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# China Report

RED FLAG

No. 9, 1 May 1985

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11 July 1985

## CHINA REPORT

## RED FLAG

No. 9, 1 MAY 1985

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

## CONTENTS

For the Sake of Our Lofty Ideals--Celebrating 1 May International Labor Day and Commemorating the 60th Anniversary of the Founding of the All-China Federation of Trade Unions (pp 2, 10) (Editorial).....	1
Literature and Art Should Keep Pace With the Times (p 3).....	4
A New Practice of Correctly Handling Inner-Party Contradictions (pp 4-10) (Yang Shangkun).....	6
Foster Lofty Ideals, Adopt a Correct Attitude Toward Material Interests (pp 11-13) (Zhang Tingfa).....	18
Do Not Compete With Each Other for a Higher Growth Rate (pp 14, 28) (Jing Ping).....	23
Guangdong Is Advancing in the Course of Exploration in Opening to the Outside World (pp 15-19) (Liang Lingguang).....	26
An Important Reform of the Enterprise Leadership System in Our Country--On the System of Factory Directors Assuming Responsibilities and Democratic Management by Staff Members and Workers (pp 20-23) (Chen Bingquan).....	36

A Socialist Inheritance Law With Chinese Characteristics (pp 24-28) (Ren Yan).....	44
Research on the Science of Education in the Course of Educational Reform (pp 29-32) (Liu Fonian).....	52
Science's Prosperity and Academic Freedom (pp 33-35) (Sun Ziyu).....	59
Do Well in Drawing Clear Distinctions, Persist in Reform (pp 36-37) (Shi Youxin).....	64
Never Cause Delay to Important Matters Concerning the Seeking of Advice (p 38) (Wu Hao).....	68
'Being More Revolutionary' and Being More Concrete (p 39) (Cui Yongsheng).....	70
It Is Difficult To Reform--After Watching Television Play 'Heading for a Distant Place' (p 40) (Xiao Lijun).....	72
Discussing the Question of the Theoretical System of Teaching Materials (pp 41-44) (Wang Jue).....	74
Regarding the Question of the Commencement Category and the Main Theme (pp 44-46) (Jiang Jiajun).....	80
Why Do We Say Enlivening the Domestic Economy Means Opening Up Between Different Areas in China? (pp 47-48) (Hong Qing).....	85
'Chinese Urban Reform Series' To Be Published by RED FLAG Publishing House (p 48) (Hong Chu).....	89
The Title of an Article Should Be Striking and Vivid (inside back cover) (Niu Pingsheng).....	90
Sending a Word to 'New Chats' (inside back cover) (He Yi).....	91

FOR THE SAKE OF OUR LOFTY IDEALS--CELEBRATING 1 MAY INTERNATIONAL LABOR DAY  
AND COMMEMORATING THE 60TH ANNIVERSARY OF THE FOUNDING OF THE ALL-CHINA  
FEDERATION OF TRADE UNIONS

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 2, 10

[Editorial]

[Text] Being the class with the loftiest ideals, the working class is most willing to fight and sacrifice for its ideals. It is the lofty aspiration and noble mission of the world's working class to abolish the system of exploitation of man by man, to build socialism, and, eventually, to realize communism. It was precisely for the sake of this aspiration and mission that our working class bravely fought and founded a unified national federation of trade unions 60 years ago. Having arduously fought under the leadership of the CPC for more than 60 years, our working class and the people of various nationalities in our country have advanced very far ahead toward the magnificent goal of communism. In addition, in the economic, political, ideological, and cultural spheres, they have established bases for further advances. It is the unshirkable historical duty of the present working class to set off on an even longer journey from the existing bases in order to bring about the ultimate attainment of its magnificent goal.

The current reform is China's second revolution. The purpose of this revolution is to change the things and links in production relations and in the superstructure that are in conflict with the development of productive forces and to build socialism with Chinese characteristics. Our implementation of the policy of opening the country to the world and opening the provinces to one another, our reform of the economic structure and the system governing science and technology, and our educational and cultural reforms are aimed at promoting the socialist cause, giving impetus to the building of the socialist material and spiritual civilizations, and bringing about common prosperity. The reform will certainly lead to the consolidation and development of the socialist economic system based on public ownership, the attainment of better social and economic results, the development of scientific and cultural undertakings, and the expansion of socialist democracy. This is a cause which gives the country strength, brings the people prosperity and happiness, and creates both material and spiritual conditions for the realization of communism. At present, we must relate our ideals to the reforms. Similarly, in carrying out the reforms and the four modernizations,

we must also have ideals. If we think that the reforms and communism are totally unrelated, that the purpose of the reforms is to make money, and that ideals are dispensable, we will get lost, have no more vigor, and be unable to make the reforms a success, and socialist modernization will be impossible. Combining our ideals with the reforms, reforming for the sake of the realization of our lofty ideals, and never forgetting our lofty ideals in the course of the reforms are the ideological guidance to which we must adhere in the course of the reforms.

In order to attain the magnificent goal of communism, the masses of workers should have an adequate understanding of their status as masters and their responsibilities and play the role of masters of their own affairs. The working class should, as an advanced class, direct and support the reforms with all its wisdom and strength and contribute to the reforms. On the one hand, we should, in compliance with the arrangements made and the demands set by the central authorities, properly do our work and support constructive explorations, experiments, and innovations in the course of the reforms. On the other hand, it is necessary to adhere to socialist principles, to observe party and state discipline, and to resolutely prevent and correct unhealthy tendencies in order to give impetus to the steady, healthy development of the reforms.

Our trade unions, workers' congresses, workers, intellectuals, and cadres should combine their protection of the interests of the state and the people with their protection of the legitimate rights and interests of the workers and the masses and, in handling part to whole relations, the relations among the interests of the state, the collective, and the individual, and the relations between immediate interests and long-term interests, firmly acquire the idea of how to distinguish between right and wrong; and despise those who seek gains for themselves and their own units at the expense of the state and the people and praise those who always take the overall situation into consideration and who always ensure, even at some expense to the benefits of their own units, that the overall interests of the state and the people are not infringed upon.

Only by fighting arduously can we realize our ideals and fulfill our tasks. Fighting is a test of our strength, spirit, and wisdom. Only by striving to improve themselves spiritually and to improve their education and technical competence can our workers meet the requirements imposed by the reforms and the four modernizations and be worthy of the name of masters of this great age. In this regard, trade unions at all levels have heavy responsibilities. On the one hand, the trade unions should see to it that the workers are given better material benefits. On the other hand, they should also see to it that there are improvements in their ideological understanding, education, and technical competence. It is necessary to teach the workers, the young workers in particular, to have ideals and to observe discipline, to commend those advanced people who do their work with a communist attitude, and to teach the workers, the young workers in particular, to strive to acquire cultural and scientific knowledge, to better their skills, to strictly observe discipline, to work hard, to fight hard, and to do their work properly. It is necessary to strengthen the solidarity within

the working class, to strengthen the unity between the workers and the intellectuals, to be united with the people of all nationalities in the country, to fight side by side with them under the banner of communism, and to fight in the course of the reforms and the four modernizations. In this way, we can advance further and further on our way to the attainment of our goal.

CSO: 4004/26

## LITERATURE AND ART SHOULD KEEP PACE WITH THE TIMES

Beijing RED FLAG in Chinese No 9, 1 May 85 p 3

["Forum"]

[Text] While the development of art and literature is now on the upsurge, there are some symptoms of tendencies worth attention, namely, some of our literary and art workers have failed to keep pace with the times and gear their thoughts and feelings to the great cause of rejuvenating China, and the emergence of some literary and artistic works with mediocre taste is a reflection of such a tendency. Therefore, while fully approving the great achievements in literary and artistic work, it is necessary to remind all comrades concerned, including leading people of the literature and art circles, of the essential political task for literature and art creation and performance, that is, to arouse the patriotic fervor of the people throughout the country and push them to work hard and to devote themselves to the socialist modernization of the motherland. Lu Xun said it well: "Art and literature are the fire kindled by the national spirit and also the torch which lights up the future of the national spirit." It is necessary for a country and a nation to attach importance to fostering their own spirit. Art and literature should and can play an active role in cultivating our national spirit and artists and writers should be the designers and engineers in the building of socialist spiritual civilization.

Some comrades in our literature and art circles sometimes overlook this role of art and literature as well as their own sacred duty, consciously or unconsciously. For example, some writers seem to hold that they fulfill their duty as long as their works can cater to the needs and tastes of part of the readers. In fact, there is a difference between vulgar and lofty tastes. We should foster a lofty taste among the readers instead of pandering to their vulgar taste and backward concepts that need to be forsaken. Now that we are implementing the policy of opening the door to the outside world and enlivening the economy at home, it will be a dereliction of duty if we do not guard against the pernicious influence of the capitalist and feudalist degenerate ideologies and take a laissez-faire attitude toward those unhealthy things. For a Communist Party member, such a practice implies a lack of party spirit.

Of course, in reiterating this requirement, we definitely do not mean to interfere with our writers regarding "what to write" and "how to write" or to place restrictions on and interfere in the writers' writing projects, encouraging them to produce literary works which tend to formularize and generalize and which force people to accept preaching. We neither mean to imitate the old practices and take rude actions against the currently emerging unhealthy tendencies. Our literature and art departments must keep a strong sense of responsibility, enhance their ability to independently distinguish right from wrong, and, through patient persuasion and meticulous organizational work, help our artists and writers to produce fine, profound, and valuable works which integrate ideological content with artistic quality and can represent the times. Meanwhile, it is necessary to promote writing of all pleasant, lively, and healthy works mentally beneficial to the readers. There should be no misunderstanding on this point and no deviation is tolerable.

The key to the building of a contingent of literature and art workers which suits better the needs of the four modernizations lies in the party's leadership. To achieve this goal, it is necessary to straighten out the organizational activities within the party, perfect the system of democratic centralism, and continue to improve and strengthen the party's leadership over literature and art work. In solving the long-standing problems and new contradictions that the literature and art circles face, we must extensively apply the method of heart-to-heart talks. We must seriously and conscientiously deal with such strange phenomena as attacking others instead of coping with real problems; spreading rumors, slander, and wrong viewpoints; and so on. We must uphold the principle of persuasion and education and sincerely help those who have made mistakes, so as to solve problems as soon as possible. No one is allowed to label others, bludgeon others, or make things hard for others by abusing their power. Our leading comrades in the literature and art circles should make up their minds to enhance their professional competence and leading ability, do their best to make up their weaknesses regarding professional qualifications and to overcome their shortcomings regarding their approach to work. By doing so they will be able to communicate their thoughts and feelings more efficiently with comrades in the literature and art circles, thus it will be easier to reasonably solve many knotty problems.

CSO: 4004/26

## A NEW PRACTICE OF CORRECTLY HANDLING INNER-PARTY CONTRADICTIONS

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 4-10

[Article by Yang Shangkun [2799 1424 2492]]

[Text] As a result of resolutely implementing the policies and principles of the CPC Central Committee, the first stage of party rectification of the whole army has been developing healthily, and notable achievements have been made. During party rectification, the party organizations at various levels and the broad masses of party members have discarded the "leftist" methods used in past political movements and have adopted correct principles and methods in handling inner-party contradictions. This is an invaluable achievement, and a very important experience as well. It will certainly exert profound influence on further doing a good job of party building in the future.

### 1. An Important Question Concerning the Rise and Decline of the Party and the Success and Failure of the Revolutionary Cause

In the long-term revolutionary struggle, our party has accumulated some successful experiences, but also has some bitter lessons, in its numerous practices of handling inner-party contradictions. Just after the founding of the party, we rectified the mistakes of rightist capitulationism and "leftist" adventurism. This was correct. But there were some shortcomings in the methods. The main shortcoming was that personal responsibility was overemphasized and no effort was made to analyze the concrete environment and reasons for the mistakes. As a result, similar mistakes were repeated later. The Zunyi meeting was one of great historic significance, at which our party independently solved its internal contradictions. It was a very successful meeting. According to my understanding, there were mainly two experiences: First, sufficient ideological preparations had been made. Before the meeting, Comrade Mao Zedong talked many times with some chief responsible comrades of the central authorities so that all of them could gain a good understanding of the erroneous line after drawing historical experiences and lessons and unify their thinking. Second, the problems were solved step by step. At that time, we only solved the problem concerning the military line, which was most urgent, as conditions for its solution were ripe. During the Long March, in the struggle against Zhang Guotao's splittism, attention was paid to making a distinction between Zhang Guotao's

mistakes and the broad masses of cadres and soldiers in the 4th Front Army. In light of the situation at that time, we also made necessary concessions on certain questions while adhering to principle so as to avoid a split, and very good results were achieved. Particularly, during the Yanan rectification, the CPC Central Committee headed by Comrade Mao Zedong summed up our historical experiences and worked out and practiced a series of correct policies, principles, and methods in handling inner-party contradictions, making this rectification a good example for correctly handling inner-party contradictions, and thus enriching and developing the Marxist theories on party building. In the initial stage right after the founding of the PRC, we also adopted careful and correct measures to solve inner-party problems. In 1956, at the party's Eighth National Congress on behalf of the CPC Central Committee, Comrade Deng Xiaoping made a Marxist analysis and exposition on the question of how to strengthen the building of the party in power. However, after 1957, due to the "leftist" mistakes in the party's guiding ideology, we began to deviate from the previous correct policies and principles in handling inner-party contradictions. The mistakes continued to develop and became especially serious during the "Great Cultural Revolution," which brought great suffering to the party, the state, and the people.

The 3d Plenary Session of the 11th CPC Central Committee was a new milestone in our party's history for correctly handling inner-party contradictions. Since this session, the CPC Central Committee has reestablished Marxist ideological line, political line, and organizational line, correctly appraised Mao Zedong Thought and the historical role of Comrade Mao Zedong, scientifically summed up the historical lessons of the "Great Cultural Revolution," redressed large numbers of unjust, false, and wrong cases, correctly solved the problems concerning those central leading comrades who had adhered to the policy of "two whatevers," strengthened the party's discipline inspection work and improved its work style, and worked out the new party constitution and "Guiding Principles for Inner-Party Political Life." It was rarely seen in our party's history that in such a short period of time the party was able to correctly and successfully solve so many important internal problems. Since the 3d Plenary Session of the CPC Central Committee, a lively political situation characterized by stability and unity has appeared in our party and state, and a good situation of continuous, steady, and harmonious development, which was also rarely seen since the founding of the state, has appeared in our socialist economic construction. The reform of the economic structure is being carried out step by step, and remarkable achievements are being constantly made. We should owe all this to the correct leadership of the party, because they are all important achievements of correctly handling inner-party contradictions by the CPC Central Committee.

The 2d Plenary Session of the CPC Central Committee made a decision on overall party rectification, in order to solve the problem of impurity in the party's ideology, work style, and organization. After summing up both positive and negative experiences of solving inner-party contradictions in our party's history, the decision put forth some basic policies, principles, and methods for handling inner-party contradictions in the new historical period. By resolutely implementing the decision of the CPC Central Committee on party rectification and appropriately handling various contradictions

existing within the party, the party organizations at all levels will be able to obtain new vitality and vigor and enhance their fighting capacity, and the contradictions among the people will be correctly solved so that the people of all nationalities throughout the country can be further united to help and support each other and to fight with one heart and one mind in order to make our country strong and prosperous and our people rich. This is a fundamental guarantee for quadrupling the total industrial and agricultural output value by the end of this century and for the realization of the four modernizations.

## 2. Correctly Understand the Nature of Inner-Party Contradictions in the New Period

Correctly understanding the nature of inner-party contradictions is a prerequisite for correctly handling these contradictions. All our past successes and mistakes in this respect had something to do with our understanding of the nature of inner-party contradictions.

In analyzing and judging the nature of inner-party contradictions, our party once made very serious mistakes. The main problem was "leftism," and the most fundamental reason was the deviation from the ideological line of seeking truth from facts and the incorrect appraisal of the basic situation of the party. In some cases, such as the elimination of counterrevolutionaries in the Central Soviet areas and the "rescue movement" in the later stage of the Yanan rectification, there was an overestimation of the number of enemy who had sneaked into the party, holding that there were "a great many enemy agents" in our party, even every bush and tree looked like an enemy. In some other cases, there were mistakes in theory, holding that all differences in thinking within the party were the reflection of class struggle and the "struggle between the two lines." Sometimes class struggle was directly introduced into the party, holding that inner-party struggle meant the struggle between the two major antagonistic classes and that a bourgeois class existed within the party. The former led to the broadening of the scope of elimination of counterrevolutionaries and the latter resulted in mixing up the two different types of contradictions and taking enemies for comrades and comrades for enemies. In reality, they all negated the party's proletarian nature and brought disastrous consequences to the party. We must always bear in mind the lessons in this respect.

The emergence of inner-party contradictions is closely related to the social and historical environment of the party in different periods, the situation within the party, and the party's central task for that specific period. What is the inner-party situation in the new historical period? Our party is a party in power, a party that we seriously wounded during the 10 years of internal disorder, and a party that has been entrusted with the task of developing social productive forces and building socialism with Chinese characteristics. All this makes our inner-party contradictions bear many distinguishing features which are different from those of the past.

Judging from the situation in the first stage of party rectification in the army, inner-party contradictions are mainly expressed in the following three aspects:

First, a series of problems emerged due to not adapting to the realization of the party's general task and general goal in the new period. Realizing the four modernizations is a new and profound revolution. At present, the reform is being carried out step by step on all fronts in our country. Its great changes, wide range, quick development, and notable results are beyond the expectation of many people. Thus, in the new situation, it is inevitable that the consciousness, knowledge, work style, work methods, and mental attitude of some party members cannot suit the new situation and new tasks. For example, due to the insufficient ideological and theoretical preparations and insufficient experiences toward new things, some people have lagged behind in understanding the party's line, policies, and principles, and made less progress in consciousness. As the focus of work of the whole party has been shifted, it is also required that the guiding ideology of army building be changed as well. Thus, the problem has emerged that the thinking and work of some people cannot keep pace with and suit the situation. Since the commodity economy has been developed and competition is allowed, some people may possibly introduce the principle of commodity exchanges into inner-party life. Thus, the problem of whether to follow the principle of party spirit or that of commodity exchanges in the party's life may also emerge. The reform concerns the immediate interests of every person. Since the phenomenon of "everybody eating from the same big pot" is being overcome on the question of distribution, and the cadre contingent is being made more revolutionary, younger, better-educated, and more professionally competent and is being reorganized and simplified, contradictions among our comrades, between the leaders and the led, and between the personal interests and the interests of the whole may also emerge. Thus, there is also the question of being subordinated to the overall situation. Since implementing the policy of opening up to the outside world, which is a national policy of our country serving the realization of socialism and the four modernizations, great achievements have already been made. Of course, there are inevitably some corrosive influences of various decadent ideologies of the capitalist world, and some people may not be able to withstand this test and may have degenerated and violated laws and discipline. Thus, we should pay more attention to fighting against the corrosive influence and economic crimes.

Second, some problems left over from the "Great Cultural Revolution." While analyzing inner-party contradictions, we must not chop up history. Fundamentally speaking, quite a few existing problems in ideology, work style, and organization, which do not suit the realization of the party's general task and general goal, have resulted from negative factors left over from the "Great Cultural Revolution." In the serious struggle against the Lin Biao and Jiang Qing counterrevolutionary cliques, the broad masses of commanders and fighters of our army resolutely carried out the orders of the CPC Central Committee and made important contributions to the party, the state, and the people. The "three supports and two militaries" played a positive role in stabilizing the chaotic situation which had already appeared at that time, but also brought about some negative consequences. The army itself was seriously harmed. Since the 3d Plenary Session of the 11th CPC Central Committee, the Central Committee has adopted a series of measures to solve the problems left over from the "Great Cultural Revolution" and has achieved

notable successes. However, to thoroughly eliminate the influence of the "Great Cultural Revolution," we still have to make long-term and great efforts. As the army was deeply influenced by "leftism," there are still large numbers of left-over problems affecting the further implementation of the party's line, policies, and principles in the army and the army's modernization drive. Some of the common problems are as follows: Some "leftist" ideological influences, such as "taking class struggle as the key link," "putting politics first," and looking down upon knowledge and intellectuals, still exist; factionalism has not yet been fully overcome among some party members and party-member cadres; the negative consequences of "three supports and two militaries" have not yet been totally eliminated; much work has yet to be done in implementing policies; and further efforts have to be made to weed out [qing li 3237 3810] the "people of three categories."

Third, some problems in wielding and using power resulting from the change in position of the ruling party. To serve the people wholeheartedly is the purpose of our party. In the war years, in order to win victory, the army did very well in various aspects, including having faith in the masses, relying on the masses, and seeking interests for the masses. The masses regarded our army as the representative of the Communist Party. Since the party became the ruling party, most party members in the army have preserved and developed their fine tradition, which is characterized by always being the first to charge and the last to retreat in fighting battles and being the first to bear hardships and the last to enjoy comforts in daily life. However, with the change in their positions in the party, especially in the period when war has been turned into peace, some party members and party-member cadres have taken an incorrect approach toward the people's trust and the power given by the people. Some of them have been seriously influenced by bureaucratism and have shown no concern for the weal and woe of the people; some of them have abused their power, which was given by the party and the people, and their working conditions to seek private interests for themselves or for a small group of people; and some of them have failed in observing discipline, obeying orders, and carrying out prohibitions. At present, there are also some expressions of new unhealthy tendencies in the army, such as abusing one's power to engage in commercial activities and seek private interests. Some of these unhealthy tendencies, which are obstructing the smooth progress of reform of the economic structure and various reforms carried out in the army, weakening discipline, corroding fighting will, and damaging the prestige of our army, are very serious.

Generally speaking, all these contradictions are centered on the realization of the party's general task and general goal. Except for the "people of three categories" and a handful of people who are stubbornly resisting the line of the CPC Central Committee mapped out since the 3d Plenary Session of the 11th CPC Central Committee, as well as those who have seriously violated law and discipline on economic and other fields, most of these contradictions are questions of ideological understanding and consciousness. Fundamentally speaking, they are questions concerning the understanding of and the attitude toward the party's line, policies, and principles and whether to adhere to or to deviate from the purpose of serving the people

wholeheartedly. Only when we have armed ourselves with the thinking of serving the people wholeheartedly can we profoundly understand and resolutely implement the party's line, policies, and principles, which concentratedly reflect the interests of the broad masses of people. Therefore, to raise the consciousness in implementing the party's line, policies, and principles and develop the revolutionary spirit of serving the people wholeheartedly is a basic requirement for party members in enhancing party spirit and fostering the lofty communist ideal in the new historical period and a fundamental content for strengthening the party ideologically. In order to solve these problems, it is necessary to strengthen discipline, reform systems, and perfect party regulations and principles, but we must still mainly rely on strengthening ideological education.

