overseas Chinese and the near neighbors in Hong Kong and Macao were regarded as burdens and Guangzhou's economic relations with Overseas Chinese and Hong Kong and Macao compatriots were purposely cut off.

Since the 3d Plenary Session of the 11th CPC Central Committee, as we have eliminated the erroneous "leftist" thoughts, and as we have implemented our policies toward Overseas Chinese affairs and carried out the policy of

opening up to the external world, we have again realized, in the process of making contacts with Overseas Chinese and Hong Kong and Macao compatriots, the great patriotic enthusiasm and the ardent love for their homeland latent in their hearts. We see that they all cherish the love of children of China for their motherland and have thus gradually changed the viewpoint that regards being located near Hong Kong and Macao and having many Overseas Chinese as a negative factor. We realize that being located near Hong Kong and Macao and having a large number of Overseas Chinese is a very favorable condition for our city's "four modernizations" in particular for drawing in funds and introducing technology, equipment, personnel and information from abroad. It is a great source of wealth for the development of our city's economy and is a major advantage for Guangzhou. This change in our thoughts and understanding made us realize the change from a closed-door policy to an open-door policy of introducing things from abroad. We have relatively conscientiously implemented our policy toward Overseas Chinese, encouraged them to come back to invest in China, drawn in foreign and Hong Kong funds by various kinds of methods, and thus blazed a wide path for Guangzhou in opening up to the external world.

This "new understanding" relating to Overseas Chinese and Hong Kong and Macao compatriots has made us realize three "changes" in our work to draw in foreign funds. 1) The change from sitting at home and waiting for people to come, into taking the initiative to go out and invite people to invest. In the past, we were in a passive position, and we met only those who came and talked about only what our visitors wanted to talk about. Now we take the initiative to make contacts through various channels, conscientiously do the work related to Overseas Chinese and Hong Kong and Macao compatriots and have taken the projects that we urgently need out to look for people to draw funds from, and exhibited our products abroad. 2) We have changed the previous practice of doing things slowly through many procedures, simplified the procedures, and speeded things up. In the past, in the process of talks on imported projects, people had to go to many departments to get many chops on documents. This caused much delay. Now, we are doing our best to enable all procedures to be completed under one roof so as to greatly speed up drawing in funds from abroad. This change has been more satisfactory to the Overseas Chinese and Hong Kong and Macao compatriots. 3) We give Overseas Chinese and Hong Kong and Macao compatriots preferential conditions for investing in Guangzhou, including low tax rates for the enterprises that they have invested in, periodic exemption from some import and export duties, and allowing them to sell a certain percentage of goods in our domestic market. Thus we enable investors to make profits and encourage those who love their country and homeland.

From 1978 to 1984, the whole city signed 265 contracts for joint ventures with Chinese and foreign investment, cooperation with external businessmen and compensation trade, in which external businessmen invested a total of \$663 million. There were over 14,000 contracts for processing foreign goods valued at over \$740 million. Through the utilization of foreign funds, we have introduced from abroad over 100 production lines, purchased tens of thousands of advanced equipment and thus speeded up the pace of the technological transformation and progress in our enterprises, and enabled

our technology in the production of some products to reach the international level at the end of the 1970's and the beginning of the 1980's. We have developed a number of new products, built a number of guesthouses and residential buildings and scored some achievements in developing tourism, agriculture and animal breeding. In the process of conscientiously utilizing foreign and Hong Kong capital, we have also learned some advanced international methods of enterprise management and trained a number of management cadres for our enterprises and a number of external economic workers.

III

Guangzhou is a coastal port city and an economic center of Guangdong Province and the southern China area. It is situated near Hong Kong and Macao, and has a large number of Overseas Chinese and a large stretch of the land of the Zhu Jiang Delta and the southern China area. Lots of the new technology and equipment from abroad can be disseminated to the hinterland through the medium of Guangzhou. Guangzhou is a point of junction for "introducing things from abroad" and cooperation with the hinterland and a tie for developing the horizontal relations between urban and rural areas and between various areas. As an economic center of the Zhu Jiang Delta and southern China area, Guangzhou is an objective reality that has taken shape in its prolonged economic development.

