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CHINA REPORT
RED FLAG
No 2, 16 JANUARY 1986

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

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STRICTLY CONTROL THE GROWTH OF CONSUMPTION FUNDS

Beijing RED FLAG in Chinese No 2, 16 Jan 86 p 2

["Forum"]

[Text] In order to ensure the continuous, steady, and well-coordinated development of the national economy and to create a good economic environment for the economic structural reforms, we should, first, control the scale of investment in fixed assets, and second, prevent the excessive growth of the consumption funds. Here, we will mainly discuss the second issue.

According to statistics, from 1979 to 1984, the consumption level of the urban and rural residents in our country rose by 57.7 percent, with the factor of price increases being deducted. The average wage income of workers increased by 58.6 percent, and the growth rate in real terms, with the factor of price rise being deducted, was 32.3 percent. In 1985, the total payrolls of units under national ownership in the whole country continued to increase by a big margin, and the growth rate of payrolls exceeded the growth rate of labor productivity in the same period. Ours is a socialist country, in which the development of production serves the purpose of improving the people's livelihood. All people in our country feel from their personal experience that since the 3d Plenary Session of the 11th CPC Central Committee, the livelihood of urban workers has markedly improved. However, why are some people still discontent with the present situation? This is mainly because they lack a comprehensive understanding of the relationship between economic development and the consumption level. The more they compare their wages with other people's wages, the more discontent they will harbor.

Consumption is determined by the situation in production. Our country has a population of 1 billion people. The large population is also a factor that holds back the enhancement of the consumption level. In recent years, our economy has been developing rapidly and substantially. However, our economic foundation in general is still rather weak. The national income in 1984 was 564.3 billion yuan, and the per capita income was merely 548 yuan. Our consumption pattern cannot deviate from this basic fact. Under the situation in which a basically reasonable rate of accumulation is maintained and the economy needs relative stability, the growth rate of consumption funds must not exceed the growth rate of national income. Otherwise, the accumulation

will decrease relatively, or prices will go up as a result of the excessive use of national income. The appearance of these things will be very unfavorable to reform and construction. Moreover, we are now implementing the principle of "distribution according to work." According to this principle, mental workers, whose work is more complicated, should gain higher remuneration than manual laborers. But things in the past years were different, and mental workers generally received lower pay than manual workers. This is an unreasonable phenomenon which needs to be changed through further readjustments. There should be a certain difference in remuneration for workers in different enterprises, with workers in the enterprises which are more efficient in production and operations and achieve better business results being able to enjoy higher pay. However, the difference must be appropriate, and the gap must not be too wide. We will not backtrack to the egalitarian system we pursued in the past, but we must also take some regulatory measures to prevent the appearance of a big gap in workers' incomes between different enterprises. If the pay difference is too big, enterprises will tend to vie with each other in raising wages, and this will lead to a swelling of consumption funds. Some enterprises have gone so far as to use their production funds to issue bonuses to their workers without regard to their long-term development, and some enterprises have even taken such means as doing work below standards, using inferior materials, cooking up accounts by exaggerating production costs, and withholding profits and taxes that should be turned over to the state treasury, and they have done all this in violation of the relevant policies and financial discipline. All these irregularities must be corrected.

When handling the issue of wages, all enterprises, institutions, and units must have an overall viewpoint and subject their own interests to the interests of the whole nation so as to properly coordinate the relationships between the three parties--the state, the enterprise, and the individual worker. In order to raise the income of their workers, they should try by every possible means to raise their economic efficiency, especially by improving product quality and lowering costs. Now our major industrial departments' labor productivity is 20 to 30 years behind that of the economically developed countries, and the employment rate in our country with a large population is rather high. Under these circumstances, we cannot raise our wages, bonuses, and welfare benefits to too high a level. If these things are raised too high, we will not be able to pull them down again. This will not bring real benefits to the working masses and is very likely to cause a swelling of consumption funds and to make our economy "decrepit" and less dynamic. In a word, such a situation is never good for the state or for the people. All our actions must be in line with the national conditions of China. We should continue to work hard and adhere to the principle of "building the country through diligence and frugality." We must take serious measures to control the growth of the consumption funds as we do to control the scale of investment in fixed assets.