### 3. Adhere to the Policy of Education and Guidance

Marxism holds that in order to solve problems concerning understanding and consciousness within the party, it is necessary to adhere to the policy of education and guidance. This is decided by the objective law governing the development of understanding and based on historical materialism, which is characterized by having faith in the masses and respecting the masses. The emergence of the erroneous ideas of any person is not groundless, but is a result of the influence of a specific social environment and various ideological trends. Only when the roots of the erroneous ideas, either in society or in understanding, are clarified and through presenting the facts and reasoning things out can the consciousness of the people be raised and the problems be really solved. Of course, appropriate criticisms and help are also important to promoting the change of ideas, but the problems will finally be solved through internal causes and self-consciousness. The fundamental mistake of the past "leftist" practice was that it tried to solve the problem of man's understanding by means of external and coercive methods. As a result, the people's consciousness was not raised and the problems were not solved. What is more, a number of people were hurt, the contradictions were sharpened, and the unity was jeopardized.

In this party rectification, the "leftist" practice of the previous political movements has been discarded and some new experiences have been created.

In 1980, when talking about reform of the leadership system and mass ideological education, Comrade Deng Xiaoping pointed out: "We must not think that when destruction is put first, we can certainly have construction in the process." Recently Comrade Hu Yaobang also pointed out that in the new historical period, it is necessary to "put construction first, and in the process we can have destruction." In the first stage of party rectification in the army, the past practice of "making mass criticism clear the way" was totally negated. Instead, prominence was given to study. Proceeding from "construction" and centering on the party's general task and general goal in the new period, the following three aspects of work were grasped to establish the new and destroy the old: 1) On the question of correctly understanding the party's line, policies, and principles, a series of basic viewpoints were established, such as the fundamental task for socialism is to develop productive forces, it is necessary to proceed from our national

situation in building socialism, reform of the economic structure is an objective demand of the law of the socialist economy, opening up to the outside world and enlivening the domestic economy is a basic national policy of our country, and making our country strong and prosperous and our people rich is the starting point for all our work, while some old ideas formed in the past under the "leftist" ideological influence were destroyed. 2) On the question of correcting the guiding ideology in vocational work, the idea that in the new period army building must serve the needs of the overall situation of national construction and must take the modernization drive as the center was further clarified, thus correcting the idea of separating army building from the economic construction of the state and eliminating the influence of the force of habit, which was characterized by always sticking to old ways. 3) On the question of enhancing party spirit, education on the aims of the party was carried out in depth in order to establish faith in communism and to fundamentally solve the problem concerning the outlook on life. All party members were required to ponder seriously: What is the Communist Party? What should the Communist Party members do? What is the purpose of joining the party--to serve the people wholeheartedly or to act as their lords and masters; to make contributions to the four modernizations drive or to seek private interests for themselves and some small groups of people? Practice proves that in the period of great historical turns, the fundamental method for unifying the thinking of party members is to grasp study well. As the saying goes, "one who cuts firewood needs to sharpen his axe," if enough time is spent and great efforts are made in study and the party's general task and general goal in the new period are deeply rooted in the people's hearts, all concrete problems in the people's understanding will be easily solved.

Criticism and self-criticism are effective methods for solving inner-party contradictions. However, during the 10 years of internal disorder, the reputation of criticism and self-criticism was injured. The normal practice of criticism and self-criticism was replaced by excessive struggle, resulting in the extremely abnormal situation in inner-party life. In this party rectification, the method of criticism and self-criticism has been combined with restoration of the normal practice of democracy within the party. The methods of arousing consciousness and seeking truth from facts have been emphasized, with an aim of overcoming defects and correcting mistakes, rather than attacking people. The principles of "four nots" and "four allows" (meaning: do not pick on people, do not put political labels on people, do not wield big sticks, and do not record in the archives; and allow people to withdraw opinions, allow people to correct mistakes, allow people to explain for themselves, and allow people to have reservations) have been implemented in dealing with the opinions and ideological problems of party members, and heart-to-heart talks among the broad masses of party members have been encouraged. The leading cadres have taken the lead in carrying out criticism and self-criticism in order to break the oppressive atmosphere and replace it with a lively one in which people are able to speak out freely. While carrying out criticism and self-criticism, the latter has been emphasized, because the purpose of criticism is to help people carry out self-education and sum up their experiences and lessons. As for the problems of other people, which have not yet been fully

recognized for the time being, enthusiastic help has been offered in accordance with principle and an attitude of waiting with patience has been adopted, rather than forcing them to recognize their problems, holding meetings to criticize them, or even criticizing them by name at the meetings. Meanwhile, toward the people's own problems, realistic self-criticisms have been made rather than uttering some words against their will or making everyone pass the test. The army's leading comrades have voluntarily gone to local units and made sincere self-criticisms so as to eliminate the negative consequences of the "three supports and two militaries." The comrades who committed mistakes during the "Great Cultural Revolution" have apologized on their own accord to those who were wronged by them during that period, and very good results have been achieved. In the course of criticism and self-criticism, attention has been paid to proceeding from the realities and solving the problems as they really stood, not affirming everything or negating everything.

Building socialism with distinctive Chinese characteristics is a new subject. Due to the "leftist" ideological influence, the trammels of old force of habit, and other reasons, the thinking of some people cannot keep pace with the development of the situation. This is natural. Some problems cannot be solved simply by stating and explaining reasons. Thus, it is also necessary to make people be educated through practice. This is another important method for implementing the policy of guidance. During the party rectification, in view of the fact that the party members in the army have little understanding of the situation of economic construction, some methods, such as making on-the-spot investigations, paying visits, and inviting local cadres to give reports, have been used and very good results have been achieved.

In implementing the policies of education and guidance, it is also necessary to pay attention to eliminating the influence of some "leftist" viewpoints, which have been spreading within the party for a long time. For example, in theory, the so-called "philosophy of struggle," which one-sidedly emphasizes struggle while negating unity and emphasizes inner-party struggle to the neglect of inner-party unity, is contrary to the principle of dialectical materialism. If the solution of inner-party contradictions is summed up in an oversimplified way as a kind of struggle and the so-called two-line struggle, anti-right deviationist struggle, and the struggles against various kinds of "elements" are frequently carried out, it will certainly bring great harm to our party. For another example, "proper limits have to be exceeded in order to right a wrong" was a slogan put forth during the first revolutionary civil war period in order to refute the theories of the reformists, oppose Chen Duxiu's capitulationist viewpoints, and support the peasants' movement. It played a very good role at that time. But later it was absolutized and became a common formula for solving inner-party contradictions and other contradictions among the people. Obviously this is not suitable. But the above-mentioned viewpoint and formulation once became the theoretical basis for some people to carry out excessive struggles. This is extremely harmful to solving ideological problems and handling inner-party contradictions and should be clarified and negated both in theory and in practice.

#### 4. Be Very Careful in Handling Problems Concerning People

The problems concerning people should be handled with great care. This is an important aspect of correctly handling inner-party contradictions.

In the new period, the handling of the problems concerning people should be subordinated to and serve the construction of the four modernizations, which is the major political task. In this respect, we should take as a criterion whether it is conducive to uniting with all the forces that can be united, to changing the negative factors into positive factors, and to the construction of the four modernizations. In the past it was correct for us to attach comparatively greater importance to and set higher demands on the problems in the political field and how people behaved in the fighting. However, we usually did not attach enough attention to and did not handle seriously the problems in economic work, such as dereliction of duty and bureaucratism. This does not suit the new situation and new tasks at present. We must change this situation and raise the understanding and attitude toward the problems in this respect to a higher plane of principle. Comrade Chen Yun said that there is no such question as "relaxing" on party principle and party discipline. This is entirely correct. If those who have infringed upon the interests of the party and the people and violated party discipline and laws are not punished, and abnormal personal relations and human feelings are stressed, the party's fighting capacity will certainly be weakened and the construction of the four modernizations will be jeopardized. But we must also pay great attention to avoiding "leftist" practice and thoroughly negating the wrong practice of the "Great Cultural Revolution" so that the past lesson of "carrying out movement in the first year and redressing mis-handled cases in the next 2 years" may not be repeated. In order to fully implement the spirit of the central authorities on not disturbing stability and unity while solving problems, in the first stage of party rectification in the army, when handling problems concerning people, the following three principles were adhered to:

The principle of giving first place to education. The policy of "learning from past mistakes to avoid future ones, and curing the sickness to save the patient" should be adopted toward the comrades who have erred, with our main attention being paid to education. We must believe that most erring comrades can mend their ways and must create conditions for them to correct their mistakes and continue to work for the party. As to those comrades who made mistakes or even made serious mistakes during the "Great Cultural Revolution," we must take into consideration both their subjective reasons and the specific historical conditions for the mistakes, and mainly help them sum up experiences and lessons. We must be pleased if they have recognized their mistakes on the question of principle and made self-criticisms. Even if they belong to the "people of three categories," there is still a problem of education and transformation while taking organizational measures. It is necessary to carry out painstaking ideological work and provide them with the opportunity to work and earn a living.

The principle of dealing with different things or people in different ways and leaving some margin for correction. The mistakes committed before the

lines of demarcation in applying policies were clarified and those which can be treated either severely or leniently should be treated leniently; but those problems newly occurred after party rectification, especially those mistakes which have been committed in disregard of the repeated injunctions of the central authorities, should be treated severely. Only when a small number of people who have violated discipline and laws are punished can the great majority of people be saved. In this respect, if we do not take severe measures to deal with serious cases and allow toleration, it will be extremely harmful. However, as to the comrades who have made some mistakes in order to carry out the reform, we must not act rashly in dealing with their cases, instead, we must protect their initiative in the reform and enthusiastically educate them, guide them, and help them correct their mistakes. In view of our lessons drawn from previous political movements, we must be very careful in dealing with problems concerning people and leave some margin while doing so.

The principle of attaching importance to facts and laying stress on investigation and study. This is a question of adhering to materialism or idealism and the key problem for correctly handling cases concerning people. When dealing with problems concerning the erring comrades or the "people of three categories," we must clarify the facts and adhere to the principle of seeking truth from facts rather than drawing subjective and groundless conclusions according to hearsay. In the work of weeding out [qing li 3237 3810] the "people of three categories," there should not be any set patterns, set tones, or set quotas. We must not judge our work by the number of cases handled but must mainly be the criterion of whether the facts concerning the people and things we deal with have been clarified or not and whether the aim of purifying organization has been achieved. We must start with investigation and study and must resolutely discard the past wrong practice of reaching a conclusion before making investigation. Those who have been found through investigation not belonging to the "people of three categories" and those who have not made serious mistakes must be released as soon as possible. When the materials are verified and conclusions are drawn, they should be made known to the people concerned. It is necessary to allow the erring people to explain for themselves and allow other people to explain for them so that correct conclusions can be drawn carefully. Their spouses and children should not be involved and should not be forced to "make a clean break" with them. When taking organizational measures, we must not be swayed by personal feelings but must act in accordance with the procedure stipulated in the party constitution. Those who have violated the criminal law should be dealt with according to legal procedure.

Practice proves that good results have been achieved by adopting the above-mentioned methods. Phenomena, such as the many aftereffects of political movements, have not appeared.

##### 5. Rely on the Party's Own Strength To Solve Inner-Party Contradictions

Our party is a great Marxist political party. In the history of our party, there have been many setbacks and mistakes, but each time the mistakes were corrected by our party itself. The work of smashing the Lin Biao and Jiang

Qing counterrevolutionary cliques and correcting the serious mistake of the "Great Cultural Revolution" was also completed by our party itself. In solving inner-party contradictions, whether to rely on the party's own strength or to draw support from outside and leave aside party organization is not a question of method, but a question of whether to adhere to the thinking and principle for party building. Leaving party leadership aside in solving inner-party contradictions can only weaken and disrupt the party's fighting power and weaken or even abolish party leadership. In this respect, there were profound lessons in the party's history. During the rectification in 1947 and 1948, the grassroots party organizations were left aside and the role of the poor-peasant organizations was exaggerated. During the "four clean-ups" movement, the grassroots party organizations were replaced by work teams, and the results were not good. In particular, during the "Great Cultural Revolution," as a result of "kicking aside CPC committees to carry out revolution," party organizations at all levels were replaced by mass organizations, and the Political Bureau was replaced by the "Central Group for Leading the Cultural Revolution." The party was unprecedentedly undermined.

In order to solve inner-party contradictions, it is necessary to adhere to the principle of democratic centralism. After the basic completion of socialist transformation in our country, in solving inner-party contradictions, the "leftist" practice became more and more serious and was not corrected for a long time. This had something to do with the fact that the system of democratic centralism within the party had been constantly weakened and sabotaged. The deviations made by some units and departments in solving inner-party contradictions are also inseparable from the violation of the system of democratic centralism. During this party rectification, the system of democratic centralism was resolutely implemented. With some important problems, the method of full communication between the higher and lower levels was adopted, rather than letting one or two persons or a small number of people have the final say. The opinions of lower-level party organizations and the masses of party members were widely collected, and the views and methods of the party committees for the solution of problems were immediately made known to the lower levels. At the same time, repeated discussions were held in order to unify thinking. The correct opinions of party members and lower-level party organizations were enthusiastically adopted, and explanations were given in good time for those incorrect opinions. As to some improper demands of certain people, instead of going along with them or suppressing them, correct guidance was offered. Thus, the problems were handled more completely, accurately, and steadily.

The key to relying on the party organization in solving inner-party contradictions is that the leading groups must set a good example in the readjustment. Only when they are strengthened through readjustment can they lead the broad masses of party members to successfully carry out party rectification. At the beginning of this party rectification, some party committee members talked a lot about the problems of the old leading groups and seldom mentioned those of the new leading groups, and more about historical problems than the existing ones. Some comrades were busy making self-criticisms to the neglect of examining the problems of the party committees as a whole.

In view of this, the following "three priorities" were emphasized in solving the problems of leading groups: Giving priority to the examination of the collective and, on this basis, conscientiously carrying out self-criticisms; giving priority to solving the existing problems and avoiding talking about old and historical problems all the time; and giving priority to solving the problems of the new leading groups while summing up experiences and lessons from those of the old leading groups. This is conducive to solving the main existing problems at present, to strengthening the new leading groups, to enhancing the unity between members of the old and new leading groups, and to creating a new situation in work.

The first stage of party rectification of the whole army was a new practice for correctly handling inner-party contradictions. We should realize that the development of party rectification is uneven. The problems of some units have not yet been solved completely and thoroughly. In particular, as insufficient education in party spirit and party discipline has been carried out among party members, soon after the party rectification was completed, some units and party members were involved in the new unhealthy tendencies. The CPC Central Committee and CPC committees at all levels are adopting effective measures to solve the problems in this respect. Enhancing party spirit and strengthening discipline is also an important task for the second stage of party rectification. Provided we continue to adhere to the correct principles and methods in handling inner-party contradictions, the second stage of party rectification will surely be carried out more successfully than the first stage.

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FOSTER LOFTY IDEALS, ADOPT A CORRECT ATTITUDE TOWARD MATERIAL INTERESTS

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 11-13

[Article by Zhang Tingfa [1728 1694 4099]]

[Text] Comrade Deng Xiaoping pointed out in his speech at the national work conference on science and technology that lofty ideals are particularly important. He reminded us: "We must constantly educate our people, young people in particular, to foster lofty ideals." Comrade Xiaoping's speech is of important practical guiding significance for strengthening the construction of a revolutionary, modern, and regular army.

The lofty ideals we refer to are the magnificent ideals of communism. At the present stage, this means to foster the ideal of building the four modernizations and realizing the party's general goals and tasks. This is our important spiritual support and a tremendous force to further our advance. At present, some of our comrades have a confused understanding about this issue. They one-sidedly stress material benefits but neglect the importance of lofty ideals and spirit. This is not helpful to the construction of the army. If the attention of the army is focused on the pursuit of material benefits only, but the construction of spiritual civilization is neglected and no attention is paid to educating the cadres and soldiers in fostering lofty ideals, then the modernization of our army will fail to persist in a correct direction and the army will lose the motivating force of spirit and fighting will and will fail to resist the corruption of various decadent ideas. Our army is facing the new situation of reform, opening to the outside world, and invigorating the economy. The army itself will go through important reforms such as streamlining and reorganization. Under such circumstances, strengthening the education in lofty ideals in the army and arming the commanders and fighters with the ideals of communism is very important. Only when the army is inspired and guided by the ideals of communism will it be possible to perform important historical missions, to become a great steel wall safeguarding our socialist motherland, and to become an important force in building the socialist material and spiritual civilizations.

Advocating lofty ideas does not mean neglecting material benefits. As Comrade Deng Xiaoping has pointed out: "Revolutionary spirit is a priceless treasure. Without it there would be no revolutionary action. But

revolution takes place on the basis of the need for material benefits. It would be sheer idealism to emphasize the spirit of sacrifice to the neglect of material benefits." ("Selected Works of Deng Xiaoping," p 136) Planning for the people's benefit is the purpose of the proletarian political party. We overthrew the three weighty mountains in the past and realized our goal of founding socialist new China, which enabled the emancipation of the people and allowed each person a share of material benefits corresponding to his work contribution. At present we are implementing the party's principles and policies on reform, opening to the world, and enlivening the economy, and we are striving to quadruple the gross annual industrial and agricultural output value by the end of the year 2000. Then the people will acquire the material benefits of a "comparatively well-off" living standard. Lofty ideals are the tremendous motivating force for developing the social productive forces and for people to acquire material benefits.

As a communist, one should at all times have the magnificent goals of communism in mind, strive for these unremittingly, and regard the prosperity of the state and the people as his sole pursuit. He should conscientiously understand the whole situation and take it into consideration. He should be the first to bear hardships and the last to enjoy comforts. He should by no means place material benefits in an inappropriate position or compare himself with the masses in regard to material benefits. He should never forsake righteousness for personal gain. The accomplishment of the above is a fundamental reason why a communist is honorable and is able to win people's respect.

In times of war, at moments when the battles were the fiercest and the environments the most arduous, we have always done our best to send our best goods and materials to the front. We believe that when the commanders and fighters possess a high degree of political consciousness, the guarantee of goods and materials is important. However, we know that concern about the material life of the commanders and fighters cannot take the place of political education and mobilization. We have persisted in doing a good job in powerful political work, stimulating the cadres and soldiers to "devote their lives to lofty ideals." In the war of resistance against U.S. imperialism and aiding Korea and in air defense, the reason our aviators have been able to promote the selfless and fearless spirit of self-sacrifice is precisely because they are fighting for a just cause and they have a high level of political consciousness in the fight for the realization of lofty ideals.

In order to foster lofty ideals and to adopt a correct attitude toward material benefits, it is necessary to handle well the relationship between immediate and long-term benefits. When we advocate lofty ideals, we mean unifying immediate and long-term benefits. At the same time, we also mean that immediate benefits must be subject to long-term benefits. In carrying out education in lofty ideals, we must clearly explain the relationship between immediate and long-term benefits so that the cadres and soldiers may have a clear understanding of the superiority of the socialist system and the correctness of the party's line, principles, and policies. They will thus have a better understanding that doing a good job in reform and

realizing the four modernizations is where the fundamental and long-term interests lie. Thus they will conscientiously strive for the realization of these ideals. If some contradictions between immediate and long-term interests emerge, they will resolutely subject them to long-term interests. Leading cadres must pay attention to showing concern for the immediate interests of the masses, but it is not enough to just do this. Showing concern for the immediate interests of the masses will bring into play the enthusiasm of the masses, but if their enthusiasm is to be consolidated and to last, we must help them foster the lofty ideals of realizing the four modernizations and communism and have a clear idea of long-term interests.

So long as we give appropriate guidance, it will not be too difficult for the cadres and soldiers to have a clear understanding of the relationship between individual and revolutionary benefits and between the immediate and long-term benefits of our people's army. Every revolutionary soldier has his own personal immediate benefits in regard to his life, marriage, and family; however, each is able to subject his own personal immediate interests to those that will benefit the whole and are long-term. The post and duty of a revolutionary soldier enable him to have the best understanding of the relationship between the security of the state and his own personal future and happiness, and to conscientiously give priority to the state before his own family and to others before himself.

Should priority be given to the state or one's own family? This is by no means a matter of simple order, but is an issue of principle regarding the correct handling of the relationships between personal immediate interests and the long-term interests of the state. At a time when the state is exerting all its efforts to improve the economy, we comrades in the army should by no means divorce ourselves from the national situation, ask too much too soon for our immediate material benefit, or ask the state for help whenever we meet with difficulties. If a the-more-the-better attitude is adopted regarding immediate benefits, regardless of the long-term interests of national construction or even at the cost of sacrificing the interests of the state, just like some units did when they turned production funds into consumption funds and had it divided up and spent, it would be like "draining the pond to get the fish" or "killing the hen to get the egg." In the end, the material base for improving the living standards of the individual or families will be lost. Therefore, a solid material base for improving the living standards of the army will be created only when we have lofty ideals in mind and persist in the principle of an arduous struggle and building up the country through thrift and hard work.

In order to foster lofty ideals and to correctly handle material interests, it is also necessary to handle well the relationship between partial and general interests. Partial interests must be subject to general interests, which is an important principle. Without lofty ideals and a high level of political consciousness of taking the whole situation into consideration, it will be very difficult to handle well the relationships between the two. An important reason why some units have gone in for departmentalism is that the leading members of these units lack such a consciousness. All revolutionary soldiers who are willing to devote themselves to the realization of

the ideals of communism should regard the realization of the magnificent cause of the four modernizations as their own duty. When our country is not rich, our national strength is not solid. When there are financial difficulties, we should show an understanding for the difficulties of the state, share the worries of the state, and make greater contributions to the state. However, some people who suffer from serious departmentalism often forget righteousness because of some minor interests that will benefit their own department, regardless of the basic benefits to the state and the people. They have gone so far as to undermine the foundation of the state for the private interests of their small groups. The ideological root of departmentalism is the narrowmindedness of small producers. They lack the ability to look at things from a macroscopic view, and they fail to link immediate with long-term interests and partial with whole interests. Only when lofty communist ideals are fostered will it be possible for us to stand high and have broad vision, with the interests of the whole situation in view. Only then will it be possible for us to start from the basis of long-term interests, to safeguard the interests of the whole, and to consciously subject partial interests for the sake of the whole when contradictions arise between them.

Our army has an excellent tradition of taking the whole situation into consideration. In times of war, the commanders and soldiers have often made necessary sacrifices of individual or local interests for the cause of the whole. Today we must carry forward this fine tradition and make ourselves subject to the whole situation of national construction with one heart and mind. In this way the roots of our army will be deeper and its leaves may grow all the more luxuriant, for the army will grow powerful only when the nation becomes prosperous. National construction is the basic and long-term interest of the people of the whole country, including the army. Group or individual interests will have no roots if they deviate from the basis of the four modernizations.

When we stress subjecting partial interests to the interests of the whole, it does not mean denying or neglecting partial and local interests. The parts and the whole are interdependent on each other. An example is invigorating the enterprises. In order to enliven enterprises, which are the cells of the whole situation of the national economy, we should not neglect their interests. We should create conditions to invigorate them. This is because without these living cells, the body will become weak and rigid. Nevertheless, cells depend on the body for their existence, and their vitality will not come from an injury to the body. They should aid in the health of the body. Therefore, the parts should be subject to the whole situation, and the latter should take care of the former. Neither should be emphasized at the expense of the other.