In the past, under the influence of dogmatism and the "leftist" guiding thoughts, our understanding of Guangzhou's objective and inherent economic relations as a central city has been vague and has given rise to many mistakes in our economic work. These mistakes were mainly shown in the following three aspects: 1) We overlooked the role of commodity production and the law of value, artificially cut off the economic relations between areas at home and abroad, inside and outside the province, and in cities and in the countryside, and thus in fact isolated ourselves and weakened Guangzhou's position and role as an economic center; 2) under the guiding thought of "asking no one to help us in anything," we overstressed the establishment of economic systems in our cities and areas, the establishment of "large and all-inclusive," "medium-sized and all-inclusive," and "small and all-inclusive" enterprises, and thus blocked both vertical and horizontal channels of commodity circulation and thus in essence meant to turn Guangzhou into a self-sufficient "isolated city"; 3) we overstressed administrative management and overcentralized the power of management. As a result, many departments in our city exercised their administration vertically within their departments and the state exercised overcentralism over localities and enterprises. This has given rise to division between areas and between departments in our management system. In fact, this divided Guangzhou in various aspects, and made it impossible for Guangzhou to give play to its function as an integrated entity and caused it to lose the vitality that it should have. This was a major cause for the slow economic development and unsatisfactory economic results in Guangzhou for a relatively long period in the past.

Engels once said: The best study is to study the lessons drawn from our mistakes. Since the 3d Plenary Session of the 11th CPC Central Committee,

the Guangzhou City CPC Committee has followed the law of practice, understanding, practice again and understanding again and made efforts to renew their understanding of the question of how it is to give full play to Guangzhou's role as an economic center. It has relatively systematically eliminated the "leftist" guiding thoughts on the city's economic construction and has laid a relatively sound ideological foundation for bringing order out of chaos and straightening out the economy. It has made a relatively systematic and comprehensive investigation of the contradiction between the existing economic management system and the practice of the current economic activities and has, through holding a "symposium on the question of giving play to Guangzhou's role as an economic center" and other methods, mobilized the social and economic experts and practical workers to make all-round analysis of the factors that have hindered Guangzhou in playing its role as an economic center, and thus looked for a way to solve the problem. This has made us achieve a leap in understanding the position and role of the Guangzhou area.

Having obtained a new understanding of Guangzhou's role and position, we have paid relatively great attention to the regulation of market mechanism, the application of the law of value, and the reform in the field of circulation to unblock various channels and straighten out various economic relations. We have paid relatively great attention to developing external economic activities, making full use of the resources both at home and abroad, and opening up the market both at home and abroad and we have paid attention to internal cooperation while conscientiously drawing in foreign capital and introducing advanced technology and management experiences from abroad. For example, the Guangzhou beer brewery introduced beer brewing technology and advanced equipment from abroad and thus enabled the brewery to reach the production level of the 1970's and 1980's. Later through setting up breweries jointly with other areas, and transferring technology to other areas, it passed advanced technology to the hinterland. As a result, it has not only expanded its own production capacity and raised its own economic results, but also helped other areas. We have already developed economic and technological cooperation activities with over 20 provinces and cities and have thus genuinely achieved the aim of promoting internal affairs by developing external activities and spurring the development of external activities through carrying out internal activities, and enabled Guangzhou to give better play to its economic advantages. We have also paid attention to improving investment environment, providing service and convenience for other areas at home and abroad to carry out economic activities in Guangzhou in order to intensify its force of attraction and radiation and in order to gradually develop toward the orientation of becoming an open city with wide multilayer, vertical and horizontal economic relations. We have also paid attention to the development of tertiary industry, in particular, commerce and tourism services. Judging by the current situation, this understanding and these practices relatively better conform to the spirit of the instruction of the central authorities and to the reality in Guangzhou.