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CENTRAL ORGANS MUST SET AN EXAMPLE FOR THE WHOLE COUNTRY--SPEECH DELIVERED ON
9 JANUARY 1986 AT THE MEETING OF CADRES OF CENTRAL ORGANS

Beijing RED FLAG in Chinese No 2, 16 Jan 86 pp 3-6

[Speech by Hu Yaobang]

[Text] Comrades: The first 5 years of the 1980's have passed, and the second 5 years, that is, the Seventh 5-Year Plan period, have already begun. This meeting has been in progress for 2 and 1/2 days. I believe that this is of great significance.

Comrade Tian Jiyun discussed the economic situation and the reform of the economic structure. Comrade Wang Zhaoguo discussed the improvement of discipline and work style in central organs. On behalf of the Military Commission, Comrade Shangkun talked about the situation in the Army and the correction of the party style. They have spoken well, representing the views of the central authorities.

How was our performance during the first 5 years of the 1980's? I believe that there are two "truly's." First, we have truly created a new situation, and entered a period of rejuvenation. At least, there is such a trend. Second, we have truly found a road to build socialism with Chinese characteristics. At least, we have seen such a pattern. Although we still have many problems and difficulties and will face even more problems in the future, we, nevertheless, have already seen bright prospects in the development of the socialist modernization program for our great motherland. Having passed through the first 5 years of the 1980's, all of us realize that it was not easy to achieve the accomplishments and victories in these 5 years. Since the 3d Plenary Session of the 11th CPC Central Committee, held at the end of 1978, our party Central Committee has made a series of major policy decisions. These major policy decisions are mainly reflected in the following nine principles:

1. Deny the erroneous principle of "taking class struggle as the key link," and based on China's practical conditions, set forth the strategic target of quadrupling the gross annual value of industrial and agricultural production by the end of the century.

2. Thoroughly negate the "Great Cultural Revolution," analyze the historical experience since the founding of the nation, and make a correct assessment of the late Comrade Mao Zedong.
3. Practice the policy of opening to the outside world and invigorating the domestic economy, and reform gradually but resolutely the rural and urban economic structures.
4. Redefine the national defense policy in line with new historical conditions.
5. Readjust the basis for China's foreign policy, and firmly carry out an independent and peaceful foreign policy.
6. Consolidate and expand the patriotic united front, and implement the scientific concept of "one country, two systems" to achieve the reunification of the motherland.
7. Resolutely and gradually reform the cadre system to replace large numbers of old members of the leading bodies at all levels with new younger ones.
8. Define the strategic principle of simultaneously developing the socialist civilization ideologically and materially in order to build China into a highly democratic and civilized socialist country.
9. Consolidate party organizations, and build the party into a strong core of leadership that can take the lead in the development of the socialist modernization program.

All these are important policy decisions that have brought about profound changes. These policy decisions have played a significant role in helping us create the new situation in the past 5 years. Comrades may recall: When we first put forward issues, there seemed to be endless discussions. After being verified by the experience of various departments and the broad masses, conclusions were finally reached with the approval of the majority of the comrades. It is easier to deal with the issues once a breakthrough has been made. Therefore, the main lesson to be learned from the past 5 years is that we must adhere to the four cardinal principles and rely on the firm leadership of the party Central Committee and its lines, principles, and policies that promote intellectual emancipation, the seeking of truth from facts, and the united efforts by the whole party, the entire Army, and the people of all nationalities throughout the country.

What should we do in the second 5-year period in the 1980's? The National Conference of Party Delegates last year has already formulated the general principles of the Seventh 5-Year Plan. The State Council is currently working on the draft Seventh 5-Year Plan and making preparations to refer it to the Fourth Session of the Sixth NPC for deliberation and approval. This session will be held in March this year. The general tasks for the next 5 years are to carry out economic restructuring and build an ideologically sound socialist civilization, while continuing economic construction. In

this way, our socialist modernization drive can continue developing in a sustained, steady, and coordinated manner in all fields.