Both positive and negative experiences over the past several decades, in particular the successful experiences since the 3d Plenary Session of the 11th CPC Central Committee, have demonstrated that linking the stress on lofty ideals with that on material benefits is the objective demand of the socialist cause. In order to do a good job in combining the two aspects, it is necessary to genuinely foster lofty ideals and to adopt a correct

attitude toward material benefits. It is imperative to strengthen ideological and political work. Special attention must be attached to the following points:

First, the explanation of minor principles should be linked with that of general principles. Some demands of cadres and soldiers seem to be reasonable based on immediate and partial interests, but from the view of long-term and whole interests, they are not feasible. In regard to such demands, we must acknowledge that they are rational; at the same time, patient and detailed explanations and education should be carried out. It should be made clear why they cannot be fulfilled at present, guiding cadres and soldiers to subject minor principles to major principles.

Second, the solution of ideological problems should be linked with that of practical problems. Some comrades fail to adopt a correct attitude toward practical problems because they lack lofty ideals and a high level of political consciousness. However, the practical problems of some comrades can and should be solved. Ideological problems arise only because the leadership has failed to do its job. If ideological education is carried out without solving any practical problems, it can easily become empty preaching. On the other hand, if only material benefits are stressed without solving ideological problems, the political consciousness of cadres and soldiers will not be raised.

Third, material and spiritual encouragement should be linked. Laying stress on spiritual encouragement without paying attention to material encouragement is not the style of materialism. However, if we go in for material encouragement without any spiritual encouragement, it will not make the enthusiasm of the masses consolidate and last, but will easily lead them to strive for individual material benefits only. Only when we make ideological and political work run through all kinds of professional work and stimulate people's enthusiasm and creativeness by linking material with spiritual encouragement will it be possible to train a new generation of communists who are expert in the practice of the four modernizations.

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DO NOT COMPETE WITH EACH OTHER FOR A HIGHER GROWTH RATE

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 14, 28

[Article by Jing Ping [2529 1627]]

[Text] In general, the present economic situation in our country is good, but there also exist some problems that we must not neglect. Some localities and units are in a blind rush to raise their output value and compete with each other for a higher growth rate. This problem should be particularly noticed.

In promoting the four modernizations, we must maintain a certain economic growth rate. An appropriate growth rate is necessary for expanding reproduction and improving the people's livelihood, and is indispensable for economic development in the 1990's. However, the growth rate is restricted by objective factors of our economic reality. Close internal relations exist among various sectors of the national economy and among production, distribution, exchange, and consumption. Appropriate ratios should be maintained among them in the course of reproduction. These proportionate relations are determined by the level of the social productive forces and by technological and economic conditions, and they are independent from man's will. The objective ratios condition the growth rates of various economic sectors. We should realistically analyze the objective conditions and distribute labor among various economic sectors in line with the requirements of the proportionate development of the national economy, so as to ensure the overall balance and to maintain an appropriate economic growth rate in every economic sector or locality. Only thus can we ensure the coordinated, steady, and sustained development of the national economy. If we blindly raise output value and seek an inappropriately high growth rate without regard to our objective conditions, the rapid economic growth may just last for a very short time, and a disproportion will be brought to our economic development and will disrupt the orderly process of reproduction and cause undesired fluctuations in our economic development. In this regard, we have painful historical experiences and we must bear in mind this lesson.

At present, some localities and industrial departments lack an overall viewpoint and a long-term plan. They are trying to "double" or "redouble" their output value without regard to actual possibilities and results. They start

producing or handling whatever they think will achieve a high output value and do not give consideration to the requirement of the proportionate development of the national economy and their own conditions. This has led to an excessive development of the processing industries and has put heavier pressure on the raw materials and energy industries and on transportation, which are now further from meeting the needs of the processing industries.

The excessively high growth rate of the processing industries will cause more difficulties for the ongoing readjustment of the economic structure. Through years of economic readjustment, we have basically rationalized the ratios between agriculture, light industry, and heavy industry, but many problems remain unsettled inside the industrial structure and the agricultural structure and between the material production departments and the non-productive departments. The energy industry and transportation remain the weak links in the national economy. Many industrial enterprises are technologically backward, and their products are of poor quality, lack variety, and are not readily marketable. To solve all these problems, we must make great efforts. Blindly raising the growth rates of some industries will only make settling these problems more difficult.

The tendency to compete for a higher industrial growth rate is unfavorable to the all-round economic structural reforms in the cities. The basic equilibrium between supply and demand and the largely proportionate relations between various economic sectors are necessary for the smooth development of the planned commodity economy, and form the starting point for the economic reforms. If we merely concentrate on raising the output value and achieving an inappropriately high growth rate, we will inevitably enlarge the scale of capital construction to an inappropriate degree and cause a short supply of raw materials, credit expansion, and inflation. This will make people doubt the effectiveness of the economic reforms. At present we are going to reform the price system and the wage system, which are two key links in the economic reforms. If we lose control of the financial and credit control and lose control of prices, we will not be able to achieve the expected results. Blindly raising the industrial growth rate will stimulate new demands and will render many materials in short supply. This state of affairs will make some enterprises feel that it is not so urgent for them to carry forward the reforms. They may merely concentrate on raising the output value and not consider improving their management, establishing a sound economic responsibility system, and conducting technological transformation. At present, in order to increase their earnings and raise their output value, some enterprises pay no attention to quality control, simply duplicate outmoded products, and even raise prices in disguised form. They achieve a high growth rate only by means of high input and low output.

The main problem in our present economic work is not a low growth rate, but low economic efficiency and results. The objective put forth by the party's 12th National Congress to quadruple the total industrial and agricultural output value by the end of this century is based on the premise of enhancing economic efficiency and improving economic results. The higher growth rate

should be based on making progress in technological transformation and enhancing economic efficiency. Only when we increase our production on the basis of lowering our labor expenses can the growth rate be solid and can the people enjoy actual benefits from economic development. Blindly raising the output value, paying no attention to economic efficiency, and increasing the output value by means of increasing investment and resources expenses will only bring about disastrous results aside from satisfying our vanity.

In order to develop the good situation and ensure the better coordinated and sustained development of our economy, we should make further efforts to bring the thinking of the whole party into line with the spirit of the 12th CPC National Congress and place the enhancement of economic efficiency in the primary position. We should continue to strictly control the scale of capital construction investments. When planning things, we should not only consider the needs, but also the possibilities, and the size of capital construction should be suited to our available financial and material resources. Our technological transformation projects and imported technology projects should also be handled according to our capability. For capital construction, we should control not only the number and size of projects, but also the total amount of loans for these projects. We should resolutely cut down on the capital construction projects which are not included in the plans and which will not ensure quick and handsome returns on investments, and should use more money to develop the projects which are most needed in the modernization process. We must strictly curb the unreasonable growth of the consumption funds. The growth in workers' personal income should be based on the rise in productivity, and the growth in consumption should be based on the growth in production. It is necessary to perfect our taxation system and to formulate sound regulations on the use of wage and bonus funds. We must strictly forbid the use of production funds in consumption items. We should further develop foreign trade and promote exports so as to earn more foreign exchange. The development of our foreign economic relations will contribute more to the development of our modernization drive.

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GUANGDONG IS ADVANCING IN THE COURSE OF EXPLORATION IN OPENING TO THE OUTSIDE WORLD

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[Article by Liang Lingguang [2733 7227 0342]]

[Text] In July 1979, the CPC Central Committee approved the practice of special policies and flexible measures for Guangdong. Experience in the past few years has increasingly shown the correctness of this policy decision. Under the affectionate concern and leadership of the CPC Central Committee and the State Council, the people of various nationalities in Guangdong, adhering to the demands of special policies, have doggedly taken an open-door approach, carried out economic reforms, and set up special economic zones accelerating the pace of construction. Not only have unprecedentedly good results been achieved in economic development but gratifying results have been achieved in socialist spiritual civilization construction, including education, science, technology, culture, sports, and so forth.

The special policies and flexible measures practiced by Guangdong mainly call for: 1) Further opening up to the outside world, with the granting of greater decisionmaking power in carrying out economic activities with foreign countries, the establishment of special economic zones, and so forth; 2) further enlivening activities in our domestic policies; 3) enlarging regional decisionmaking power and carrying out economic reforms, with the introduction of planned management mainly on a provincial basis, the adoption of contracts where financial matters are concerned, the allocation of a larger share of foreign exchange earnings from foreign trade and exports, and so forth. The aim is to let Guangdong give full play to its own superior features, bring about economic expansion as quickly as possible, and go one better in economic reforms.

In the past few years, Guangdong has made some explorations in the above various respects.

First, various ways have been adopted in energetically stimulating the inflow of foreign capital and Overseas Chinese capital, enlarging exchanges with foreign countries in economic and technical fields.

Guangdong, being near Hong Kong and Macao, has many Overseas Chinese and has extensive connections abroad. With the introduction of an open-door policy, many businessmen from outside the country have asked permission to do business in Guangdong and invest in factories. Taking advantage of favorable conditions, we have within the limits of the authority vested in us by the state gradually formulated a series of concrete policies and measures for using foreign capital, including measures to control the processing and assembly of materials from abroad, cooperative and joint-venture operations, self-financed operations, the export of labor services, and other matters. Guided by the principle of unity of responsibility, rights and profits, we have handed down some power to various city, prefectural, county and provincial departments in charge where matters of examination and approval are concerned, thus stimulating enthusiasm at various levels, raising efficiency in economic activities with foreign countries, and reducing delays occasioned by an inclination to pass the buck and by bureaucratism. In the past 6 years, the province signed a total of 50,000 contracts of various kinds for the use of foreign capital. Foreign capital available, based on contracts, reached \$7.1 billion, with \$1.9 billion already put into use. At first, projects for cooperation with foreign countries mainly involved the processing and assembly of materials supplied by foreign businessmen, the operation of hotels catering to tourists, and so forth. Later, they gradually extended to cooperation in running factories and involvement in the building of nuclear power stations, expressways and other major energy and communications projects.

In practice, we have discovered some ways of using foreign capital which fit in with our province's existing financial position and existing technical and management levels. Chief among them are: 1) "Three offers and one compensation" (the offer of materials for processing, the offer of parts for assembly, and the offer of semifinished goods for processing to specifications, and compensatory trade). Projects in these categories account for more than 90 percent of the total number of contracts with foreign countries and for one-third of foreign capital already put into use. They are scattered all over towns and townships in the Pearl River Delta, with employment provided for more than 430,000 people. The total foreign exchange earnings connected with wages reached \$783 million. In recent years, starting with the processing of materials for foreign businessmen, some factories of our province have developed by gradually bringing in advanced technology and equipment. 2) Cooperative operations. Projects in this category account for 30 percent of contracts with foreign countries and for more than 50 percent of foreign capital already put into use. They feature capital and equipment which are provided by businessmen from outside the country, while land, labor, and so forth are made available by our side. During the period of cooperation, these businessmen obtain profits on a proportionate basis with the recovery of principal and interest for their investment over the years. At the expiration of the cooperation period, their factory buildings and equipment revert to our side without compensation. This way of cooperation is flexible in approach and easy to practice with a sense of security provided for the investors. Businessmen from outside the country are willing to participate.

Second, funds have been raised by various means while the system for capital construction has undergone reform. The pace of construction has thus been greatly accelerated.

In the past few years, our province has made relatively great progress in capital construction. An important reason is that funds have been raised through various channels. The financial market has been enlivened. The turnover of funds is accelerated. Of the funds for capital construction in our province, the percentage of money allocated from the state budget has fallen greatly. The amount of money in foreign capital, bank loans, and self-raised capital used for capital construction has rapidly increased. For a large number of construction projects, money used must be repaid and interest must also be paid on it. So the cycle of construction must be quickened. Every effort is made to put a completed project into production as quickly as possible, so that borrowed money can be returned. Therefore, we have made appropriate reforms in our capital construction system, changing over from the "big rice pot" construction method marked by great waste and low efficiency to the contract system of inviting bids with investments committed to given jobs and with work and materials contracted for. Under this system, the construction period for projects in Guangzhou city, Shenzhen city, and other areas has been shortened about 20 percent compared with before the reform. For many tall buildings, while the upper floors are still under construction, the lower ones have been opened for business. Economic results are receiving attention.

Third, the import of technology is combined with the reform of existing enterprises, energetically stimulating technical progress.

Our province is industrially weak and does not have a strong foundation; its equipment is obsolete and its technology backward. Only by changing such a state can relatively quick development be achieved. With the introduction of special policies, the import of advanced technology is made easier. With the reform, industrial and communications enterprises have been vested with enlarged decisionmaking power and rewarded with retained profits. There have also been new sources of funds raised for the technical transformation of enterprises. We have combined these two factors and vigorously worked on the technical transformation of existing enterprises, achieving optimum results. Of the funds devoted to technical transformation in the past 5 years, bank loans and self-raised capital have accounted for more than 80 percent, and budget appropriations only about 10 percent. In importing technology and carrying out technical transformation, we make a point of giving prominence to priorities, with a given product taken as "the head of a dragon" and plans arranged in a dragon-like fashion. As attention is paid to the import of advanced technology, some enterprises have made technical progress by leaps and bounds starting with the transformation of one single item and the import of one single machine and ending up with the transformation of the whole enterprise and the import of whole sets of equipment. On this basis, their own products are developed. Through technical transformation, electronics, plastics, food and other industries have provided a collection of new products suited for market needs. Through the import of technology and the reform of enterprises, the machinery industry has enabled products to be

upgraded and replaced. The number of export products has risen from 30-plus kinds to more than 100 kinds. The output value of exports has risen more than five times.

To stimulate technical progress, we encourage extensive economic and technical cooperation across areas and across trades and promote technical exchanges opening up the technology market and guiding coastal economically well-developed areas to transfer technologies to inland and mountainous areas. Guangzhou, Foshan, Shenzhen and other cities have combined the import of technology with technical cooperation with inland areas bringing capital and technology to technically backward areas, developing economic and technical cooperation and rendering support for the chosen right parties. Satisfactory results have been achieved on a mutually profitable and mutually stimulating basis.

Fourth, within the limits of special policies, reform experiments have been made in foreign trade. Exports are expanded and the international market is developed.

Guided by the principle of handling commodities based on different categories, we have granted some power where foreign trade matters are concerned. We have especially entrusted city and prefectural companies with the handling of fresh and live products, reducing the number of links involved. Based on the rational flow of commodities, we have also rearranged and additionally established certain ports and loading and unloading points to facilitate foreign trade transportation. On the basis of readjusting the foreign trade financial system, we have energetically developed exports through agencies not included in plans, turning provincial responsibility for profits and losses into supplier units' responsibility for profits and losses and doing away with the situation of sharing equally in the "big rice pot" in foreign trade. At the same time, our province has run on a trial basis 20 import and export companies combining industrial trade, agricultural trade, and technical trade and eight enterprises directly involved in foreign trade--stimulating the combination of production and sales and technical transformation and raising adaptability in export matters.

Fifth, attention is paid to the tertiary industry, which is energetically developed. Outlets are expanded and services improved upon to pave the way for harmonious social and economic development.

In the past few years, we have all along stressed the direct relationship between the development of the tertiary industry and the improvement of the environment for investment and between the development of the whole economy and social progress. In the tertiary industry, we put great emphasis on the proper handling of financial matters, outlets and commercial development. In reforming the commercial system, several years ago, we broke state commerce's monopoly on operations. While continuously increasing and readjusting state commercial networks, we also brought about relatively quick development in collective and individual commercial operations. By the end of 1984, collective and individual operations accounted for a total number of workers exceeding that of state commerce and supply and sales

cooperatives. In addition, there were more than 245,000 people involved in long distance trading. We have reformed the commercial wholesale system and established industrial products trading centers and agricultural and sideline products wholesale markets. The total volume of trade at urban and rural trade fairs throughout the province reached more than 5.38 billion yuan, accounting for more than 10 percent of the national total. The number of urban and rural commercial networks has risen from 1.7 for every 1,000 residents to 10.5, making life increasingly easy for the people.

Experience tells us that the development of a modern economy calls for some organs to play the role of an organizer, a servant, and a medium. In recent years, there have continuously appeared in our province a number of companies which undertake to comprehensively contract for construction projects and which provide technical advice, information, and other services. They have played a very useful role in organizing social forces in various fields to engage in construction and stimulating cooperation in specialized fields.

As part of the tertiary industry, tourism has in recent years also shown relatively great development. A tourist network has begun to form in the province with Guangzhou city as the center. In the past 5 years, we have used \$900 million in foreign capital to build and to overhaul 144 hotels and restaurants (only 7 of them involving investment from the country). The number of beds catering to foreign tourists has been raised by 46,500. The number of travelers to the country reached 11.984 million last year, 1.837 million of them being handled by the Chinese tourist departments. Foreign exchange earnings from tourism reached about \$170 million.

Sixth, attention has been paid to the role of the law of value, with an initial reform made in the planning system and the pricing system.

Due to previous inattention to the law of value, excessively rigid controls were imposed in regard to planning and pricing in Guangdong, as in many other areas. This dampened the enthusiasm of commodity producers and traders. Over a long period the situation was marked by stability of prices and a scarcity of commodities, and prices were quoted for goods which were unavailable. In line with the planning system mainly based on the province, we made relatively early reforms in regard to planning and price controls. Beginning in 1980, the provincial government decided to reduce mandatory plans concerning production and circulation, enlarge the scope of guiding plans, and increase the regulatory role of the market mechanism. The number of first- and second-category agricultural and sideline products under unified state purchase plans and fixed quotas has been reduced from 110 to 5 kinds, after many readjustments. That of first- and second-category industrial products under planned purchase quotas has been cut from 95 to 22 kinds. The percentage accounted for by purchases made on a selective basis, contracted purchases, purchases and sales effected through agents and free purchases and sales has been enlarged. Some of the means of production are allowed to be put on the market. For example, the rolled steel and cement for local capital construction are for the most part supplied through reliance on market supplies.

Regarding the reform of the price structure, while following the readjusted planned prices under unified state arrangements, we have accordingly enlarged the scope and increased the depth of readjustment. For certain agricultural and sideline products whose prices are seriously incompatible with the law of value, we have adopted such measures as raising prices on excess purchases, granting subsidies on prices, readjusting the ratio between imposed purchase quotas and the retained percentage, redefining the incentive sales standards, and so forth to encourage production. Concerning locally produced and traded industrial means of production and industrial products, for those underpriced and in short supply, we have made appropriate readjustments in the sales prices of factories (mines), after approval from the relevant quarters. Regarding other means of production, for those distributed according to plan, planned prices are upheld. For those not included in plans, trading is allowed, with the recovery of the invested capital guaranteed. By handling certain commodities, state commerce has played a role in stabilizing market commodity prices. Shortly after the commodity prices of our province were liberalized in 1981, the prices of some agricultural and sideline products fluctuated quite a lot for some time. Given state commerce's involvement in regulation and comprehensive control, the development of production and an increase in the supply of commodities, commodity prices had tended to gradually stabilize since 1982. The index of provincial retail commodity prices for 1983 and 1984 rose only 0.7 percent and 1.2 percent respectively, compared with the year before.

Seventh, the vitality of enterprises has been strengthened through energetically carrying out reforms. The potential for the development of production has been raised.

Our province made a relatively early start in reform, enlarging decision-making powers for industrial and communications enterprises. In 1979, experiments with the retention of a percentage of profits exceeding given plans were conducted in Qingyuan County. Enterprises with good performances could retain a greater percentage of profits for technical transformation and improvement of workers' welfare. Workers' income was linked with the results of enterprise operations. The practice of egalitarianism was given up. Later, an experiment was also made with the enlargement of decision-making power for enterprises and with the substitution of taxes for profits. Various versions of the economic responsibility system chiefly based on "contracting" were introduced. For a number of small enterprises, collective commitment to contracts was practiced.

To strengthen the vitality of enterprises, we have stressed boldly employing managerial and pioneering talent, reformed enterprise personnel systems, employment, and distribution of wages and done away with the situation of sharing equally in the "big rice pot" in enterprises as far as distribution is concerned. Many enterprises have replaced the system of appointing cadres with one of selectively employing people on a contract basis and made a break with the usual practice in promoting a number of really competent and knowledgeable young and middle-aged cadres who have the courage to innovate. For enterprise employment of workers, we have adopted the method of "registering people for an examination, selecting the best and signing

contracts" and have tried by every means to use contract workers. In line with the needs of enterprises, we have brought in technical personnel from Hong Kong and from other countries. Some enterprises have gone from the employment of one or two foreign experts to the use of groups of talented people from foreign "management syndicates." Initial successful attempts have been made in bringing in talent.

The CPC Central Committee has called on Guangdong to go one step ahead in opening up and effecting reforms in search of experience. Reviewing work in the past few years, we feel that this has really been a complicated and tortuous process of exploration. We have obtained several insights as follows:

1. In carrying out the guideline of opening up to the outside world and carrying out reforms, we must firmly and unswervingly follow the direction pointed out by the CPC Central Committee and take big strides forward.

First of all, we are confident that the guideline of opening up and reform formulated by the CPC Central Committee and the special policies practiced in Guangdong are correct. Only by carrying out such a guideline and such policies can we accelerate the buildup of Guangdong and make a still greater contribution toward the modernization effort of the state. We have continuously conducted education for the cadres and the masses in this respect and strengthened everyone's confidence, so that the special policy of opening up and reform is deeply imprinted on people's minds. We encourage cadres to be pioneers marching forward in the process of opening up and carrying out reforms, make a point of protecting cadres' enthusiasm and creativity and of valuing talented people that combine originality with ability, and keep summing up the useful experiences of various areas and units in their practice and introduction of the reforms. Thus, everyone is made to see that this is the firm attitude of the provincial CPC committee and the provincial government toward opening up and reform. In regard to concrete policies and approaches, we assume a serious attitude and do things with prudence. In the past few years, in line with the policy formulated by the CPC Central Committee and the State Council and in light of the actual realities of Guangdong, we have continuously summed up and put forth some concrete guidelines and ways of giving a boost to the business of opening up and carrying out reforms. Not long after the 3d Plenary Session of the 11th CPC Central Committee, we called for the practice of "three openesses" (a more open approach to the outside world, a more liberal approach to things at home, and the delegation of more power) and the energetic development of "three ins" (bringing in foreign capital and Overseas Chinese capital, bringing in technology and equipment and bringing in skilled personnel and talent). We stressed contracting (the establishment of the economic responsibility system at all levels), integration (economic integration and allowing the circulation of commodities, capital and skilled personnel across areas and across trades) and expansion (expanding outlets and economic relations), reducing the links involved and improving work efficiency. In the process of blazing new trails, due to lack of experience, there also appeared some minor problems, some of them rather obvious. Given these circumstances, we have kept relatively calm. On the one hand, we assumed a solemn attitude and

seriously sought a solution to problems. At the same time, we remained firm and unshaken in following the direction of reform and openness, paying attention to protecting the enthusiasm and creativity of various areas and departments and not giving up just because of initial setbacks.