The practice in the past few years tells us that ideas prepare the way for economic reforms, therefore, in order to blaze new trails for our reform we

must make a breakthrough in making a new understanding of the reality in our society. Now, we are faced with the heavy tasks of urban reforms. The efforts to renew our understanding of Guangzhou are far from finished. Cognition is a process of endless development. As our urban economic structural reform deepens, many new situations will be waiting for us to further investigate and many new contradictions will be waiting for us to solve; therefore, the task of renewing our understanding is prolonged and arduous. We believe that as the process of practice, cognition, practice again and cognition again continues to develop, we will better combine the party's line, principles, and policies with Guangzhou's reality and an economically prosperous new Guangzhou with more distinguishing features will appear before us.

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WILL IMPORTING A CERTAIN QUANTITY OF FOREIGN PRODUCTS AFFECT THE DEVELOPMENT OF NATIONAL INDUSTRIES?

Beijing RED FLAG in Chinese No 3, 1 Feb 85 p 48

[Article by Liu Xiangdong [0491 0686 2639]]

[Text] Importing a certain quantity of foreign products is the objective demand for developing large-scale production by machines. No country can be an exception. This is because in modernized production the more extensive the resources required the more complex will be the techniques needed. Countries with abundant resources and much advanced technology can hardly have all the necessary resources and advanced techniques for their needs. They must trade with other countries, exchanging what they have for what they have not, and learn from others' strong points to offset their weak points. Imports of this kind not only do not affect the development of national industries but also constitute the necessary condition for promoting the development of national industries. Importing advanced technology and equipment can improve the technological level of industrial production in the country. Importing raw materials and other materials for industry which the country needs can satisfy the demands of development in production. Importing certain consumer goods not only can enrich market supplies and bring about the return flow of money to the treasury, but also, by means of the sale of foreign advanced commodities in the domestic market, can disclose the disparity in quality of the domestic products in comparison and supply a form of pressure, pushing domestic enterprises to improve their production techniques, improve the level of their operations and management, and speed up the upgrading of their products and the replacement of their existing products with better ones. Making use of the international division of labor and importing those foreign products the production of which has no future in the country and is not economically viable can economize in social labor and the consumption of funds and material resources, achieving even better economic results. Importing a certain quantity of foreign products is also an important condition for expanding our foreign trade. Importing certain raw materials and parts from abroad and using them to produce commodities for export is beneficial to heightening the competitive capacity of our products in the international arena.

It is necessary to set an appropriate limit on the importing of goods from abroad. The goods imported should be really essential to developing the

economy of our country. They should be products which we are unable to produce, or products in which we cannot meet the requirements of quality, quantity, and time, or products which must be imported to regulate market demands or to meet policy requirements vis-a-vis other countries. These kinds of imports should be controlled within the limits permissible by the capacity of the domestic market and the ability to pay in foreign exchange. Concretely speaking, we should adhere to the following principles:

- 1) Priority should be given to the introduction and importing of advanced technology and key equipment essential to developing the national economy and to importing raw materials and parts required for the reexport of goods imported for processing.
- 2) Planning the organizing of imports of the means of production which our industry and agriculture sorely need or which we do not have in sufficient quantities; in the case of those means of production which we can produce, or have the potential resources to produce, their import should be gradually reduced following the development of production.
- 3) Import consumer goods to enliven the domestic market and improve the people's standard of living, but the underlying principle is that we must still develop domestic production of these goods and that importing them should only be of a supplementary and regulatory character. It is necessary to ensure imports of a necessary quantity of basic materials (such as sugar) for the people's living. Importing other consumer goods must be controlled within a minimum limit.

Here, it is necessary to point out that there must be a correct understanding of the meaning of protecting the development of national industries. We should refrain from interpreting protection of the development of national industries as boycotting "foreign" wares in the belief that the fewer foreign goods imported the better. Protecting the development of national industries implies, first, a firm grasp of the lifelines of our country's economy and, second, protection of the domestic market. While our country's industries are still weak, to blindly allow foreign products to compete freely in our markets would damage the national industries. Protection is for the development of national industries, not the protection of backwardness. Protecting backwardness is harmful and can have no benefit. Protecting national industries should be for a stated period and to a limited extent. Engels clearly pointed out that the policy of protecting national industries has a twofold role. He said: Capitalism's modern industrial system has developed under the "wings" of the system of protective tariffs. However, after capitalist industry is established and grows in strength, the system of protective tariffs begins to become a hindrance. ("Collected Works of Marx and Engels," Vol 21, pp 414-419) At present, our country's industry has already built a certain foundation. Aside from certain industries and trades which are still weak and small and for which we must adopt effective protective measures, vis-a-vis the great proportion of traditional industrial products which already have a fairly strong industrial foundation we should strive to have them break into the international markets but at the same time we must appropriately open the domestic market to foreign products. This has definite benefits for certain enterprises which have remained satisfied with the status quo and whose products have made no changes over the past several decades. Comrade Zhao Zhiyang has said: "Importing a certain quantity of foreign products