2. We proceed from reality giving guidance in light of different situations in different cases and groping our way across the river and seeking gradual expansion in two respects in the process of opening up and reform.

In opening up to the outside world and carrying out economic reforms, we lacked ready-made experiences. In particular, our going one step ahead in response to the central call makes it more likely for us to encounter unexpected new conditions and new problems. Therefore, despite our firm and unswerving adherence to the main direction, in concrete approach we have tried by every means to achieve the aim of groping our way forward with one step taken at a time and feeling our way across the river. Our reform was first started in agriculture and then gradually extended to other fields--first industry and then commerce, foreign trade, finance, and so forth. Of course, this is speaking generally of industries in order of priority and of reforms in terms of depth. Actually, reforms were carried out across various lines and trades and they interacted on and promoted each other. Openness on the whole began along the coast and then gradually extended inland. First, special economic zones were established. (The three special economic zones of Shenzhen, Zhuhai and Shantou were also started earlier or later.) The year before last, the CPC Central Committee decided to introduce a policy similar to that for the special economic zones, on Hainan Island. Last year, it decided to further open 14 coastal city ports. Among them were Guangzhou and Zhanjiang, two cities in our province. A similar policy was adopted for the urban areas of the two cities of Shantou and Zhuhai outside the limits of special zones. Not long ago, the CPC Central Committee and the State Council again decided to establish the Pearl River Delta as a coastal economically open zone. Thus, there formed in our province many patterns of openness at various levels, with openness gradually extending from the coast to the hinterland in a rolling fashion. In line with the central guiding thought and guideline, we, with the gradual expansion of the scope of openness and reform, paid attention to continuously studying new conditions, solving new problems, summing up new experiences and formulating new measures. In reform, we not only made a point of continuously readjusting the pace in light of changed actual conditions but also paid attention to upholding the continuity and stability of policy. All measures that proved effective were continuously upheld and popularized. Those that proved imperfect and unsatisfactory were improved upon and made perfect in the course of exploration. Those responsible for failure or found wrong were resolutely rectified upon being discovered. This was followed by a serious process of summing up experiences and lessons.

3. We firmly uphold the dialectical method of leadership striving to bring about three synchronizations.

Previous experiences showed that when centralization or unity was stressed, the phenomenon of excessive or too rigid controls was often likely to appear.

When the delegation of power and the enlivening of activities were stressed, necessary controls were also likely to be relaxed. In a word, going from one extreme to another was a deviation often witnessed in work performance in the past. In opening up and carrying out reforms, we repeatedly stressed to leading cadres at all levels that where guiding thought and the method of leadership are concerned, we must uphold dialectics, overcome metaphysics, and refrain from going to extremes. In concrete practice, we must strive to bring about three "synchronizations": First, opening up to the outside world and enlivening the economy at home must be synchronized with the strengthening of management. The vicious cycle of "loosening the grip, resulting in chaos and tightening the grip, putting things in a rigid state" must be done away with. Every effort must be made to achieve the aim of controlling major matters and leaving trifles alone, so that the more lively things are, the tighter the controls become, and the tighter the controls are, the more lively things become. Opening up and enlivening things do not mean withdrawing controls. Imposing controls aims at better guiding and protecting measures to open up and enliven things. Where power can be delegated, we must resolutely do so. Where things can be handled in a centralized and unified manner, we must still practice centralization and unification. Second, material civilization building must be synchronized with spiritual civilization building. Ideological and political work involved therein must not only be brought in step but also made to go one step further. In the past few years, with economic growth and the energetic development of education, science, technology, culture, sports and sanitation, gratifying results have also been achieved in cultural construction. Meanwhile, we have constantly studied new conditions and new problems in the ideological field and, with specific aims in mind, conducted education on the four basic principles, education on the party's line and general and specific policies and education on socialism, collectivism and patriotism. In our approach to exchanges with foreign countries and in spiritual and cultural life, we have insisted on excluding what is unhealthy but not what is foreign. In compliance with Comrade Hu Yaobang's instructions about "taking a special approach to special issues and a new approach to new problems, remaining firm in stand and resorting to completely new methods," we have stressed that in carrying out special policies in economic work, we must especially get things going in a lively manner. But in matters of education and management concerning cadres and party members, we must be particularly strict and must not allow seeking special privileges and special treatment and being "privileged" party members. Third, work on various fronts must be carried out at the same time, with the emphasis on opening up and reform. Only with various quarters acting in cooperation and with workers, peasants, businessmen, students and soldiers making joint efforts in properly controlling things in a comprehensive manner and showing mutual support can we properly handle matters about opening up and step up the pace of overall reform. Not only must the reforms in economic departments be coordinated but reforms in other noneconomic departments must also be brought into close coordination. For example, border and ports departments must change the ways of issuing certificates and making inspections and simplify exit and entry procedures. Political and legal departments must establish legal advice organs to protect investors' legitimate interests. Scientific, technical, cultural, educational, health and other departments

must increase their vitality through reform. Meanwhile, they must also serve economic reforms and stimulate economic reforms. Facts show that the reforms in various relevant departments can be spaced to take place earlier or later to help each other--but not too far in between--since that could hinder the progress of other departments thus affecting the situation as a whole.

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AN IMPORTANT REFORM OF THE ENTERPRISE LEADERSHIP SYSTEM IN OUR COUNTRY--ON THE SYSTEM OF FACTORY DIRECTORS ASSUMING RESPONSIBILITIES AND DEMOCRATIC MANAGEMENT BY STAFF MEMBERS AND WORKERS

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[Article by Chen Bingquan [7115 4426 2938]--passages within slantlines published in boldface]

[Text] The key link in our urban economic structural reform is to strengthen the vitality of our enterprises--in particular, the large and medium-sized enterprises owned by the whole people. The reform that is centered around this key link cannot help but involve the reform in the internal management structure and leadership system in our enterprises.

/The major shortcomings of our previous system are separation between responsibility and power and the failure to separate the functions of party organizations from those of enterprise management./

Since the founding of the PRC, there have been many reforms in the leadership system of our state-owned enterprises, but for a long time we implemented the system of factory directors assuming responsibilities under the leadership of party committees. On the one hand, this was because during the initial period after the founding of the PRC, we lacked experience in modern management and referred to the practice of running various kinds of enterprises and institutions during the revolutionary years, thus adopting an organizational form that combined party organizations with enterprise management. On the other hand, this system was suited to the highly centralized economic management system at that time, in which our enterprises had little decisionmaking power and we stressed putting politics in command and regarded class struggle as the key link. This leadership system displayed some of its incurable shortcomings long ago, the largest being the separation between responsibility and power and the failure to separate the functions of party organizations from those of enterprise management.

One principle that all leadership systems must abide by is the unity between responsibility and power and between rights and duties, therefore, a leader should shoulder responsibility for the tasks assigned to him. The practice of putting our enterprises under the leadership of their party committees

while requiring their managers to shoulder responsibility for them was one of separating responsibility from power which caused many negative consequences. It constituted one of the important reasons why there was no strict responsibility system in our enterprises for a long time and why it was very difficult to set up sound administration and management and production command systems there. Since 1981, we have carried out an initial reform in our enterprise leadership system in accordance with the principle of "the party committee exercising collective leadership, staff and workers conducting democratic management, and the factory director exerting administrative command." This is what we usually call the practice of "the party committee collectively making policy decisions" while "the factory director exerts administrative command." This has played a positive role in improving the division of labor between party organizations and enterprise managements and alleviating the confusion in enterprise administration. However, it has failed to radically solve the problem of separation between responsibility and power.

The major problems in this leadership system remain the failure to separate the functions of party organizations from those of enterprise managements, the substitution of the former for the latter, and the confusion between political and economic organizations. As a result, the party committee of an enterprise in fact shoulders the leadership responsibility for all things in the enterprise ranging from politics and ideology through administration and management, exercises the greatest power in making policy decisions and a fairly large part of the power of administrative command. In his report to the 12th national party congress Comrade Hu Yaobang said: "Our party is no longer an organization imbued with the power to issue commands to the masses of people, but has become the administrative and production organization." Though all the political and economic activities of our state are led by the Communist Party, party organizations should not and cannot replace the economic management organizations of our state and enterprises. The failure to separate the functions of our party organizations from those of government and enterprise administration and the practice of substituting party organization for government and enterprise administrative organizations will inevitably result in hindering and weakening the work of production administration and management. At the same time, it causes the party committees in our enterprises to become engrossed in daily administrative affairs, weakens the work of our party itself, causes all contradictions to be concentrated on our party committees, and gives rise to a very passive situation. As far back as in 1980, Comrade Deng Xiaoping pointed out that this factory management system is detrimental not only to the modernization of factory management and of our industrial management system, but also to perfecting the party work in our factories, and must therefore be reformed.

/The implementation of the system of factory directors assuming responsibilities is an objective demand in managing modern enterprises./

Enterprise management is a special function stemming from our social labor process and is a part of our social labor process. Marx pointed out: More or less all direct social labor or joint labor on a relatively large scale needs someone to command it in order to coordinate the activities of the

individuals who take part in it. "A violin soloist can command himself, but an orchestra needs the command of a conductor." ("Collected Works of Marx and Engels," Vol 23, p 367) The functions of management in a modern enterprise are not only shown in the necessity to command and coordinate the labor of the various parts of the enterprise (the scale of which is far larger than that in the past) but also in the fact that as the market expands and science and technology develops quickly, information, technology, patents, software and so on have become commodities; therefore if an enterprise is not satisfactorily and effectively managed, it will not be able to achieve optimal economic results. In order to turn our enterprises into socialist commodity producers and operators who are capable of remolding themselves and developing themselves, we must establish a unified, vigorous and highly efficient production command and administrative and managerial system that is suited to this purpose, and we must rely on a number of commanders and managers who have professional knowledge and management ability. Only by implementing the system of factory directors (managers) assuming responsibilities can we meet this objective demand.

This also involves the problems concerning the relationship between ownership and the power of operation in our enterprises. The "Decision of the CPC Central Committee on Reform of the Economic Structure" pointed out: "As Marxist theory and the practice of socialism have shown, ownership can be duly separated from the power of operation." This thesis entirely meets the objective demand of modern production. The traditional enterprise management theory holds that the power of operation realizes the ownership of an enterprise; therefore, the two cannot be separated from each other. However, as far back as the time when Marx investigated modern capitalist management, he pointed out: "In the share companies which have developed along with the development of credit business, generally speaking, there has been a trend that this management labor as a function becomes increasingly more separated from the ownership of the capital supplied or borrowed by the owners." ("Collected Works of Marx and Engels," Vol 25, p 436) He pointed out that capitalist production itself has already made it unnecessary for the capitalist to personally act as the manager of his enterprise. Modern capitalist enterprise management theory also holds that the owner of an enterprise is not necessarily its best manager. As technology progresses and economy develops, the scale of enterprises is expanded and their operational activities become complicated and this has raised an increasingly exacting demand on the professional knowledge and management ability of enterprise managers. This has caused the emergence of what people called "groups of new managers." Most of the shareholders have lost their power to take part in the management of their enterprises, and a number of internal and external experts who have administration and management competence form management groups together with the entrepreneurs to grasp the enterprises' administrative and management power.

How should the working class manage their enterprises under the conditions of the public ownership of the means of production? In his book "State and Revolution," Lenin had the tentative idea that "we workers will organize on our own mass production on the basis of the achievements created by capitalism." ("Selected Works of Lenin," Vol 3, p 212) After the October

Revolution, the Soviet state ordered the implementation of the workers' supervision over factories, mines, and railways. Then in April 1918, banks were nationalized and capitalist enterprises began to be confiscated. So the enterprises were managed by workers instead of being supervised by them. However, soon it was found that this method of managing factories did not work. This was, on the one hand, because of the war and on the other hand because it caused confusion in the management. Some factories became paralyzed and the whole economy was on the verge of collapse. In 1920, at Lenin's suggestion, the Ninth Congress of the Russian Communist Party (Bolshevik) adopted a resolution on substituting the system of one-man leadership for the system of collective management in industrial management. At that time, one of the important ideas in implementing that reform was that "the management had to be put in the hands of experts." This in fact touched on the problem concerning the relationship between ownership and administration and management. Lenin once said: "How does the bourgeoisie exercise its management? When it is the ruler, it manages as a class. But does it not appoint some people as leaders? We have not yet caught up with the level of its development.... In order to achieve victory, we must throw away all outdated prejudices. The position of the working class as the ruler has already been written into our constitution and embodied in our ownership. It is also shown in the fact that it is we ourselves who urge things to progress. However, management is another thing and is something concerning ability and skill." ("Collected Works of Lenin," Vol 36, p 544)

The victory of the Chinese revolution was achieved through prolonged revolutionary wars. During the initial period of the founding of the PRC, we already had relatively strong party contingents and cadre forces. We did not adopt the method of workers managing enterprises that Russia adopted after the victory of its revolution, but stressed the leadership role of party organizations. At the same time, the method of enterprise management was closely linked with the entire guiding ideology. In the period of the First 5-Year Plan, when the focus of the work of the whole party was switched onto our economic construction, we more or less respected economic laws and began the transformation from party committees assuming responsibilities to the system of factory directors assuming responsibilities. After we began to stress putting politics in command in our guiding ideology and switched to the practice of regarding class struggle as the key link, we underwent a retrogression by stressing that those who were not professionally competent could lead those who were professionally competent and that the party committees should exert leadership over everything. Just like the practice of state organs directly managing enterprises, the practice of enterprise party organizations exerting a direct leadership over enterprise administration and management fell far short of the requirements of modern enterprise management. This has already become a problem that urgently demands a solution in our current economic structural reform.

Of course, control and supervision are necessary in implementing the system of an individual leader assuming responsibilities in our enterprises' production direction and administration and management systems, including the supervision by upper-level organs, party organizations, and the masses of the people. Some comrades lay excessive stress on the necessity for making

policy decisions by individuals and for the unity between the power to make policy decisions and the power of administration and management. This is not entirely correct; for it was not the cause of the major defects in the past. In modern capitalist enterprises, there is a separation of policy decision-making power and a trend of transformation from individual policy decision-making to collective policy decisionmaking. For as the scale of enterprise operation expands, and the contents of operation become complicated, the daily workload of a top enterprise manager is too heavy and this will certainly affect the fulfillment of his major functions. And, however talented the manager is, various shortcomings will emerge because of the limitation of his personal experiences as a leader. This is a problem worth further investigation.

/Laborers taking part in management is an evitable trend of the development of the productive force./

The development of the productive forces gave rise to various social divisions of labor including the division between mental and physical labor and between production and management labor. However, as social productive forces continue to develop, there will be new development and change in the existing division of labor and differences. As has been mentioned before, an orchestra needs a conductor, but in playing the new-type multi-purpose electronic music instruments, people who are both players and conductors may emerge. In the early stage of capitalism, production is mainly completed by relying on the heavy manual labor of the workers. However, urged by the progress of science and technology, in particular by the rapid development of microelectronic technology and the massive application of computer control and automation technology, mental labor becomes increasingly important and the level of education of the laborers becomes increasingly high. Since 1956, the number of white-collar workers has exceeded that of blue-collar workers in the United States. In many production sectors, there is no longer merely simple, repetitive, and heavy labor and the capitalist cannot entirely rely on primitive methods of supervision over the workers. Therefore, since the 1950's, diverse discussions and experiments on workers taking part in management have emerged in the capitalist world. Of course, this practice of workers taking part in management by no means changes the essence of the capitalist private ownership that the capitalists are the masters of the enterprises while the workers are employed slaves. This diametrically differs from the practice of workers taking part in enterprise management in a socialist country.

Under socialist conditions, the staff and workers take part in the management of the state and the enterprise under their rights as masters of the state and enterprises. This is determined by the essence of the socialist public ownership and it is also an objective demand resulting from the development of the social productive forces. While initiating the system of one-man leadership, Lenin attached great importance to the problem of workers studying and taking part in management. He put forth the well-known idea that trade unions were communist schools as well as schools where people learned the management of economy. Over the past few years, the economic and theoretical circles of various socialist countries have made

much new exploration into the problems related to mobilizing the vast number of masses to take part in management. The "Decision" stresses that under socialist conditions, enterprise leaders' authorities and the laborers' status as masters, initiative and creativeness are in unity. Therefore, while implementing the system of factory directors assuming responsibilities, we should never overlook the issue of staff and workers taking part in management.

/Democratic management is an important embodiment of the staff's and workers' status as masters./

The establishment of the socialist system has enabled our workers to be freed from exploitation and slavery and become masters in the society and production, and made it possible for them to vigorously display their ability and talents and create tremendous social productive forces unprecedented for any previous society. However, this has not been understood by everyone. As a socialist economy is still a commodity economy and continues to use wages as the main form of remuneration for labor, people often fail to clearly see that under the socialist conditions labor and the status of laborers have undergone radical changes. This is shown in the fact that the leaders of some enterprises regard the staff and workers merely as labor, and is also shown in the hired hand mentality among some staff and workers.

In a socialist enterprise, there has already been a change in the economic and political status of ordinary staff and workers and the role that they play. The implementation of distribution according to labor and the right to obtain a rational distribution of the results of their labor is an important manifestation of the ordinary staff's and workers' status as masters. However, this alone is not enough. Like enterprise leaders, the ordinary staff and workers also shoulder the responsibilities for the production and operation of their enterprises; therefore, naturally, they are very much concerned about the results of the operation and the prospects and fate of their enterprises and demand the democratic right to take part in the management and to satisfactorily run their enterprises. A shrewd enterprise leader can certainly respect the ordinary staff and workers' status as masters in the enterprise, see the tremendous latent socialist enthusiasm among them and is good at encouraging them to take part in enterprise management and in enlivening the enterprises.

The ordinary staff and workers' status as masters is not an abstract concept and must be earnestly ensured by the various regulations of the enterprises. Therefore, while implementing the system of factory directors (managers) assuming responsibilities, we must perfect the system of staff and worker congresses and various democratic management systems so as to guarantee the rights of the vast number of staff and workers in taking part in the democratic management of the enterprises.

The years of practice in our country have proved that the staff and workers congresses can relatively widely allow all staff and workers to take part in the management and are the organizational form that has relatively clearly

defined responsibilities and power. We should be clear that the staff and worker congress of a state-owned enterprise is not a leadership organization that has the top management power of the enterprise nor an advisory or consultative organization, but is an organization through which the staff and workers exercise their right of democratic management. It should perform its functions and duties and exercise its power in examining and discussing the major policy decisions, supervising the administrative leadership, and safeguarding the legitimate rights and interests of the staff and workers.

The key to perfecting the system of staff and workers congresses is to regard examining and discussing the major policy decisions of the enterprise, boosting its reform, and promoting the development of its production as the key to the activities of the congress. Staff and worker participation in the democratic management in the main means their participation in making policy decisions in the enterprise and the mobilization of the vast number of staff and workers to work hard in order to implement these decisions. It does not mean that ordinary staff and workers should take part in the work of the daily management departments of the enterprise. The operation principles, important rules and regulations, and the welfare services for the staff and workers of the enterprise should respectively be submitted to the staff and workers congresses for discussion, approval, or decision. In particular, the major schemes and policy decisions of reform should be submitted to the staff and workers congress for discussion or examination and decision, and then a resolution will be adopted by the congress on the implementation of these schemes and decisions in order to win over the vast number of staff and workers to take part in and support the implementation.

The staff and workers congress plays an important role in strengthening the supervision over the administrative leadership, ensuring the correct implementation by the enterprise of the party and state principles and policies, preventing bureaucracy and other unhealthy practices and maintaining a close tie between the cadres and masses. We should establish a democratic evaluation system for the leading cadres of our enterprises to evaluate the actual results of the cadres in managing the factories and make suggestions to the upper level on awarding or punishing them. In accordance with the arrangement of the upper-level administrative organization, the congresses democratically recommend and elect factory directors (managers).

The staff and workers congresses should perform their functions in safeguarding the legitimate rights of the masses of staff and workers, fight with a clear-cut stand against all practices that harm the interests of the state and the working class, and resolutely protect the democratic rights and legitimate interests of the staff and workers. They should fight against the activities of the staff and workers who harm the interests of the state and collective as well as against the bureaucrats who do not hold themselves responsible for the party and the state and are not concerned about the weal and woe of the people.

Staff and workers taking part in democratic management is conducive to pooling and giving play to their initiative and wisdom, and to improving administration and management, promoting technological progress and raising economic results while focusing on enhancing the vitality of the enterprises. As Lenin said: "No democracy that exists in isolation can ever give rise to socialism." ("Collected Works of Lenin," Vol 25, p 439) In the final analysis, democratic management also serves the economy and production while the fundamental task for an enterprise is to develop its productive forces. The development of economy is a fundamental guarantee and necessary precondition for realizing staff and workers' interests. The aim of the democratic management by the staff and workers and that of the enterprise leaders in administering and managing the enterprise are identical. It is necessary for staff and workers and leaders to join their efforts and cooperate with one another in jointly managing their enterprise. Organically combining the system of factory directors assuming responsibilities with the democratic management of the staff and workers embodies the unity between the requirements of modern mass production and the socialist nature of our enterprises and the unity between the authority of enterprise leaders and the laborers' status as masters. This is a road that we must follow in satisfactorily running the socialist enterprises with Chinese characteristics.

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## A SOCIALIST INHERITANCE LAW WITH CHINESE CHARACTERISTICS

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 24-28

[Article by Ren Yan [0117 0917]--passages within slantlines published in boldface]

[Text] The "Inheritance Law of the PRC," which was discussed and passed by the Third Session of the Sixth NPC, is our nation's first inheritance law. This inheritance law sums up our nation's experiences over many years in regard to the inheritance of citizen's personal property, accords with socialist principles, and has Chinese characteristics. Its promulgation and implementation will be beneficial to carrying forward the fine tradition of providing for the aged and looking after the young, in promoting unity and mutual help between members of families, and in improving social stability. It will also be beneficial to arousing positive factors and in promoting socialist economic development.

### I

Our nation is a socialist nation. Why do we need to legally affirm and guarantee an individual's right to inherit property? This question is of foremost importance in correctly understanding our nation's inheritance law.

The system of inheritance was formed with the appearance of the family unit and private ownership, and has a history of several thousand years. The bourgeois class and all the exploiting classes have all along considered the inheritance of property an unalterable principle, a sacred right which can not be infringed, and even the basis for the existence of society. Over 100 years ago, Marx criticized the followers of Saint-Simon, Bakunin, and others for their mistaken view that the abolition of the right of inheritance was the starting point for the socialist revolution. Marx pointed out: "The inheritance law, as all other ordinary civil laws, is not a /cause/ but an /effect/. It is a /legal conclusion/ which is derived from the /existing socioeconomic structure/. This economic structure has as its base the private ownership of the means of production, that is, land, raw materials, and machinery." ("Selected Works of Marx and Engels," Vol 2, p 284) Marx was clearly pointing out that the working class had to struggle against the "cause" rather than the "effect." At the same time, he held that the proletariat, on obtaining power, could use the "abolition of the law of inheritance" as a means by which to change the capitalist modes of production.

By 1956 our nation had basically completed the socialist transformation of the privately owned means of production. Why then do we need today to legally guarantee the right of inheritance? This is something for which Marx did not supply a ready-made solution. However, he did leave us a valuable principle for handling this problem; that is, the legal rights which form the superstructure are determined by the economic base. Thus we can only look to our nation's present socialist economic relations in seeking the reasons for our nation's right of inheritance and in viewing its role correctly.

First, in our country the means of production are basically all publicly owned, but the means of consumption are not, and cannot be, publicly owned. Because of the restrictions brought about by the level of development of the forces of production and the degree of the ideological consciousness of the people, not only today but throughout the course of socialism, most of the means of consumption are owned by individual laborers or families and were obtained through distribution according to work. Our nation's constitution clearly stipulates that the citizen's rights in regard to lawful property and income through labor are protected. Since there is the right to own the means of consumption, the right of inheritance must be appropriately guaranteed.

Second, looking after the old and the young and the economic task of labor force reproduction is not mainly the responsibility of the state, but is mainly the responsibility of families. Thus, mothers and fathers can save for their children during their lifetime and can accumulate property. The children will do all they can to look after their parents, and upon the parents' death will legally inherit their property. At the same time, they will be bringing up the next generation. This relationship of property inheritance, based on familial and blood ties, is necessary for bringing into play the role of families and for promoting social stability and unity between families and neighbors.

In addition, the function of our nation's families is not just that of consumption. In many situations they are also producers. For example, after the reform of our nation's economic structure, the responsibility systems which are based on family units and which link remuneration to output were widely instituted in the rural areas. Apart from land and a small number of large machines, the other labor tools are owned by families. These machines and tools are not restricted to the sickles and hoes of times past, but include much large livestock, walking tractors, and other types of small-scale agricultural machinery. Even included are some large machines such as vehicles. The great number of individual economy operations which have appeared in cities own an increasing amount of the means of production. It is based on this situation that our nation's inheritance law clearly stipulates that the scope of citizen's inheritance of property includes "those means of production which the law allows citizens to own." (Article 3) As our nation now allows and protects the existence of the individual economy and individual operations, the means of production which the people who engage in such economic activities have and use must be protected and be allowed to be inherited. If not, and we only allow them to have and use the

means of production during their lifetime, allocating them elsewhere on their death, these people's enthusiasm will be dampened and there will be no way for the individual economy and individual operations to continue to exist.

Our nation's inheritance law has also made some special stipulations in regard to the "contracts" about which the urban and rural people are concerned. Following the gradual deepening of the reform of the economic structure, our nation has seen the appearance of different types of individual contracts and the periods of some contracts have been extended. To accord with this situation, Article 4 of the Inheritance Law affirms: "The due individual benefits from individual contracts can be inherited under the stipulations of this law." It is necessary to point out that what is allowed to be inherited is not the ownership of the object of the contract. Ownership rights will remain with the state or the collective and only the individual benefits obtained through operational or management contracts will be inheritable. As to the individual's right of contract, this is a matter to be set down in the contract, not a question of inheritance. Of course, for some contracts, when the contractor dies, it will be possible to continue the contracts. But this cannot be handled like the inheritance of a legacy. Thus it is stipulated: "When it is permissible according to law for the heirs to inherit the contract, this must be handled in accordance with the contract." (Article 4) In this way, on the condition of not harming the principle of socialist public ownership, it is permissible to bring into play the laborer's enthusiasm for implementing contracts.

The role of the inheritance system in our nation's social life should not be understated. It has great significance in protecting the citizen's ownership of individual property, in motivating citizen's enthusiasm for building socialism, and guarantees our nation's stability and unity, family harmony, and the smooth implementation of socialist economic construction. After the founding of the PRC, inheritance relationships continued to exist. The first constitution, which was promulgated in 1954, stipulated and guaranteed in explicit terms the right to inherit individual property. During the "Cultural Revolution," the so-called bourgeois rights were erroneously criticized, but among the masses the right to inherit individual lawful property was continually recognized. After the 3d Plenary Session of the 11th CPC Central Committee, through the arduous task of bringing order out of chaos, in guiding ideology and the various aspects of actual work, the state actually restored protection of the right of inheritance. In 1982, a clause in our nation's constitution stipulated the protection of the right of inheritance, and now we have specially formulated the Inheritance Law. Practice has proven that this is beneficial to the accumulation of social wealth, conforms with the demands of developing our nation's productive forces, accords with the nature and characteristics of our nation's production relations and with popular will.

We Communist Party members do not advocate reliance on legacies in taking care of ourselves. But in the socialist stage, there must be the inheritance of legacies. This is the historical materialist attitude. When the communist society is realized, with its great material prosperity, social

consumer goods will be distributed according to need and people's ideological consciousness will also be greatly raised. At this time, the economic base upon which the right of inheritance of individual property depends for existence will be lost and the right of inheritance will wither away.

## II

The safeguarding of the inheritance of individual property provided by our nation's inheritance law is intrinsically different from the safeguarding of the inheritance of property in capitalist societies.

The system of succession in the feudal patriarchal society in pre-capitalist times had personal (that is, personal authority) inheritance as its main part, and the inheritance of property followed this. Capitalist society abolished the inheritance of personal authority but retained the inheritance of property. Socialist society also, formally, maintains the inheritance of individual property, and this is seemingly not too different from inheritance in a capitalist society. However, in actuality, the two are innately different.

We know that law is part of the superstructure and thus is determined by the economic base and in turn served by the economic base. In the legal system, "the law of inheritance most clearly shows the law's dependence on the relations of production." ("Collected Works of Marx and Engels," Vol 3, p 420) This is because it has the closest relationship with a nation's form of property ownership. The right of ownership is the legal manifestation of the system of ownership and the right of inheritance is determined by the right of ownership. In other words, only when the ownership of property has been assumed can there be any inheritance of this property. Thus it is said that the right of inheritance is actually an extension and continuation, on the legislative level, of the system of ownership. It is the ownership of the means of production which really determines the nature of a country's right of inheritance. The possession by individuals of consumer products, and other aspects, do not have the same decisive role.

The capitalist inheritance system was established on the basis of the capitalist private ownership system. Its core is the consolidation and safeguarding of this private ownership system. In terms of the inheritance of property, the means of production figures the most prominently, manifested as large amounts of real estate and capital. This has mainly been gained through exploitation, and the inheritors are of the capitalist class. The aim of this inheritance is to provide the later generations of the capitalist class with property to allow them to exploit others. In this way the capitalist private ownership system will continue for generation after generation. Marx pointed out that in capitalist society "the reason inheritance is socially significant is that it gives the legatee the ownership rights which the deceased possessed /in his lifetime/. That is, it gives the legatees /the power to grab the results of other people's labor/ in accumulating their own property." ("Selected Works of Marx and Engels," Vol 2, p 284) This is the real essence of the capitalist inheritance system. Capitalist property inheritance is also relatively centralized, and it

guards against the dispersal of property so that competitiveness can be maintained. Of course, this is not to deny that among the vast working class of a capitalist society, there are some means of consumption which can be inherited. But there are few of these and they do not form the main part of inherited wealth. This is even less so for the large number of impoverished laborers and their families who own not a thing in the world, who rely solely on the sale of their labor to stay alive, and who even have large debts on their shoulders. For these people, the right of inheritance is of absolutely no significance. Thus, we can say that in a capitalist economy, at one end there is the inheritance of wealth, while at the other end there is the inheritance of poverty. This polarization produced by private ownership and exploitation is precisely where the significance of the existence of capitalist rights of inheritance lies.

Our nation's socialist inheritance system was established on the basis of public ownership and thus the nature of the right of inheritance saw some changes. This is manifested in: The inheritors are mainly laboring people, not exploiters; the inherited property is mainly the means of livelihood consumption; these means of consumption were obtained by citizens through distribution according to work and other legal avenues; the inherited property is mainly used for improving the family's life and looking after the needs of the old and young; and the purpose of inheritance is to guarantee the smooth development of the socialist economy and the peace and happiness of the people in their family lives. Thus the right of inheritance protected by our nation's law is essentially different from the right of inheritance protected under capitalism.

Some people ask whether allowing individuals to inherit the means of production is the same as capitalism. Will this produce exploitation? Certainly not. We know that the proportion of the means of production which the law allows citizens to own is very small. The possession and inheritance of this part of the means of production will not affect the essence of our nation's socialist ownership system and will not affect the socialist situation where the means of consumption are the major objects of inheritance. Also these few means of production are different from those inherited under the capitalist system. In brief, they are not the products of exploitation and are not the tools of exploitation. Marx, in describing the role of capitalist inheritance, pointed out: "/Inheritance/ did not /produce/ the power to take the fruits of one person's labor and put them into another's pocket--it is just that it is involved with the replacement of the people who have this power." ("Selected Works of Marx and Engels," Vol 2, p 284)

Following the development of our nation's economy, the amount of individual inheritance of property has grown. Some people are worried that this will lead to the negative phenomenon where some people "obtain benefits without labor" and rely on an inheritance to stay alive. Indeed, legacies which citizens receive are mainly obtained without personal work for them (even though the legatee fulfilled many obligations in supporting and looking after the legator while the latter was alive). However, this is completely different from that which is referred to in Marxist economics as "benefit

without labor." "Benefit without labor" specifically refers to one who does not labor but uses the fruits of other people's labor. Throughout their lives, the masses receive all sorts of compensation, subsidies, legacies, and even interest on their savings and on any national bonds they have purchased. One of these can be said to be "benefit without labor." We must distinguish between the two. In a capitalist society, the sons and daughters of the exploiting class can be parasites, living off their inheritance and seeing the right of inheritance as a matter of life and death. Socialism is not like this. As Engels said: "In the imminent social revolution, at the very least, the greatest part of the durable, inheritable wealth--the means of production--will be put under the ownership of the society. Thus, all concerns about the transmission of property will be reduced to the lowest level." ("Selected Works of Marx and Engels," Vol 4, p 71) Seen from the situation in our nation, the amount of property most people can inherit is not great. It is purely a supplementary means of providing for life's needs, and not a means by which people support themselves completely without working. In addition, socialist labor is glorious and the socialist tradition whereby laborers are respected by the people naturally has a deep influence on people. Thus, many people who have received large inheritances are all still working positively for socialism. Those who actually rely on their inheritance to stay alive are extremely few. Because the public ownership of the means of production provides a base, although some people have inherited relatively large amounts of property, it does not prevent the people of our nation from following the road of common prosperity. It will not give rise to polarization. At the same time, it is possible to levy an inheritance tax to prevent such phenomena from occurring.

### III

Our nation's inheritance law also manifests socialist principles which accord with our national conditions in other important aspects.

1. It upholds the principle of male and female equality and protects the inheritance rights of women. For several thousand years in our nation's history, the feudal society maintained the traditional consciousness that men were to be respected and women looked down upon, that succession was from father to son, and that the eldest son of the legal wife would take precedence in inheritance. These ideas are still quite strong in the minds of the people. This has been manifested in inheritance, and often women's legal right of inheritance has not been recognized. Also, the inheritance rights of women whose husbands have died have not been guaranteed. Widows who have remarried have found it difficult to retain their deceased husband's property. It is for this reason that our nation's inheritance law, on the basis of the constitution's stipulation that "women of the PRC enjoy equal rights with men in political, economic, cultural, social, and family terms," has provided appropriate stipulations: 1) In terms of the right of inheritance, men and women are equal. (Article 9) If equal in inheritance priority, there will be no difference in inheritance rights on the basis of sex, between sons and daughters, mothers and fathers, or brothers and sisters. 2) If there is to be division of an estate, apart from property about which agreement has been reached, half of the property

jointly owned by a husband and a wife while married will be given to the spouse of the deceased. The remainder will become part of the estate of the legator. (Article 26) Afterwards there will be division of the estate among the first priority legatees (including the spouse). (Article 10)

3) In order to prevent a widow from being obstructed in retaining property when she remarries, it is especially stipulated that "when one party of a marriage remarries after the death of the other party, the party has the right to make arrangements for the inherited property. No person is to interfere in this." (Article 30)

2. It is beneficial for looking after the young and caring for the aged. In terms of the right of inheritance and the shares of a legacy, it has been necessary to make various stipulations on this: 1) If a legatee has intentionally killed, abandoned, or seriously maltreated the legator, the legatee will forfeit his right of inheritance. (Article 7) 2) The legatees who provided the most support for the legator or who lived with the legator will, on the division of the legacy, receive a greater share. Those legatees who had the ability and appropriate situation to provide support for the legator but did not fulfill their support obligations, on the division of the legacy, should not be given a share or be given only a small share. (Article 13) 3) Daughters-in-law or sons-in-law who have been the main support of their parents-in-law will be considered first-priority legatees. (Article 12) People who are not legatees but who provided great support to the legator can be given appropriate legacies. (Article 14) The legacy support agreements signed between citizens and collective economic units are also affirmed. (Article 31) All these are beneficial to the care and support of the aged. They manifest and carry forward the fine tradition of our nation's people whereby the aged are supported and respected. They also are advantageous to allowing the aged to pass their latter years in peace.

3. It strengthens the habit of socialist morality and combines equal rights with a developmental spirit. In accordance with the requirements of the inheritance law, the share of the legacy received by legatees of the same inheritance priority should be equal. However, as there are all sorts of specific situations, our nation's inheritance law also requires that "the legatees, in accordance with the spirit of mutual understanding and mutual accommodation, harmony, and unity, should discuss the arrangements for the inheritance." (Article 15) If the legatees discuss and agree on it, it is possible for shares to be unequal. It is also specifically set down that legatees who have special difficulties in their lives and lack the ability to work, should be taken care of. (Article 13) As for non-legatees who, lacking the ability to work or the means of livelihood, depended on the legator for support, should receive an appropriate legacy. (Article 14) Even under equal conditions, it is still encouraged that legatees be mutually accommodating, treat each other in a friendly way, and improve mutual understanding. This is different from the capitalist system where none of the legatees will give up even a small part of their right of inheritance. They have to get every small advantage, and even get tangled up in lawsuits which last for years over the legacy, resulting in all sides being hurt.

Our nation is a great multinational country, and the socioeconomic and cultural development of the various nationality areas is very uneven. The customs and habits of the various nationalities are also different. It is for this reason that in the supplementary articles of the law it is expressly stipulated: "The people's congresses of minority autonomous areas, on the basis of the provisions of this law and in accordance with the specific situations in regard to local nationalities' property inheritance, can formulate adaptative and supplementary provisions." (Article 35) In this way the various nationalities' interests and traditions are taken into account and we can thus avoid inappropriate, uniform action.

The passing and implementation of our nation's first inheritance law has received the support of and been welcomed by all nationalities throughout the country. We believe that this law will indeed play a positive role in our nation's social life.

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RESEARCH ON THE SCIENCE OF EDUCATION IN THE COURSE OF EDUCATIONAL REFORM

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 29-32

[Article by Liu Fonian [0491 0154 1628]]

[Text] Educational reform is a complicated and difficult task. If we wish to guarantee the smooth implementation and healthy development of educational reform, it must be coordinated with research into the science of education. Our country has made several attempts at reform in the past. Some of these attempts have yielded reasonable results, some were begun but never completed, and some have ended in miserable failure. One of the reasons for this is that research into the science of education has been overlooked. People have relied on subjective wishes and rushed into things. Having learned this lesson, the present national reform should, as far as possible, reduce its blind nature and strengthen its scientific nature.

Educational policies clearly show the guiding ideology of educational work, the service orientation, the training goals, and other important questions. How we are to formulate correct policies, and after they have been formulated, how we are to correctly implement them, cannot be separated from scientific research. That is to say, research into the science of education provides a scientific base for the formulation of policies and can provide correct elaboration on the policies. For a long period, under the influence of "leftist" ideology, the policy of education serving proletarian politics was interpreted as education serving class struggle. This resulted in great losses for the cause of education. Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has clearly pointed out that economic vitalization must rely on education. Education must be geared toward the four modernizations. This policy accords with the objective patterns of our nation's economic and social development. When the service targets are clear, we will be able to appropriately raise the training goals. The function of education is to train, for construction now and in the future, new types of up-to-standard skilled personnel who are developed in an all-round way in moral, intellectual, and physical terms. Science education workers must carry out a great deal of investigative research and use facts to prove the correctness of the policies and their importance in developing education, and must stir the whole nation to do well in terms of the awareness of and enthusiasm for education. Apart from researching the relationship between education and economic modernization,

it is also necessary to study the relationship between education and political democratization, education and the raising of spiritual civilization, and so on, as well as the interrelationships between moral education, intellectual education, physical education, aesthetic education, and education in labor and technology. It is also necessary to study the specific significance of these various types of education in the new historical period. Finally, it is necessary to study the question of the relationship between overall development and developing individual strong points, and similar questions. The general policies must be manifested at every level and in every type of education so that every school bases itself on the general policies and, proceeding from the actual situation, arranges its own guiding principles for running the school.

An important aspect of educational reform is educational planning. Of foremost importance in this respect is the scale and speed of educational development. The former "leftist" ideology, which did not concern itself with socialist construction, brought with it the ideas of looking lightly on knowledge and looking lightly on skilled personnel. Thus the development of education was blocked. Now, under the guidance of the ideology which respects knowledge and skilled personnel, in accordance with the needs of economic and social development, our nation's education is inevitably experiencing great and rapid development. In order to enable the development scale and measures of the various educational institutions to accord with our nation's strengths and the financial resources of the people, and also to coordinate with the demands of economic development, the mapping out of short-term and long-term development plans has become an important task in educational science research. Planning involves very many questions. For example, in terms of the system, there is the question of the ratio between ordinary education and vocational education. In tertiary education, there is the question of ratios between administrative and specialty courses. These two areas have been seriously imbalanced in the past. In deciding how to arrange all the ratios in a rational way and how to carry out a readjustment of scientific, technical, economic, and social development in a timely way, we need to continually carry out investigative research work. The development of education also relates to the problems of educational funds and teacher training. How we are to increase the sources of funds, how we are going to raise the level of substandard teachers and train a large number of up-to-standard teachers in a short time are all important questions which must be seriously studied in educational planning.

Educational planning includes the plans and systems for enrolling students and for allocating them. In the past, our nation's specialized education plans were basically mandatory. The plans were formulated by various relevant departments which handled the setting up of schools and specialties, the enrollment of students, and their allocation. This was referred to as the departmental ownership system. Reports on mandatory plans were submitted upward from the lower levels and these were compiled and passed down again. There existed many limitations and much one-sidedness. Not all of society's needs in terms of skilled personnel could be included in the mandatory plans. The situation where some units had too many skilled personnel and other units sorely lacked such personnel could not be resolved.

The departmental ownership system resulted in the specialties which schools established being too narrow. Thus the students were only trained in a limited range of skills and those who were thus trained were only allocated to that department. There was no interflow between departments, which resulted in a great waste of skilled personnel. This type of over-centralized planning based on departmental divisions should be reformed. The scale of mandatory planning should be reduced and we should develop guidance planning and the enrollment of students for the society. The departmental ownership system should be changed to a system where schools are run for the society and training is carried out according to contracts. Educational plans should be flexible and adaptable. However, because of this, planning work will be more difficult and will need to rely on scientific research even more. From now on, the formulation of enrollment and allocation plans will be an important task for research in the science of education.

In the middle school phase of education, there is the issue of so-called "streamlining." In accordance with the needs of socialist modernization, our nation must exert great efforts to develop vocational and technical education. After young people receive compulsory education, they should be streamlined. Some junior middle school graduates should go on to senior middle school, while the majority will go on to vocational and technical schools. Some senior middle school graduates will go on to universities, while others will undergo short-term vocational or technical training before becoming employed. Thus, within a certain period, a definite ratio between ordinary middle schools and vocational middle schools will be formed in accordance with the demands of the society and school conditions. However, this ratio will continually change. Local governments at all levels must carry out much thorough investigation and research work, and in accordance with economic and social development, must fix and continually adjust this proportional relationship.

In brief, educational planning is complicated, highly scientific work. The plans must be established on the basis of investigation, research, and forecasting, and there must be certain changes and adjustments every year in line with the development of the actual situation. This is continuous work which must be done by specialized researchers. Research in international education planning has already become an important and useful aspect of educational science. In our educational reform, our nation must develop this aspect.

The management system also needs to be reformed. What is referred to as management here is the management of schools by central or local leading departments as well as management within schools. Formerly, management was too centralized and school autonomy was too limited. Management was excessive and command was too rigid. This restricted the operational initiative and enthusiasm of schools. The question of centralization and delegation of power, that is, the question of where the leading department is to have management power and where the school is to have autonomy, has always been an important question in educational management. It is not going to be easy to devise methods by which we can streamline administration and delegate

power while strengthening comprehensive control over policies and the development of education, so that there is comprehensive control and vigor at the lower levels. Thus we should carry out long-term, serious research work. As to the reform of management within schools, there are the questions of a separation of party and administrative work, the school head responsibility system, and the responsibility systems for management staff and workers at all levels. There are also the questions of the organizational structure of education and scientific research work, the system of rules and regulations, the conditions for teaching staff, working conditions, the autonomy of students, the gradual socialization of logistics work, and so on. When we resolve these problems, we will be able to arouse the enthusiasm of teachers and staff and bring great vigor to work in schools. In the reform of education, the due role of educational administration and school management should be brought into play.

The most basic aim of the system reform is to improve the quality of education. The reform of education is the most wide-ranging of the reforms in the overall reform and is also the most formidable. Every teacher must participate. There are many factors which will determine whether the quality of education can be greatly improved, but the key lies in the enthusiasm of the teaching staff and their professional level. The raising of the professional level of the teaching staff is not something which can be done in one quick step. The training of and advanced courses for teachers is the key to the work of reforming education, and it is in this respect that we need to make great efforts. There are currently many problems in education. For example, tertiary specialties are too restricted, there are too many compulsory courses, and the contents of courses are outdated. All of these aspects block education from suiting to the needs of modernization. It is also necessary to carry out educational reform in middle and primary schools, for example, by increasing the number of computer classes and labor technology classes, establishing a certain number of elective classes, strengthening extracurricular activities, revising some of the course materials, and so on. The reform of courses and course materials is important. We should mobilize experienced teachers, specialists in various disciplines, experts in educational science, and psychologists to work together and carry out research in this respect. If, after courses are added and materials changed, the teachers will not follow the courses and the students do not accept them, it will be no good. Thus, in training teachers and compiling new course materials, including supplementary teaching materials and student reference materials, everything should be done in a coordinated way. The reform of courses and course materials will be the motivating force for research in the science of education.