can, to a definite extent, stimulate the development of industry in the country. Naturally, the unlimited importing of foreign products will strangle national industries. On the other hand, complete and absolute protection is not workable; it does not benefit the promoting of industrial progress in the country." This conclusion is entirely correct.

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THE MASSES ARE KEEN ON READING SHORT, POPULAR THEORETICAL ARTICLES

Beijing RED FLAG in Chinese No 3, 1 Feb 85 inside back cover

[Letter from Shang Guanping [0806 1351 1627]]

[Text] The article "Develop the Light Weapons of Theory," written by Comrade Gan Feng [2413 1496] and carried in issue No 21 [as published; should be No 22] of 1984 of your magazine relates to the realities of the current reform and advocates the writing of more short, concise, popular, and lively theoretical articles. This article has good intentions and I was much enlightened by reading it.

Everybody reacts badly to theoretical articles which are empty and long-winded. Nevertheless, at present, there are still numerous long, empty articles. Many people have the habit of writing long articles of thousands of characters each irrespective of the contents or topic. Some other people, not conversant with reality and failing to do any advanced work in investigating or studying, are inclined to copiously quote authoritative works, cull phrases but not meaning, and repeat words which others have uttered many times. Some other people are inclined to be mystifying, making simple words into profound utterances, just to appear to have great knowledge. Regarding these articles some people have said that "each and every sentence in them is a polite formula of truth and that each and every article is the truth of polite formula." Who cares to read them?

Why can we not change the style and habit of writing long-winded and empty or meaningless articles? Possibly some people believe that only long theoretical articles can explain a problem thoroughly and can have the necessary force and depth. In reality, whether or not an article has force and depth does not depend on its length but on its contents. The readers will welcome an article only if it is closely related to reality, answers questions, discusses problems found in actual practice, contains new ideas, has originality, and is short and popular. Naturally, they are not opposed to all long articles. Long articles which have rich contents and creative views are welcomed by the readers just the same.

At present, the various industries and trades are concentrating their energy on the "four modernizations," and reform of the economic structure is developing in an all-round manner. Everybody wishes to treasure time and calls for efficiency. The vast masses of readers have heightened their demand that theoretical articles must be more readable. Theoretical propaganda workers should write more short, concise, popular, and lively articles.

WHO IS THE AUTHOR OF THE PASSAGE 'A BEAUTIFUL TREE IN THE FOREST IS LIABLE TO BE BLOWN DOWN BY THE WIND'?

Beijing RED FLAG in Chinese No 3, 1 Feb 85 inside back cover

[Correction by Editor]

[Text] The article "Eliminating the 'Practice of Being Jealous'" carried in issue No 17 [1984] of this journal said "The author is Ji Kang [1518 1660] during the period of the Three Kingdoms." But the article "Guard Against Jealousy" carried in issue No 23 [1984] said the author is "Li Xiaoyuan [2621 5618 6678] of Wei and Jin." Some readers question these two explanations. Actually this phrase came from the article "On Destiny" written by Li Kang [2621 1660] (alias Xiaoyuan) of Wei during the Three Kingdoms period, carried in Volume 53 of "A Collection of Essays" compiled by Prince Zhaoming of Liang. The original text reads: "It is only natural that an honest man dares to disagree with his master and an independent man thinks differently from the common people. Therefore a beautiful tree in the forest is liable to be blown down by the wind; piles along the river bank are certain to be washed away by the stream; and if a man is overly virtuous and towers over others, people will dislike him."

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END