It is necessary to reform some of the current bad educational methods and eradicate the phenomena where students just simply parrot things, do exercises mechanically, are divided into the bright and the slow, and so on. In education, we must break away from spoon-feeding and allow each student to bring his initiative into play, develop students' ability to study on their own, their ability to work on their own, and their powers of thought and imagination, and develop their spirit of exploration, innovation, and creation. To ensure that most students study well, we must strengthen the

management of the educational process. In any single unit of education, it is necessary to proceed from the overall plans and the actual situation of the students, and to set specific educational goals in terms of intellect, ability, aptitude, and so on. It is necessary to continually get feedback from students, and if they are not studying well, to provide a remedy in a timely way. It is necessary to examine students in accordance with the stipulated educational goals, and even when they reach standard and excellent levels, to help them continue to progress. It is also necessary to teach students in accordance with their aptitude and in accordance with each student's characteristics, in order to bring into play their strong points. In this way we will be able to train some outstandingly capable students and to have a bumper harvest of students overall. The forms and methods of education are extremely numerous. If we are to grasp them all and select the best, we need to do much research and gain much experience. Examinations for entering higher grades, especially the examination for entering the university level have a great influence on the direction of education. Everyone recognizes that the examination for entering the university level is what directs primary and middle school education. Learning things by rote, just preparing as necessary for exam questions, and so on are all the results of trying to ensure passing the exams. Thus, the examination for entering the university level and admissions procedures should be subject to great reform. The need for research on tests, examinations, and other appraisal methods is very pressing. In improving educational methods, we must fully recognize the importance of using and improving educational technology, such as the use of slides, tapes, videotapes, television, films, computers, and so on. This technology cannot fully replace the teacher, but it can serve as an important complement to teaching. In the reform of education, studying this modern technology is vital.

The reform of ideological and political education should resolve the problem of political and ideological education lessons requiring blind repetition and being divorced from social reality and the students' ideological reality, resulting in words and actions not being in accord and what students feel and what they say being at variance. We must pay attention to using the newest modern scientific achievements and lively facts in educating the students. In education, we must strengthen the links of investigation, research, discussion, and practice. We must also pay attention to studying how we are to carry out ideological education through various types of sciences, various types of activities, and various types of organs. A person's spirit is a comprehensive entity with mutually influential moral, intellectual, physical, aesthetic, and labor aspects. Each of these aspects permeates all the others. That which influences a student's mental outlook is the overall social environment, not just one course of study. The results of solely carrying out ideological and moral education will be very slight. We must make the students' mental lives very rich and noble. We should link education in school with education at home and education in the society. This is paid much attention to in many modern countries and they carry out a great amount of research on it. Assessing the results of ideological education is also a difficult problem and it is necessary to seriously study it.

In the reform of primary and middle-school education, there is another question which is very worthy of study. In the future, our nation must introduce streamlining at the senior middle school stage. After the junior middle school stage and after the senior middle school stage, there will be some students who will go on to further study and others who will go to work. There will be the problem of directional guidance in selecting an industry or profession. This guidance will not only depend on the student's results; it will also depend on his interests, abilities, and mental and physiological characteristics. At the same time, it will also be necessary to consider the needs of society. I believe that this can also be one of our research topics and that we can develop this important and useful branch of education.

In order to resolutely and appropriately carry out educational reform to consolidate the results of the reform and to guarantee the conditions for the development of the cause of education, it is necessary to firmly set down the following aspects in a legal form or as regulations: the educational policies, the educational system, sources of funds, the management system, capital construction of schools, equipment standards, teacher-student ratios, the position of teachers and their conditions, the obligations of enterprises and undertakings in training skilled personnel, and so on. How legislative and administrative organs at various levels are going to draw up educational legislation and promulgate educational regulations is a pressing problem.

Research into the science of education is generally divided into research which can be applied and basic theoretical research. The previously mentioned research on principles and policies, planning research, management system research, research on courses and educational methods, research into educational legislation, and so on, all fall within the category of research which can be applied. Research methods and styles include investigation, experiments, summations, and forecasting, as well as psychological assessment, educational assessment, appraisal and statistics, the use of electronic computers, and more. This type of research has been seen only rarely since liberation and thus the methods and tools have seen no development. Now we must refer to the experiences of foreign nations, sum up our nation's reality, and gradually engage in construction. The plans, ideas, and analysis and appraisal of results in research for practical applications should rely on theory for guidance. Thus, research for practical application is the motivating force for promoting research in theory. Some problems of research for practical application require high levels of theory in analysis, and naturally this enriches basic theoretical research. Our nation is still weak in terms of research into basic educational theory and many disciplines are now only able to provide an introduction to research results abroad. If we wish to produce our own results, we must link theory and practice. Basic theoretical research work must be combined with research for practical application. In terms of people involved, the number of people engaged in research for practical application in various countries is quite large. In some countries the figure is about 80 percent. But this is not to say that basic theoretical research is not important. As far as our nation is concerned, we should currently greatly stress research with practical

applications and concurrently strengthen the relationship between theoretical research and practice. It is anticipated that in the reform of education, some theoretical disciplines, such as educational sociology, educational economics, educational psychology, development psychology, differential psychology, comparative education, and so on, will see great development. In the field of education, apart from standard education which has a reasonable base, preschool education, tertiary education, vocational and technical education, adult education, family education, and special education will all see development.

In the last few years, research in education has been paid much attention. Educational administrative organs at different levels have successively set up education research institutes and offices and many universities and some primary and middle schools have also established research organs. Both at the central and local levels, education associations have been established. These associations frequently arrange academic exchange activities. The administrative organs and the associations have also set out many scientific research topics, divided tasks, and organized coordination. Several teacher training colleges have set up educational science specialties, and all sorts of books and periodicals on education have appeared. Many schools are engaged in educational reform experiments either in an overall way or in individual areas, and the number of researchers, both specialized and general, is increasing. This is all very pleasing. However, to accord with the developing scale of research in the science of education, the administrative and association leaders at all levels must further form the various research organs and academic groups into a network and strengthen coordination. Money for research should be increased and research funds should be established. Research personnel should be trained and there should be an exchange of research experiences. Finally, there should be an assessment of the research results achieved. It is extremely important that the understanding of leaders at various levels in regard to scientific research should be raised. Some of our nation's leading administrative departments for a long time were used to issuing orders from the upper levels, whipping up movements in carrying out reform, and rushing into things. They paid little attention to what would result and sometimes did not even think about the results. Now this situation has been greatly changed. Now, before policy decisions are made, wide-ranging, thorough investigations and research are carried out. In regard to important reform measures, serious discussion is first organized. It is stressed that it is necessary to proceed from reality and that we should not act uniformly in all situations. Persevering, positive, and safe progress is stressed, in which experiments are carried out first and then successful experiences are gradually popularized. Continual investigation work is carried out in regard to the reform situation and experiences are summed up and lessons drawn. When defects are discovered, they are immediately corrected and, when necessary, the original ideas are scrapped. In scientific research, there is now a willingness to spend money and to enlist skilled personnel. There is now a respect for the results of scientific research and it is not necessary for the results of research to accord with the subjective ideas of the leading organs. When leaders at all levels have an understanding such as this, scientific research will be able to play its due role in the reform of education.

## SCIENCE'S PROSPERITY AND ACADEMIC FREEDOM

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 33-35

[Article by Sun Ziyu [1327 5261 3842]]

[Text] The "Decision of the CPC Central Committee on Reform of the Science and Technology Management System" issued not long ago is another important document following the "Decision of the CPC Central Committee on Reform of the Economic Structure," which also attracted international attention. The ninth part of the two decisions deals with the question of respecting knowledge and talented people. Not only did Comrade Deng Xiaoping on many occasions point out that [of the 10 parts of the "Decision of the CPC Central Committee on Reform of the Economic Structure"] the ninth is the most important, but he also emphatically said: "It is necessary to create a situation favorable to the emergence of outstanding talented people. The purpose of reform is to create such a situation." These remarks by Comrade Deng Xiaoping accurately grasp the key to promoting prosperity in science.

Creating a situation favorable to the emergence of outstanding talented people requires various conditions, one of which is academic freedom. This is what the ninth part of the "Decision of the CPC Central Committee on Reform of the Science and Technology Management System" means when it says: "Truly respecting scientists and technologists means guaranteeing them freedom of academic inquiry and discussion so that they can pursue truth fearlessly."

By academic freedom, we mean that the freedom of academic inquiry and discussion and the freedom to debate and to make criticisms and counter-criticisms are allowed in the sphere of learning. The question of the rights and wrongs of academic affairs can be solved only through a free exchange of views and by the test of practice and not by means of administrative orders. Even if the question cannot be settled right away, people are encouraged to further study and discuss it. People who hold different views are allowed to form different schools of thought and each school is encouraged to strive to make more contributions in the contention of a hundred schools of thought. Only in this way can science develop. The development of science is determined by the laws governing academic research.

As everybody knows, man has the ability to understand the objective world and change it. The objective world is extremely varied and complicated. Judging from the whole long process of man's cognition, which knows no bounds, in the final analysis man can understand this incomparably varied and complicated objective world. However, as far as specific individuals are concerned, their understanding of specific things in the objective world and the results of their understanding are determined by their own situation, competence, interests, and will. If all these factors come together, they will have the ability to influence the scientific arena most effectively. The history of science vividly shows that the process of this influence is complicated and tortuous and that in probing the mysteries of the world (both the objective world and mankind), it will not do for a specific administrative head to define beforehand the concrete fields, ways, and results of the probing. This is the characteristic and objective law of human spiritual production. Violation of this objective law will hamper the development of human civilization.

"Encourage people to pursue truth fearlessly" is an idea drawn from our country's historical lessons. Since the founding of the PRC, we have launched criticism campaigns one after another in regard to the natural sciences. Practice has proved that these criticisms have gravely impaired the dignity of science, fettered the creativity of scientists and technologists, and ruined a large group of gifted top-notch people. Therefore, the idea of "encouraging people to pursue truth fearlessly" is to this day still very appealing.

Legislative barriers do not generally contribute to the frequent disruptions of academic freedom. China's Constitution guarantees citizens the right to academic freedom (of course, legislation in some concrete areas badly needs to be enacted, such as press and publication laws). The fact that academic freedom has been hard to fully achieve lies mainly in barriers which are attributable to social and ideological factors.

China has played a feudal rule in history. For a considerably long period of time after the founding of new China, it was distorted by "leftist" ideology. Therefore, many people have an inadequate understanding of the necessity and importance of academic freedom. For example, at the mention of academic freedom, some people think that Marxism should be discarded as the guide for action. This is a definite misunderstanding.

The mission of science is to continuously expand what is known by mankind and to enable mankind to constantly open up the unknown. This means that science must constantly battle inherent concepts and carry the challenge through to the complete repudiation of the "generally acknowledged truth" which is considered perfectly justified but is, in fact, erroneous. The argument that imposes rigid restrictions on the limits of scientific activities, namely, on specific research topics, and demands that scientific research arrive only at conclusions defined beforehand is evidently wrong. This attitude toward science has been prevalent throughout the history of China and other countries. This approach constitutes a major obstacle to academic freedom.

Science is characterized by pursuance of truth. Friedrich Engels said: "Only among the working class does the German aptitude for theory remain unimpaired. Here it cannot be eradicated. Here there is no concern for careers, for profit-seeking, or for gracious patronage from on high. On the contrary, the more science proceeds in a ruthless and unbiased way, the more it finds itself in harmony with the interests and aspirations of the workers." ("Selected Works of Marx and Engels," Vol 4, p 254) We must keep firmly in mind this famous remark by the classic Marxist writer. The rights and wrongs in academic affairs can be settled only through execution of the freedom of academic inquiry and discussion and by the test of practice and not by the pursuit of "concern for gracious patronage from on high" or the methods of having "the lower level subordinate to the higher level" and of "the minority submit to the majority." The muddled concept that misinterprets party leadership over scientific undertakings as the practice of issuing administrative orders and of personal submission in the domain of learning and that attempts to replace scientific exploration with adjudication by power is another obstacle to academic freedom.

There is an old saying: To study alone and without a friend makes a man rusty and ignorant. However, to learn from each other by exchanging views makes people wise. In other words, learning requires academic exchanges. In the present era in which science is flourishing, one may well say that with academic exchanges, no scientific development is out of the question. The exchange referred to here is not only the exchange of different views held by different domestic schools of thought, but also the exchange of views on a global scale. We used to apply the patterns, concepts, and the modes of thinking with which we had been familiar during our state of national seclusion. With the implementation of an open-door policy, the foreign patterns, concepts, and methods incongruous to what people have been familiar with cause them to indiscriminately reject these and not dare to conduct any exchanges with others in this regard. This closing to international intercourse in academic affairs is also an obstacle to academic freedom.

In the study of the natural sciences, the past practice of wantonly putting political labels on others has been seldom seen of late, but people frequently see another form of labelling--"putting philosophical labels on others." In other words, more often than not, people who hold some specific views in the study of the natural sciences are indiscreetly stuck with the labels of "idealist" and "anti-materialist." In the study of the natural sciences, we should undoubtedly take dialectical materialism as the guide. However, it must be acknowledged that instead of coming from nowhere, dialectical materialism is based on the achievements in the natural sciences. Of course, it will continue to develop with the development of the natural sciences and will continuously promote its own development with the development of the times. Philosophy must face the new problems posed by the natural sciences and study and resolve these problems from a methodical angle. Otherwise it will have no vitality. Moreover, we should not adopt a casual attitude toward philosophic materialism and philosophic idealism. We must not think that so long as we adhere to materialism, there will be no problems. Lenin said: Clever idealism is closer to materialism than

stupid materialism is. This remark by Lenin is well worth pondering. Particularly today when science is developing at full speed, it is far from enough just to be a mechanical materialist. What we should uphold is the scientific stand of dialectical materialism. Failure to clearly understand the relationship between philosophy and the natural sciences and the oversimplified and narrow misinterpretation of the guiding significance of philosophical world outlook, it can be said, are an obstacle to academic freedom in the domain of the natural sciences.

To effectively ensure academic freedom, there are still two problems to solve. One is how to approach mistakes in academic affairs, and the other is how to view the party's policy of "letting a hundred schools of thought contend."

The task of science is to seek truth, but truth cannot be achieved at one stroke. All scientists, whether uncommon brilliance or impressive in talent and contributions, are likely to make mistakes. Hence, there is a problem of how to approach the mistakes committed by scientists in the course of academic exploration. On no account must we act in a summary fashion on this matter. Only when scientists are allowed to make mistakes can we hope they will make successes. There are too many instances to cite in this respect. As everybody knows, Ernst Mach's thought contained idealism in substance and was repudiated by Lenin. However, it was precisely Mach's doubts on Isaac Newton's mechanics that provided Albert Einstein with useful enlightenment in forming his theory of relativity. The great scientist James Prescott Joule, who discovered the law of conservation and exchange of energy, immersed himself in intensively studying the theory of perpetual motion and was keen on making a machine that would do this. It was precisely because he took such a complicated road, and after he drew lessons from his mistakes and pondered the differences between heat energy and kinetic energy of mechanical movement from his negative experiences, that he made great successes. Just think, could any outstanding talented people be found in the history of science if these scientists were labelled and their studies suspended immediately when they made mistakes? In the history of science, instances of the following are too numerous to cite: What was originally correct was invariably regarded as an erroneous thing the moment it came into being and what was originally erroneous was regarded as a correct thing for a long period of time due to the limits of historical conditions. Such being the case, if we jump to hasty conclusions "affirming" or "negating" the research results of these scientists and discourage them from further debates, discussions, criticisms, and counter criticisms, we might consider what is correct an erroneous thing and what is genuinely erroneous as a "correct" thing and have blind faith in it forever. Therefore, in the domain of learning, not only must we not jump to hasty conclusions on a controversial view in an oversimplified way, immediately referring to something as "correct" or "erroneous," but we must also make an analysis of what is really erroneous from a historical viewpoint rather than wantonly denouncing it. In this way, people can truly "pursue truth fearlessly."

As early as the beginning of the 1950's, Comrade Mao Zedong put forth the "double hundred" policy of "letting a hundred flowers blossom and a hundred

schools of thought contend." However, after 1957, "letting a hundred schools of thought contend" was interpreted as "two schools of thought"--the struggle between the "proletarian school" and the "bourgeois school." The assertion of "letting a hundred schools of thought contend" was unable to materialize in reality. The summarization of "two schools of thought" does not fundamentally conform with the objective reality of scientific exploration. The history of science has proved that when various classes are probing the mysteries of the universe, it is absolutely impossible for each class to have only one school of thought. More important is that according to this division, it is imperative to determine who will adjudicate by whether one is a bourgeois or a proletarian. Such being the case, how can people "pursue truth fearlessly"? Only when the "theory of two schools of thought" is turned from being unorthodox to the right path can academic freedom be ensured.

Of course, ensuring academic freedom is not the exclusive matter of the leaders. It is also a task for all scientists to undertake. Academic authorities of the older generation who enjoy high prestige should cherish and ensure the academic freedom of the young scientists who have academically matured of late instead of stifling different opinions and suppressing academic criticism. The latter should also respect the academic freedom of the former and their views or different opinions. All scientists, young and old, should join hands to pursue truth and create together a good situation so as to promote prosperity in science, on an equal basis, with each freely airing his own views.

Academic freedom does not mean letting things take their own course. Freedom of academic inquiry and discussion is one thing, and the policy decisions on science and technology and the plans for scientific research formulated by the state or research institutes on the basis of investigation and study are another. As for the latter, if scientists have different opinions, they are encouraged to advance their proposals to the departments concerned or are allowed to have reservations, but they are not allowed to take their own course of action. It goes without saying that scientists should not forget the glorious duties they are shouldering. It is appropriate that the ninth section of the "Decision of the CPC Central Committee on Reform of the Science and Technology Management System" stipulates that stressing academic freedom is aimed at "satisfactorily combining the sense of responsibility for society of scientists and technologists and the devotion to their work with the requirements of the state, and bringing their wisdom and creativity into full play." We are fully confident that China's long-tested scientists will certainly live up to the ardent expectations of the party and the people.

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DO WELL IN DRAWING CLEAR DISTINCTIONS, PERSIST IN REFORM

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[Article by Shi Youxin [2457 0645 2946] in "Ideological Commentary" column]

[Text] Without clear distinctions, there would be no policy. Drawing clear distinctions and having a good grasp of them is the basic skill in leadership work. At present, while unswervingly promoting the progress of reform, we should truly correct the new unhealthy trends. This is a very complicated matter, because it involves many matters of right and wrong and problems of policy in economic life, political life, and others. Our leading organs and leading cadres cannot but pay special attention to drawing clear distinctions and having a good grasp of them.

1. We should draw clear distinctions between the principal and secondary aspects. This is the basic distinction which we should draw while appraising the situation, arranging work, and implementing policies. Generally speaking, the political and economic situation in our country is good, and our reform is developing steadily and healthily. This is the essence and principal aspect of the matter. Those problems which have occurred recently are problems arising on our road of advance. They are secondary aspects rather than principal aspects of the matter. It is true that more problems have occurred in party work style and new unhealthy trends have also appeared. However, viewing the situation as a whole, our party style has greatly improved and is continuing to improve. The broad masses of our party members are good. They do not agree with the new unhealthy trends. Only a minority of them are bad or are involved in the new unhealthy trends. Therefore, we must admit that the principal aspects of our party work style are good. We should not neglect the problems of the secondary aspects. However, we should make an appropriate appraisal of them. If we overestimate them or treat them as the main aspects of matter, this will lead to the possibility that people will lose confidence in reform or the problems will be wrongly handled. Carrying out such profound reform in a big country like ours, the occurrence of some problems is unavoidable. Our central authorities have promptly pointed out these problems and taken measures to solve them. Therefore, in accordance with the guiding principle of the central authorities, we should be "firm and unshakable and fight the first battle carefully to ensure the victory."

2. We should draw clear distinctions between the new unhealthy trends, reform, and the practice of enlivening the economy. There are three states of affairs which we should take into account. First, some people have regarded the aim of carrying out reform and enlivening the economy as making money alone. They treat those dishonest practices which are used to make money as methods for reform and enlivening the economy. Once the central authorities have pointed out that these are unhealthy trends, which should be corrected, they think it is no longer possible to carry out the reform and enliven the economy. Second, some people attribute the new unhealthy trends to reform and the practice of enlivening the economy. They think that reform and the practice of enlivening the economy are no good. They even charge the spirit of reform, some measures and achievements in reform, and normal production and management activities are unhealthy trends. Third, some other people cast doubts upon or even waver in reform. When the central authorities are exerting efforts to correct the new unhealthy trends, they think that the guiding principle and policy for reform and enlivening the economy will be changed and given up. These three states of affairs have blurred, in varying degree, the distinctions between the unhealthy trends, reform, and the practice of enlivening the economy. The new unhealthy trends appear under the new situation in carrying out reform and enlivening the new economy. They run counter to the orientation and aim of carrying out reform and enlivening the economy. The methods adopted in reform and the practice of enlivening the economy are completely different from the tricks involved in the new unhealthy trends. Those who are involved in the new unhealthy trends work for the selfish interests of the individuals or small groups, whereas those who are carrying out the reform and enlivening the economy work for developing productive forces, enriching the people, and making our country prosperous and powerful. The former intend to profit at the expense of our country and customers, whereas the latter are exerting their great efforts to develop production, improve business management, and strengthen administration. The "Decision of the CPC Central Committee on Reform of the Economic Structure" clearly points out: "Reform should serve to advance, not to impair, social stability, expanding production, improving the people's living standards, and the growth of state revenues." Following dishonest practices does not at all mean reform. It can only undermine reform. Using crooked means does not at all mean enlivening the economy. It can only throw our economy into confusion. We must examine and correct the unhealthy trends, the unhealthy trends in leading organs and party-member leading cadres in particular. However, this does not mean we should adhere to the old ways. Instead we should promote reform and the work of enlivening the economy. We should persist in normal production and commercial activities and protect the spirit and achievements in reform. Just as Comrade Deng Xiaoping has pointed out: Our guiding principle is not to close our door, but to continue to open it. The door should be opened wider in the future.

3. We should draw clear distinctions between the practice of exploiting the advantage of reform and the work of enlivening the economy to gain private interests, and certain mistakes and errors which occur in the process of reform. We can avoid gross mistakes and errors because our reform is being carried out in accordance with the arrangements made by the central authorities. However, with regard to certain problems, we have not yet worked out

specific and detailed stipulations, and drawn lines of demarcation in the policy on reform. Therefore, it is understandable that some localities and units have made some small mistakes and errors in certain problems. Reform means making revolution and blazing new trails. It is a very complicated and arduous undertaking. To break paths unexplored by people before, we should make experiments and exploration. Since we are making experiments and exploration, there is a possibility of making mistakes and errors. Therefore, in the course of reform, we should plan only one step at a time as we go along to ensure our success and avoid gross mistakes. Furthermore, our understanding develops with the development of practice. It is impossible for us to do everything satisfactorily, be accurate in all our observations, and work perfectly. Therefore, it is unavoidable for us to make some small mistakes and errors in reform. Mistakes and errors of this kind are different in nature from the practice of exploiting the advantage of reform and the work of enlivening the economy to gain private interests. We should draw clear distinctions between them and treat them differently. Flaunting the banner of reform and enlivening the economy, some people deliberately violate the policy, discipline, and laws and decrees enacted by the party and state for reform. They follow dishonest practices to occupy the property of the state and deceive customers in various ways. They do not stop doing so despite repeated warnings issued by the state. These are cases of violating rules and discipline and should be dealt with seriously. We should take disciplinary measures against them or enforce the law against them as they deserve. We should on no account yield to them or merely warn them against doing this again in the future without punishing them. With regard to those mistakes and errors which cannot be avoided in reform, most of them occur because lines of demarcation have not yet been clearly drawn or we lack experience. This is a problem of strengthening education, summing up experience, drawing a lesson, and continuing to make progress. If we treat mistakes or errors that occur in reform as unhealthy trends, we will dampen the enthusiasm of the masses for reform and impede the progress of reform. This is a thing which we should guard against.

To do well in drawing clear distinctions and having a good grasp of them, we should persist in making specific analysis with regard to specific problems. We should make proper analyses and exercise sound judgment over the distinctions between the quality and quantity of things. For example, we oppose the unhealthy trends of "refusing to obey orders and disregarding prohibitions." However, this does not mean that such problems exist in the work of various quarters throughout the country. With regard to the problem of unhealthy trends, no adaptations should be made. The malpractice of "refusing to obey orders and disregarding prohibitions" must not be allowed. Unity in thinking and action, obeying orders and enforcing prohibitions are what party discipline requires. However, this does not mean that in the process of reform, specific experiments can only be made upon orders issued by the central authorities. Carrying out reform, opening to the outside world, and enlivening the economy are "orders" issued by the central authorities. Under such "orders," various localities, departments, and units should carry out their work creatively, without waiting for specific stipulations from the central authorities. With regard to things which the central authorities have explicitly instructed us to do, we should do them boldly.

With regard to things which the central authorities have not yet instructed or have not explicitly instructed us to do, we can also do them boldly as long as they conform with the actual conditions in our own locality and unit and they do not impede the situation in the whole country. With regard to things which concern the situation as a whole, but which the central authorities have not yet instructed us to do, we should ask for instructions before we start doing them. In accordance with this spirit, in the course of reform we should be bold in making experiments, actively explore, and have the courage to smash the old bonds of traditional concepts and conventions and those rules and regulations which no longer conform with the new situation. This is a practice which we should encourage. If this practice is also regarded as refusing to obey orders and disregarding prohibitions, we will blur the distinctions between reform and the unhealthy trends.

Comrade Deng Xiaoping said: "Whether our work can help the building of socialism with Chinese characteristics, help promoting the prosperity of our country, and help our people get rich and secure their happiness is the criterion for testing whether our work is correctly done." This is also the basic criterion which we should follow while carrying out reform, correcting unhealthy trends, analyzing problems, judging what is right and what is wrong, and making clear distinctions. By following such criterion, we can judge which should be done and which should not be done; which is correctly done and which is wrongly done; which is normal phenomenon occurring in the process of reform that should be correctly treated, and which belongs to unhealthy trends that should be corrected.

CSO: 4004/26

NEVER CAUSE DELAY TO IMPORTANT MATTERS CONCERNING THE SEEKING OF ADVICE

Beijing RED FLAG in Chinese No 9, 1 May 85 p 38

[Article by Wu Hao [0702 8504] in "New Chats" column]

[Text] How should we treat and correct the unhealthy trends which have appeared in the course of reform? This is a serious matter that the people throughout the country are concerned with and the world has focused its attention on. What are the people worried about? Their anxieties are focused on one point. That is, will we carry forward the reforms and win the final victory?

In his government work report, Premier Zhao gave a positive answer to this question with 12 important characters--"be resolute and unswerving, be prudent in the initial battle, and be sure to win success." If we need something to set our mind at ease in the course of reform, we may find reassurance from these 12 characters which will encourage all reformers.

By bearing the 12 characters in mind, we may review the unhealthy trends which appeared in the previous period and may draw the following lessons: First, we should not take lightly the problems appearing in the course of reform; instead, we should always keep sober-minded and seriously handle the problems. Otherwise, our reforms will be set back or even ruined. There is no lack of lessons in this regard in history and in the world. Very few reformers failed because they were short of courage and determination at the beginning; instead, most of their failures were due to the discontinuation of the reform efforts when they encountered new and unexpected problems in the course of reform or got caught in a new fix which forced them to give up all they had achieved. It is inadvisable to think that our path ahead will be smooth and treat the present problems lightly. Second, we should not make a fuss and get flustered when we find problems appearing in the course of reform. It will never be plain sailing. It is unavoidable and is to be expected that errors will occur in the course of reform just as mud and sand will certainly be carried by a swift current. We have the mental preparations and material foundation for dealing with these problems. Third, problems appearing in the course of reform can be solved only through continuing reforms. It is incorrect to think that we should "stop the reforms in order to solve the problems." A toddling baby might walk unsteadily or even tumble frequently, but if it was put back into the cradle

and no longer allowed to walk, the baby would never learn how to walk even though the tumbling issue was solved. We should admit that some of our comrades are used to looking at and handling problems in this manner. During the "Cultural Revolution," such measures as "suspending classes and work in order to make revolution" were derived from the attempt to halt the entire social machine in order to deal with a specific problem. This erroneous method has been adopted again in some localities in trying to overcome the unhealthy trends in the course of reform. Fourth, we must not regard "correct" measures as "unhealthy" practices and must not treat the achievements of reform as the alienation of reform. Comrade Xiaoping said: "Reform is China's second revolution." Reform means that we will destroy the old and establish the new. Some people are accustomed to living under the old system and hate to see anything new, like people resettling from a cold area to a tropical area. We should guard against their opposition to the so-called "unhealthy trends" which are in fact the achievements of our reforms.

Why should we have a clear understanding of rights and wrongs in the above-mentioned issues when following the "12-character" principle? To put it in a nutshell, we can never bungle our reforms because of some confused ideas. Tang Seng is a legendary figure that gets both praise and censure. In my view, he is praiseworthy because he had a firm determination to fetch the Buddhist sutra from India and eventually succeeded in doing so. Otherwise, he and his few followers might still be arguing endlessly over who is right and who is wrong at the foot of the Mountain of Flames and by the bank of the Xieshui River, or might have given up the trip because of filing a suit in the imperial court in Changan. If that had been the case, their important mission of "fetching the Buddhist sutra" might have been delayed forever.

CSO: 4004/26

'BEING MORE REVOLUTIONARY' AND BEING MORE CONCRETE

Beijing RED FLAG in Chinese No 9, 1 May 85 p 39

[Article by Cui Yongsheng in "New Chats" column]

[Text] "With the exception of being 'younger in average age,' which is concrete, all other aspects, 'being more revolutionary' in particular, are abstract. They are similar to clay and can be kneaded at will." This is what some people say about one of four aspects in the work of making the ranks of the cadres more revolutionary, younger in average age, better educated and more professionally competent--being "more revolutionary."

Is trying "to be more revolutionary" really like clay? I do not think so. For example, last year I went to learn from the experience of a provincial library which had done a relatively good job in reforming its structure. Its young director, who had just assumed office, said to me after thinking for a while: "We think that the key to doing a good job in reform lies in the proper selection of cadres. It is necessary to have concrete requirements for selecting and promoting cadres. We must look at prospective cadres with an eye to the course of their development and have long-term plans in mind." Once, while selecting and promoting cadres at the intermediate level, they met with this problem: Many college graduates who had majored in library science and were below 50 met the requirements for making the ranks of cadres younger in average age, better educated, and more professionally competent. The selection, they thought, depended on the understanding of "being more revolutionary." After studying the problem, the library committee held that generally speaking, "being more revolutionary" means upholding the four basic principles, having revolutionary ideals, and being politically in line with the party Central Committee. However, it is still necessary to make the expression "being more revolutionary" more concrete in accordance with the library's actual situation by turning it into "having the spirit of doing solid and pioneering work with the overall situation in mind." The library committee decided to use this as a yardstick to give to the masses for a public opinion poll to be held in the library. Consequently, cadres who met the requirements for making the cadres' ranks more revolutionary, younger in average age, better educated and more professionally competent were soon selected and they were basically those whom the leadership originally intended to select.

"Only when the virtuous and capable people are respected and used will the people have correct guidance." People with "the spirit of doing solid work" were separated from those who were good at paying lip service, took delight in empty talk, and refused to do solid work and from those who only did private work and did not attend to public affairs. People "with a pioneering spirit" were also separated from incompetent people who disguised themselves as competent ones and from those who did whatever their superiors said without questioning whether it was right or not. People "with the overall situation in mind" were separated from those who practiced selfish departmentalism, arrogated power to themselves, refused to obey the leadership, and even sought private gains through abusing their power. In the course of making the expression "being more revolutionary" more concrete, the masses came to see the merits of the library leadership, the library's magnificent plans for creating a new situation in work, and their own duties. No wonder the masses and the leadership basically selected the same capable people. This showed that the library's leadership was ideologically in line with the masses and that they had the same objective of struggle. This being the case, there was a tremendous reserve strength, which, when brought into play, could bring entirely new prospects.

However, the reason why some people regard "being more revolutionary" as clay is that to date some problems exist in using personnel in some units, such as not regarding the four aspects of the work in making the ranks of the cadres more revolutionary, younger in average age, better educated and more professionally competent as a mutually related entity but separating them into different parts and making use of only the aspect they want. Some people regard being "revolutionary" as obeying their orders and those who obey their orders are considered good cadres irrespective of their capability, their contributions, and what they are good at. This phenomenon is not uncommon. In this way, there is a possibility of people who are clever in trivial matters but who are not very capable and who are popular but are unable to create a new situation being selected. Consequently, some veteran cadres will be replaced by new ones but the situation will remain unchanged for a long time. This is inevitable.

Of course, it is not proper to regard a part as the whole and it is not advisable to take a one-sided view of the new policy toward cadres. Nevertheless, this cannot be an excuse for not paying attention to making the policy more concrete. At present, there are people who simply repeat the party's policy word for word, who do not implement it, and who even overtly agree but covertly oppose it. Since such people exist, the spirit of making "being revolutionary" more concrete, and the practice of making certain that the party's policy is implemented in accordance with respective localities, departments, and units are precisely what we should advocate with great efforts!

CSO: 4004/26

IT IS DIFFICULT TO REFORM--AFTER WATCHING TELEVISION PLAY 'HEADING FOR A DISTANT PLACE'

Beijing RED FLAG in Chinese No 9, 1 May 85 p 40

[Article by Xiao Lijun [5618 4539 6511] in "Review of Selected New Works of Literature and Art" column]

[Text] As there is relatively great decisionmaking power in the collective ownership, there has been rapid development and great changes in the industrial production of our commune and brigade and neighborhood factories during the past few years. However, we should not think that their progress has been easily achieved. Since it is a reform, they cannot help but meet difficulties from the upper and lower levels and from everywhere. Large factories have their difficulties and so do small ones. The television play "Heading for a Distant Place" made by the Hunan Television Station (the screenplay was written by Sun Zuo and Wang Hong and published in the supplementary issue of MENGYA No 1, 1985) successfully describes the conflicts in and efforts of a neighborhood factory in carrying out reform. The play is well written and the actors' performance is excellent.

When the newly appointed factory director Zhou Mengyuan takes office, he is in a small factory with backward equipment where production is on the verge of being suspended. He sees that the previous methods of "make great efforts, and desperately working overtime" do not work. He has decisionmaking powers, needs not ask for instructions level by level nor is he restricted by old conventions, therefore, he dares to immediately accept an order for the production of gilding presses. The directors of other large factories envy him for this: He is not fettered, therefore, there is no problem of "loosening the binds" for him. However, there seems to be some invisible fetters on him so that he has to fight for every step of progress.

In order to produce the gilding presses, he has to change the irrational organizational structure of the factory so as to switch from the labor-intensive operation into a technology-intensive one; therefore, he requests those who established the factory during the "Great Leap Forward" to retire and thus aroused the indignation of all the people in the factory. The one who is the first to oppose this is Li Guiying, an ex-factory director who was one of those who established the factory and who is the adopted mother of the new factory director and had once saved his life. She thinks that she will

persist in refusing to retire until "she dies in the factory" because this is completely reasonable and justified. She even plans to adopt the method of creating a disturbance in order to stop the reform which is underway. It is no use to argue with her about the necessity of emancipating the productive forces. The method to overcome her is again human feelings: Zhou Mengyuan's assistant Zheng Boyong agrees to marry Li Guiying's daughter who has been unable to find anyone to marry her for a long time. This makes Li promise that she will never create any more disturbances.

In a place where the ideology of small producers and feudal ideology continues to have fairly great influence, it is probably a little universal to adopt the methods similar to "heretical methods" to promote the new thoughts and new methods. Solving the retirement problem by the method of marriage, marketing products by the method of pretending to be a secretary to a leader, obtaining the support from the workers for the expansion of investment by exploiting their respect for the code of brotherhood.... All these practices are certainly undesirable from the point of view of the existing conventions. The writer reflects true reality in a funny way, but nevertheless vividly true reality. Therefore, the play also vividly displays certain actual characteristics of the reform. In order to develop the factory and enable the smooth progress of the reform, Zhou Mengyuan is forced to do that. However, at the juncture when he has to make a choice between principles and compromise, he chooses the former without any hesitation: He dismisses his adopted brother Du Jianguo who opposes distribution according to labor and takes the lead in creating disturbances and undermining production.

Perhaps some of the audience will think that Zhou Mengyuan is too "cold." True, he lacks human feelings in discussing retirement with Li Guiying and in dealing with He Jia who enthusiastically woos him. However, we cannot accuse him of lacking warm feeling in handling the problems related to Du Jianguo; for he has no alternative.

However, in a society where there is a fairly large mixture of old factors and a strong sense of traditional morality, people find Zhou Mengyuan's "ruthlessness" unacceptable. Therefore, he is lonely. He cannot help but leave the factory whose prosperity he has worked so hard for. The factory has taken off, but he has to leave it for a place far away.

Perhaps, we are always accustomed to a happy ending, and therefore regret Zhou Mengyuan's departure. However, what makes us feel happy is that Zhou Mengyuan's departure for a place far away does not give us an impression that the reformer has bad fortune. On the contrary, it inspires people and deepens people's understanding about the arduousness of the reform. In order to carry out the reform, and in order to break the fetters of the old ideology, Zhou Mengyuan makes a valuable sacrifice. This should be regarded as the most charming aspect of this television play. This conclusion is also a most vigorous attack on old forces of habit. It is also the reason why we like this play.

CSO: 4004/26

## DISCUSSING THE QUESTION OF THE THEORETICAL SYSTEM OF TEACHING MATERIALS

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 41-44

[Article by Wang Jue [3769 3778], director of the Political Economy Teaching and Research Section of the CPC Central Committee's Party School]

[Text] The "Decision of the Central Committee of the CPC on Reform of the Economic Structure" is a breakthrough in socialist economic theory and has made contributions to the development of Marxist political economy in many aspects. These contributions are concentratedly shown in its views on the problems related to the socialist commodity economy and the law of value.

Since the "Decision" was published, the teaching and propaganda of the theory on the socialist section of political economy are faced with new tasks, that is, the tasks of how to comprehensively and systematically expound on the developed socialist economic theory and use it to teach the vast number of cadres and masses of people. Since the 3d Plenary Session of the 11th CPC Central Committee, we have made improvements in our textbooks in many aspects, but we have not yet broken away from the old framework and some of the stereotyped concepts and thus failed to make any radical improvement. Obviously, this state of affairs has already been unsuited to the demands of our country's current practice and the new situation of the development of our theory.

Our existing teaching materials are vigorously aimed at making a theoretical analysis of the socialist economy and providing theoretical arguments for the party's line, principles, and policies; therefore, it has made certain contribution in the history of the development of political economy and in publicizing Marxist economic theory. But the defects in its theoretical system, views, and methods are very clear. These defects are mainly shown in the fact that the socialist economy presented in its theory is not an organic structure that is dialectically analyzed, but looks like a collection of various definitions of economic laws. In other words, it has not been formed into a scientific theoretical system. What is the main reason for these defects? In my opinion, in addition to the objective reason that the internal contradictions and links of the socialist economy have not yet been fully revealed and thus the depth of people's understanding is restricted, there are at least the following two subjective reasons: First, it regards our socialist economy as a planned economy where products play

the major role and commodities only play a supplementary role or even as a product planned economy, negates the fact that a socialist economy is a commodity economy and the fact that value continues to be a unified criterion for measuring socialist social wealth, and thus fails to have a unified standpoint in expounding on socialist economic theory. It explains some problems from the point of view of the product economy, but explains other problems from the point of view of the commodity economy. As a result, the arguments in its theory has a strong electric tincture. Second, since it denies that a socialist economy is a commodity economy and is divorced from the process of the movement of the socialist economy, it no longer probes into the way to describe the logical relations and logical starting point of the process of this economy, nor tries to establish a principal category [zhongxin fanchou 0022 1800 5400 3985] that embodies the internal relations in the processes of this economy. As a result, it very naturally only adopts historical methods, regards the public ownership of the means of production as the starting point of its narration, and arranges its narration by rigidly listing the four links of production, distribution, circulation, and consumption, or in the order of production process, circulation process, and the general process. This itself blocks the way to the establishment of a scientific system of the socialist section of political economy.

We should be freed from the influence of the theory and methods of the existing teaching materials and must study the causes for its errors so as to draw on lessons from it and open up the way for making progress. In a sense, we can say that we have already been provided with the initial conditions for reforming the theoretical system of the existing teaching materials and raising the level of our teaching. The "Decision" clearly confirms the view that our socialist economy is a planned commodity economy based on public ownership. It sums up the new view on the problems concerning the socialist commodity economy and the law of value and breaks through the fixed concepts of the product-commodity planned economy which constitutes the foundation for the theory of the existing teaching materials. Therefore, it not only raises the demand for a radical reform in the existing theoretical system but also provides a scientific foundation for the establishment of a new system. Of course, we have yet to undergo an arduous process of exploration in order to actually establish the new system.

I think that in order to probe into the way to establish a new system of socialist political economy, we should research into and solve the following three problems:

#### I. The Problem Concerning Our Starting Point

Giving a clear answer to the question of what mode of economy is a socialist economy is the starting point for us in establishing our theoretical system. In probing into this question, we should pay attention to the following:

First, how are we to understand the material forms adopted by the socialist economic relations? I think that a socialist economy is neither a product economy, nor a product-commodity or commodity-product economy, but is a

commodity economy, in other words, is a planned commodity economy or a commodity planned economy. For practice has proved that not only the products of the individual and collective economies, but also those of the economy owned by the whole people are commodities. This is the universal mode of the socialist economy. This problem has already been solved in the "Decision."

Second, does socialist commodity economy exist only in the underdeveloped state of socialism or in the whole historical period of socialism? I think that it exists in the whole historical period of socialism. For under socialist conditions, there are not only diverse economic forms of commodity economic relations that will exist for a certain period, but there are also some specific modes of the combination of laborers and the means of production within the economy owned by the whole people. On the one hand, the means of production owned by the whole people are not absolutely owned by the "whole people" but there are collective factors in them. On the other hand, there are still essential differences among the labor of various laborers for whom this labor is a means to earn their living; therefore this labor cannot directly become social labor and still has personal factors in it. These two are combined in the form of combined labor and thus cause the socialist combined labor to have two tiers--the state and the enterprises. As a result, not only the laborers as individuals, but the collectives of the laborers (their enterprises) have their specific material interests and the relations between various enterprises are commodity economic relations. As long as this special mode of the combination of socialist laborers and the means of production continues to exist, the commodity economy will continue to exist.

Third, what kind of economic forms should be the object of the analysis of the socialist economic relations? In other words, what degree of abstraction is necessary in studying the socialist economy in reality? I think that we should regard the economy owned by the whole people as the object of our study, that is, we should assume that the socialist economy consists of nothing but the economy owned by the whole people. Only by making such a hypothesis can we disclose, through analyzing the processes of the movement of the socialist economy, various socialist economic categories and laws and the mutual relations between them and thus establish a theoretical system of the socialist political economy.

## II. The Problem Related to the Principal Category and Starting Point

In order to present in theory socialist economic relations and the laws governing the movement of these relations, we must point out the principal category, seek a unity between the starting point of the development of logic and that of the historical development, and regard this as the starting point of the evolution of the principal category. I think that we should regard neither products nor commodities as the starting point. Both products and commodities and also labor are too general categories to reflect the specific nature of the socialist economic relations or to reflect the characteristics of the principal part of socialist economic relations. What is the principal category of the socialist economic

relations? Judging by the special mode of the combination between socialist laborers and means of production, this principal category can only be free combined laborers.

The combined labor of free combined laborers is a historical form of social labor in the socialist period and marks the degree of concentration and socialization of production. This kind of combined labor is not the consequence of external force, but is the consequence of the common will of the common owners of the means of production and is a voluntary and mutually beneficial combination. In this sense we say that this combined labor is free. The socialist combined labor exists in two tiers---the state and the enterprise. The combined labor represented by the state is an integrated combined labor on the scope of the whole society and is the predominant tier; while the combined labor represented by the enterprises is a collective combined labor on a limited scope and is a fundamental tier.

Just like the substitution of the public ownership of the means of production for the private ownership of the means of production, free combined labor emerges to replace wage labor. This historical starting point is also the starting point of the logic. The process of the emergence and development of free combined labor is precisely the process of the emergence and development of socialism.

### III. The Problem Related to the Principal Category

The economy of any society has to objectively move around a certain axis. Stalin disclosed the basic economic law of socialism and thus made an important contribution to socialist political economy. Where he falls short is that he failed to reflect the contents of the basic economic laws through establishing a principal category. What is the principal category of socialist political economy? I think that in establishing the principal category we should consider three basic requirements: 1) It should be able to embody the principal contradiction of the social development; 2) it should be able to reflect the aim of social production; and 3) it should constitute a red line that runs through the whole theoretical system from the beginning to the end. Judging by the above three requirements, the principal category that can reflect the movement of the socialist economy is necessary value. It consists of the result of subtracting the value of the means of production consumed in producing a socialist commodity (C) from the value of the commodity. In other words, it is (V plus M), the value newly created by the combined laborers. Under socialist conditions, for the majority of the combined laborers, not only the value needed by the individuals (V), is necessary, but the value needed by society (M), is also necessary. Therefore, they are an integrated unity and are called the necessary value. The socialist production process is the process of the production of the necessary value as well as a labor process (in which use value is produced). The production of necessary value is aimed at continuously satisfying the daily increasing demands of the combined laborers' material and cultural lives. The realization of the necessary value reflects the contradiction between social production and social demands and the solution of the contradiction. The distribution of the necessary value reflects the relations of economic

interest among the state, the enterprise, and the staff and workers. Therefore, I think that the category of necessary value is the principal category that reflects the essence of the socialist economy and the aim of the production. It is the red line for the system that we want to establish and runs through all the spheres including production, distribution, exchange, and consumption.

We should point out that putting forth the view that regards necessary value as the principal category does not mean that the category of surplus labor disappears in a socialist economy, only there is a radical change in the nature and form of the surplus labor. The surplus labor that was possessed by the exploiting class in the past no longer exists but the general surplus which is the foundation for social development has already been transformed into labor that satisfies the social demands of the laborers themselves. In other words, general surplus labor has already been transformed into labor that satisfies the demands of the whole combined labor. In essence, this part of labor should belong to the category of necessary labor. On the other hand, in contrast to the necessary labor of an individual, it continues to have the characteristics of general surplus labor. Under the situation whereby labor productivity is continuously raised, the necessary value per unit of commodity will be reduced and this means an increase in net social product. In other words, the cheap and fine quality commodities that continuously satisfy the daily increasing demands of the people's material and cultural lives will increase. This is precisely what the aim of socialist production demands. At the same time, as the necessary value in a socialist commodity is reduced, the necessary labor time will also correspondingly be reduced. In other words, the laborers will have more time to train themselves to become the new people who have achieved all-round development. This is also precisely what the aim of socialist production demands.

After the above-mentioned three problems are initially solved, we will establish a structure of the system, the order of the narration should roughly be first production process, then circulation (realization) process, and then the general process, and it is to be expounded on by the logical method of upgrading from abstraction to concrete details. The exposition on the production and circulation processes should be focused on proving and disclosing the essence, basic characteristics, and major economic laws of the socialist economy; while expounding on the general process, we should focus on proving the relations and quantitative relations between various concrete economic forms, disclosing the operational mechanism of the socialist economy, and presenting a complete picture of the operation of the socialist economy. We should adopt the methods of analysis and synthesis and run the exposition of the relations of contradiction and unity between the fundamental and principal tiers through the entire process of the movement of the economy. In short, we should melt the structure, methods, contents, and views into one and will thus be able to present in theory the internal law and concrete forms of the movement of the socialist economy.

Obviously, we have not yet been provided with the conditions for writing a book on socialist political economics with a scientific system for this not

only demands a relatively full development of the socialist economy, but also requires a large amount of research work. Marx said: "In carrying out research, adequate materials must be available for analyzing various forms of development and probing into the internal relations among these forms. Only after this work is finished can the movement in reality be appropriately described." ("Collected Works of Marx and Engels," Vol 23, p 23) Before this research work is finished, it is difficult for such a scientific system to emerge. But in order to meet the demands of the teaching work at present, we should adopt some transitional forms, that is, we can write various teaching programs or materials in accordance with the spirit of the "Decision" and the different requirements of the different people for whom these programs or materials are intended, continue to improve them in the process of practice, and thus make satisfactory preparations for establishing a scientific system of the socialist section of political economy.

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REGARDING THE QUESTION OF THE COMMENCEMENT CATEGORY AND THE MAIN THEME

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 44-46

[Article by Jiang Jiajun [5592 1367 0193], head of the Economics Department, Fudan University]

[Text] The "Decision of the CPC Central Committee on Reform of the Economic Structure" is an important historical document that combines the basic tenets of Marxism with China's actual conditions. It is of enormous significance in guiding the establishment of a new theoretical system for the socialist portion of political economics. For a long period of time, there have been numerous diverging views on how to establish such a theoretical system. In particular, views on such questions as the commencement category [shidian fanchou 1193 7820 5400 3985] and the main theme vary tremendously and no unanimous view has been arrived at. I have gained much inspiration from my study of the "Decision" and the following are some of my opinions on the question of the commencement category and the main theme.

The Commencement Category Should Be the Public Ownership of the Means of Production

The theoretical system for the capitalist portion of political economics takes commodities as the commencement category because commodities form a cell of the capitalist economy. This cell contains all the sprouts of capitalist contradictions. What then is the commencement category of the theoretical system for the socialist portion of political economics? We cannot simplistically apply the Marxist method of analyzing capitalist relations of production and also commence with socialist products or commodities. This is because socialist relations of production and capitalist relations of production are entirely different in nature. They are the sum total of the relations of production, exchange, distribution and consumption formed on the basis of the public ownership of the means of production. Since the socialist portion of political economics takes socialist relations of production as the target of study, it should take the public ownership of the means of production as the commencement category. The reason for this is that the public ownership of the means of production is the basis of socialist relations of production as a whole, without which socialist production as well as socialist exchange, distribution, and consumption would be impossible.

The "Decision" points out that it is our long-term policy and the need of socialist development to promote diversified economic forms and various methods of operation simultaneously. China's social productivity is multi-leveled and development is uneven. Bearing this fact in mind, we must, in a situation where the public ownership of the means of production holds sway, energetically develop the individual economy as well as joint ventures using Chinese and foreign investment, jointly operated enterprises, and enterprises financed solely by foreign capital as a necessary and beneficial complement to China's socialist economy. However, among various forms of ownership of the means of production, socialist public ownership constitutes the main body and is China's basic system of ownership for the means of production. It determines that China's society is socialist in nature and that all other economic forms are subordinate to the socialist public-owned economy. Thus, when we analyze the various forms of ownership in socialist society, we must first of all study the public ownership of the means of production which holds sway. In other words, we must take socialist public ownership as the commencement category.

The "Decision" discards the traditional idea of pitting the planned economy against the commodity economy and clearly points out that the socialist planned economy is a planned commodity economy based on public ownership, in which the law of value must be consciously followed and applied. When studying the planned economy, we must proceed from public ownership because it is only on the basis of the public ownership of the means of production that we can practice the planned economy and avoid the anarchy and periodic economic crises of capitalist social production. This is one of the fundamental indicators of the superiority of the socialist economy over the capitalist economy. As the same time, we must also see that the socialist planned economy and the commodity economy are united rather than mutually exclusive. The socialist economy is at once a planned economy and a commodity economy. When studying the socialist commodity economy, it is also necessary to proceed from public ownership. Only in this way can we explain the characteristics of and the fundamental difference in nature between the socialist commodity economy and the capitalist commodity economy based on private ownership. And only thus can we explain why the law of value can be consciously applied in the whole society. In short, only by taking the public ownership of the means of production as the commencement category can we fully explain that the planned economy now practiced in our country is a planned commodity economy in which the law of value is consciously followed and applied.

The "Decision" points out that we must discard egalitarianism and more fully implement the principle of distribution according to work. As a basic economic trait of socialism, distribution according to work is the result of the common possession of the means of production by laborers. It is also the realization of socialist public ownership in the realm of distribution. Without the public ownership of the means of production, distribution according to work would be impossible. Likewise, if we go against the principle of distribution according to work and practice egalitarianism, we are bound to undermine socialist public ownership and the development of social productivity. The "Decision" also points out that we should not

understand common prosperity as absolute egalitarianism and simultaneous prosperity and should allow and encourage some regions, enterprises, and individuals to get better off first through diligent work. Only by implementing the policy of encouraging some people to get better off earlier under the socialist system based on the public ownership of the means of production can we avoid polarization, which would mean that a handful of people would become exploiters while the vast majority would fall into poverty.

In the spirit of the "Decision," I think that only by taking the public ownership of the means of production as the commencement category can we correctly analyze and explain the various aspects of socialist relations of production and the basic economic traits of socialism. It is precisely the public ownership of the means of production that determines the form of the combination of labor power and the means of production under socialist conditions, and this in turn determines the nature of socialist labor, the nature of enterprises, and the nature of socialist products and commodities. Some comrades advocate taking socialist combined labor or socialist enterprises as the commencement category, others advocate taking socialist products of labor or commodities as the commencement category. None of these can be separated from the premise of the public ownership of the means of production. Thus, in reality it still means directly or indirectly taking the public ownership of the means of production as the commencement category.

#### The Main Theme Should Be the Basic Economic Laws of Socialism

The theoretical system of the capitalist portion of political economics has a clear main theme, and this theme is the law of surplus value. It was precisely through the production, distribution, and accumulation of surplus value that Marx revealed to us the essence of capitalist production and the law governing the birth, development, and doom of capitalist relations of production. What then is the main theme of the socialist section of political economics? There have been numerous points of view on this matter. In my opinion, the main theme must embody the essential qualities and characteristics of socialist relations of production and determine all of the principal aspects and processes of socialist relations of production. Moreover, it must run through the entire theoretical system. In the spirit of the "Decision," I think that only by taking the basic economic laws of socialism as the main theme can we accord with this requirement.

The "Decision" points out that the essential task of socialism is to develop the forces of production, create ever more social wealth, and meet the people's growing material and cultural needs. This statement actually covers the basic economic laws of socialism because it is generally understood that the basic economic laws of socialism include two aspects--the aim of socialist production and the means of achieving this aim. In my opinion, meeting the people's growing material and cultural needs is the aim of socialist production, while developing the forces of production and creating ever more social wealth are the means of achieving this aim. Taking the basic economic laws of socialism as the main theme means studying the socialist relations of

production with the aim of socialist production and the means of achieving this aim in mind. It also means fully embodying the requirements and function of the basic economic laws of socialism in the analysis and study of the socialist relations of production, exchange, distribution and consumption.

The socialist economy is a planned commodity economy based on public ownership and socialist production is commodity production under the guidance of state plans. The proportions between various sectors of production in the national economy are regulated by the law of planned and proportionate development and the law of value. But the role of these laws has to be conditioned by the basic economic laws of socialism. What and how much society produces depends, in the final analysis, on whether the aim of socialist production is met, that is, whether the people's growing material and cultural needs can be met. If we produce for the sake of producing and depart from the aim of socialist production, it will be very difficult to sustain production. We should judge the economic results of socialism by how well production can satisfy needs. If we one-sidedly go after output value and output and produce products that simply do not meet social needs, the more we produce, the more we are going to waste. If this is the case, economic benefits will be out of the question.

In the socialist realm of circulation, the law of value functions through market mechanisms and through price fluctuations centering around value. The "Decision" points out that pricing is a most effective means of regulation and rational prices constitute an important condition for ensuring a dynamic yet not chaotic economy. We must, through the reform of the systems of pricing and price control, better bring into play the role of pricing as a lever so that prices can respond rather quickly to changes in the value of commodities and in the relation between market supply and demand. However, this kind of reform should in no way harm the interests of the state and the people. Rather, it must serve the development of socialist production and satisfy the people's material and cultural needs. Under the guidance of state plans, it is necessary for us to submit to the requirements of the basic economic laws of socialism when we develop the forms and channels of socialist circulation, bring into play the roles of market mechanisms and the pricing lever, and so on.

Although special economic laws operate in the socialist realms of distribution and consumption, they are also conditioned by the basic economic laws of socialism. In order to correctly handle the relations between accumulation and consumption in the distribution of national income, we must take into account the needs of developing socialist production as well as the needs of improving the people's livelihood. Accumulation funds should chiefly be spent on expanding socialist reproduction. The aim of developing production, in the final analysis, is to satisfy the people's growing material and cultural needs. As production develops, consumption funds will steadily grow. A portion of these will be set aside as social consumption funds to be used for the purpose of satisfying the needs of collective consumption, while the major part will be spent on personal consumption, directly satisfying the personal consumption needs of the laborers through wage and bonus payment and other forms of payment of labor.

The "Decision" points out: We must gradually bring about substantial increases in the pay of workers and staff members and in the people's level of consumption. This should be based on increased production, better economic results, a steady increase in state revenue and a correct proportion of accumulation and consumption. This fully reflects the aim of socialist production and the requirement of the basic economic laws of socialism.

As noted in the foregoing paragraphs, the basic economic laws of socialism cover both aspects--the aim and the means; the aim of socialist production plays the decisive role and all means of developing production must serve the realization of this aim. Thus, taking the basic economic laws of socialism as the main theme means analyzing and studying socialist relations of production, focusing on the aim of socialist production, which is to satisfy the people's growing material and cultural needs. This will fully reveal the essence of socialist production and the characteristics and superiority of socialist relations of production, as well as the dynamics and direction of socialist development.

CSO: 4004/26

WHY DO WE SAY ENLIVENING THE DOMESTIC ECONOMY MEANS OPENING UP BETWEEN DIFFERENT AREAS IN CHINA?

Beijing RED FLAG in Chinese No 9, 1 May 85 pp 47-48

[Article by Hong Qing [1347 7230]]

[Text] Comrade Deng Xiaoping, in his talk at the group discussion meeting of the Central Committee Military Commission, pointed out: "Enlivening the domestic economy is opening up between different areas in the country. In reality, it is also known as the open policy. To the outside, it is opening up; and to the inside, it is also opening up." This is a concise elucidation of the crucial content and spirit of the reform of the economic structure of our country.

Opening up is originally the internal demand of commodity economy. In order to develop socialist commodity economy, it is necessary to break through the various kinds of artificially established administrative fortifications so that the essential production elements such as commodities, funds, technology, talented personnel, and so forth, can, under the guidance of the state plan and policies and in accordance with the principles of volition, mutual benefit and economic rationality, smoothly proceed with their horizontal movements, and so that between the enterprises, between the cities and towns and between the localities a struggle for existence between the superior and the inferior may be developed and diversified forms of cooperation and combination may be realized. Only by so doing can the socialist economy be enlivened.

A major reason why our country's original economic structure has had a stranglehold on the economy is its closed-up aspect. The country is basically closed to the outside, and in the meantime it also remains in a serious state of being closed domestically. Imposing on the national economy an organizational control in accordance with the vertical nature of the administrative structure of the departments and of the regions has severed the horizontal economic relationships essential to the operations of commodity economy. As a result, commodities cannot move smoothly, funds cannot be put to the best use, and useful competition and combinations cannot be developed. Naturally, the economy stagnates.

Since the enforcement of the basic guideline of the 3d Plenary Session of the 11th CPC Central Committee which called for enlivening the domestic economy and opening to the outside, much progress has been made in economic and technological interflow and cooperation between our country and foreign countries and internally between the various departments and various localities. This is an extremely important factor accounting for our country's economy asserting and demonstrating its vitality in the past few years. Many facts have shown that regardless of the enterprises, cities or towns, or regions concerned, the higher the degree of opening up, the more lively is the economy and the faster it develops.

Seen as a whole, the current reform of the economic structure of cities and towns is still in its initial stage. The defects in the original structure of the non-separation of government functions from enterprises' functions and of the carving out of spheres of domain of departments and regions have not been basically overcome, the phenomena of each setting up its own system, marking out its confines, and protecting the backward still generally exist, and the horizontal economic relations between the regions are still suffering from restrictions. In order to further enliven the enterprises and enliven the economy, it is necessary to further open up to the outside and to the inside. In particular, the various departments and regions in the country must open up to each other. Regions which are relatively well developed economically and regions which are relatively undeveloped economically, coastal and inland areas and frontier areas, urban and rural areas, and the various industries and trades and the various enterprises must all remove their blockades, open up their doors, and, following the principles of displaying strong points and avoiding weak points, setting up diversified forms and encouraging mutual interests, mutual benefit and common development, vigorously promote the horizontal interflow of economic and technical know-how, and, making use of opening up to promote competition, combination, and readjustment of the economic structure, inject even greater motive power and vitality into the development of the whole national economy.

Enlivening the enterprises first requires the existence of open or free markets. Under our original structure, the means of production and funds basically followed a system of vertical distribution in accordance with the closed-up administrative setup. Apart from depending solely on distribution from the departments-in-charge, the enterprises had no other way to procure them. If this problem is not solved, the enterprises cannot be enlivened. Since socialist economy is planned commodity economy, the means of production and funds should be subjected to exchange and circulation in accordance with the law of commodity economy. Hence, it is necessary to reduce on a large scale the varieties and volume of materials subject to distribution, allocation, and transfer by the state, and to gradually achieve the objective of having the great proportion of the means of production directly handled by the market, thus enforcing free purchasing and marketing. It is necessary to strive hard to enliven the horizontal movement of funds, and under the prerequisite of strengthening the macroeconomic control capacity of the central bank, suitably extend the decisionmaking power of banks at grassroots level, enabling them, within a definite area, to select the projects for granting loans, decide on loan conditions, and enforce

differential interest rates and floating interest rates on different loan projects. In regard to the management of credit and loan funds, we should adopt the method of "unified planning, demarcation of funds, fully paid loans and fully paid-in deposits, and rendering reciprocal aid." The state of the trades and industries being insurmountably separated from each other must be overcome. It is necessary to develop diversified forms of raising funds by society, forming a financial market which is under planned guidance, accessible from all sides, and possessing flexibility in the transfer of funds. In addition to the open type of markets for means of production, it is also necessary to have markets for intellectual commodities such as technology, information, and intelligence. In this type of market environment, the various kinds of input factors required by the enterprises can all be obtained through exchange at equal value. Their vitality will naturally be greatly increased.

Not only must the circulation system be opened up but the production sector must likewise be opened up. Inside the enterprises, we should advocate "concentrating on one trade but engaging in diversified operations." In other words, along with doing a good job in making the main product, we should, in accordance with market demand and the enterprise's own conditions, proceed to develop second or third products. Or, developing of tertiary industry may be looked into. In regard to the exterior relations of the enterprises, they should break through the restrictions of administrative systems and administrative zones, and, on the basis of the enterprises' volition, actively develop various categories and various kinds of cooperation combines which are transindustry or trades, transurban or rural areas, transregional and between units of different systems of ownership. They should form economic combines or enterprises-united bodies of varying degrees of tightness in organization. In the coordinated combines inside the country, all the various successful forms employed in opening to the outside such as cooperative production, joint-investment operation, compensation trade, processing of imported materials or parts, tender-calling, contracting, and so on, can also be adopted.

Since industrial and commercial enterprises are largely located in the cities and towns, the cities and towns must be opened up. It is necessary to open wide the city gates and adopt policies which have the power of attraction to welcome the "invasion" of good quality, cheap foreign commodities and foreign advanced technology. As for the outward expansion of enterprises in the city, policies of promotion and encouragement should be adopted in support of their "fighting their way out." Acting on the principle of protecting competition without protecting regression, we should enhance the enterprises' power of competition and adaptability when confronted with transactions of large dimensions. In particular, coastal cities and towns that have opened up to the outside should take full advantage of their natural endowments, serve as centers of opening to the outside and to the inside, introduce foreign advanced technology and management forms after due selection and filtering, and, following digesting, transforming, renovating and transplanting them, recommend them to the interior for adoption. Cities and towns and large enterprises in the interior should all extend their feelers of antennas to the coastal areas,

set up their own "windows" in the cities and towns that have opened to the outside, and thus facilitate their grasping of news and forming correct operation policies rapidly. All the above is related to opening up to the inside and enlivening the domestic economy. Hence it is said: Enlivening the domestic economy means opening up different areas in the country.

CSO: 4004/26

'CHINESE URBAN REFORM SERIES' TO BE PUBLISHED BY RED FLAG PUBLISHING HOUSE

Beijing RED FLAG in Chinese No 9, 1 May 85 p 48

[Report by Hong Chu [3163 0443]]

[Text] In order to publicize the achievements scored in conducting urban reform and in opening up to the outside world, the RED FLAG Publishing House has decided to publish the "Chinese Urban Reform Series," with Comrade Ma Zhongyang, deputy editor in chief of RED FLAG, serving as the chief editor.

This series in book form is 12 cm in size with illustrations. It will use illustrations and words to introduce and reflect the latest developments in industry, commerce, tourism, communications and transportation, culture, science and technology, education, and tertiary industries in the opened cities along the coast.

This series will reflect the new achievements, new steps and new trends in the recent years. Both the pictures and illustrations in the series will be scientific, lively and artistic. We will try every means to make every book in the series an exquisite work of art. In order to meet the needs of our Chinese and foreign readers, the publications are in both Chinese and English languages.

The editorial work on the following titles in the series: "Recent Developments in Shenzhen Special Economic Zone," "Reforms in the Opened, New Guangzhou," "A Rise With Force and Spirit in Zhuhai," "Fushan Is Developing Vigorously," "Jiangmen Being Invigorated," "Taiyuan Is Forging Ahead," "Tianjin Advancing Into the World," and the books about Shijiazhuang and Shashi is underway. Some of them are already written and being checked and others will be completed in April and May. Soon, a colored and well-printed urban reform series will be distributed to our readers.

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THE TITLE OF AN ARTICLE SHOULD BE STRIKING AND VIVID

Beijing RED FLAG in Chinese No 9, 1 May 85 inside back cover

[Article by Niu Pingsheng [3662 1627 3932]]

[Text] In the past few years, in RED FLAG there have been quite a few articles with substantial contents and new and original titles which make them very interesting. However, some articles have vague and dull titles and thus fail to attract readers even though their contents are interesting.

For an article, its title is its eyes. There is logic in the saying that "we can read a man's spirit through his eyes." When people read newspapers and magazines, they read the titles and choose what to read by the titles. Now, there are so many newspapers and magazines that it is impossible for people to read them all. Therefore, often a very valuable article fails to attract the interest of the readers because of its title. Articles can be written in many forms and about many subjects, but whatever the forms and contents, the titles must be striking and vivid and thus attract readers. Comrade Mao Zedong's article "Farewell, Leighton Stuart!" freely comments on current events, discusses strategy and policies, criticizes the enemy, forecasts prospects, combines solemn, humorous, ironic and fighting styles and is capped with a very original and interesting title. This provides us with a good example. We hope that while attaching importance to the contents of its articles, RED FLAG will also make some effort in choosing titles for their articles.

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SENDING A WORD TO 'NEW CHATS'

Beijing RED FLAG in Chinese No 9, 1 May 85 inside back cover

[Article by He Yi [0149 2496]]

[Text] "New Chats" is a column that RED FLAG has just started. After reading the column, I am sending a few words to the editor as feedback.

The "New Chats" column, which carries many essays and short commentaries, is very popular among the readers, at least for a reader like me who is fond of short articles. There have never been so many special columns in our newspapers as there are now and their readers like these columns. Compared with newspapers, journals have their own advantages. RED FLAG has corrected the previous practice of regarding this type of article as the least important thing in it and started the "New Chats" column as a special column. This is after all a wise move. I call it wise because it meets the interest of the readers and shows an understanding of the fact that many readers like to read this type of article.

Though RED FLAG is a journal on political theory, there is also a need for diversification in the propagandization of political theory. The short political and ideological commentaries that have both ideological and artistic value like those published in the "New Chats" column appeal to the readers and enlighten them. Is this not precisely our aim in publishing this political theory journal?

Judging by its name, the word "new" should be stressed in running this column. It should give more sensible and to-the-point views and should not publish mediocre articles to fill space. The contents of its articles should be widened to include economical, scientific, political, military, and literary subjects. The articles should express the author's doubts, understandings, and views. All forms must be allowed to include jottings, notes, random notes, essays, and familiar essays. By so doing, there will be interesting formats and new contents in the column. This will liven up the journal and enlighten people's minds.

The chats in "New Chats" should not be long. Some 300 to 700 characters is sufficient and 1,000 characters should be the maximum length allowed. Articles longer than the maximum length should never be allowed to appear

in this column. If the articles are short, we can publish more of them. If the contents are well selected, they will be more readable.

Finally, I hope that there will be a "New Chats" column in each issue and that this column will not appear intermittently. Then, after some time, this column will gradually become established in the readers' minds.

CSO: 4004/26

END