We should say that we already have many favorable conditions for carrying out these tasks as the whole party and nation share a unified ideology; our policies are clearer and more systematized; the structure of cadre ranks has been further rationalized; and the international environment is more favorable for China to concentrate on its socialist modernization drive. We have a correct line, correct blueprint, and a series of favorable conditions. Under this situation, the most important thing is to further whip up the revolutionary spirit of our broad masses of party members, cadres, and the hundreds of millions of people. Is not the RENMIN RIBAO new year editorial titled: "Let the Spirit of the Foolish Old Man Prevail in the Divine Land"? I believe: To carry forward the spirit of the foolish old man means to turn the second 5 years of the 1980's into a period of unity, firmness, and tenacity in struggle.

To stress unity in struggle means that all the people must closely unite with each other around the correct line, principles, and policies laid down by the party Central Committee. Everyone should act while taking the overall situation into consideration.

To stress firmness in struggle means that everyone should work conscientiously and stress practical results. They must never slacken their efforts, and become lethargic and careless. They must avoid committing serious mistakes and prevent major upheavals.

To stress tenacity in struggle means that everyone should carry out their work with firm confidence and tenacity in accordance with the correct line, principles, and policies laid down by the central authorities, and continuously improve and develop their work. What we need are these two types of tenacity. That is precisely the spirit of the foolish old man who "went on digging away at the mountain."

Exactly 40 years ago, Comrade Mao Zedong, at the Seventh National CPC Congress, held in 1945, called for efforts to carry forward the spirit of the foolish old man. At that time, such efforts were aimed at eliminating the three big mountains on the backs of the Chinese people. Now, in order to achieve our goal in construction set in the Seventh 5-Year Plan and realize the three major tasks to be accomplished before the turn of this century as laid down by Comrade Xiaoping on behalf of the party Central Committee, shouldn't we do an even better job in carrying forward the spirit of the foolish old man on a still larger scale? In developing social productive forces, we need the spirit of the foolish old man. In reforming our structure in an overall manner, we require the spirit of the foolish old man. In strengthening our efforts to build ideologically sound socialist civilization, we need the spirit of the foolish old man. In overcoming unhealthy trends, we must be resolute and persistent. At the same time, we also need the spirit of the foolish old man. The spirit of the foolish old man is the Chinese nation's precious spiritual wealth and the fine tradition of our revolutionary ranks. By carrying forward this type of spirit, we will be able to further develop the new situation that we have already created.

The central organs shoulder particularly heavy responsibilities in further developing our great cause. The central organs I mention here refer to departments directly under the Central Committee, the NPC, the State Council, the National CPPCC Committee and the various mass organizations, and the leading organs of various PLA general headquarters and various arms and services of the PLA under the Central Military Commission. The central organs play a pivotal role in our entire cause. Whether this pivot works well or not determines, to a large extent, the rise or fall and the success or failure of our cause. Therefore, we must firmly put forward a major political task for the central organs; that is, it is necessary to set an example for the whole country with one's own lofty spiritual outlook and fine work style.

The overwhelming majority of comrades in the central organs are good or fairly good. The achievements and victories we have scored in the first 5 years of the 1980's are inseparable from the efforts of the central organs. However, there are also some weak points and dark sides in the central organs, which have prevented a number of units and comrades in the central organs from adapting to the demands of the modernization tasks and to effectively perform their weighty responsibilities.

It has become a long-standing habit that whenever a problem arises, instead of holding the leading organ responsible, lower levels are always blamed. In most cases, it should be the opposite. Such an error should be corrected.

What are the problems that the central organs should pay attention to, and in what areas should they play an exemplary role in the second half of the 1980's? In my opinion they should mainly pay attention to the following four areas:

First, it is necessary to raise the efficiency level. An important concept we want to foster now is that we must stress efficiency in all fields. We should not demand efficiency from the lower levels alone, but should set a good example ourselves in this regard. This requires a strong sense of responsibility. The overwhelming majority of comrades in the central organs are, in general, hard working. However, comrades in a few departments have become too bureaucratic; they are inefficient and have the undesirable work style of endlessly shifting responsibility onto others. Therefore, in order to truly become the central authorities' competent assistants, all central organs should strive to eliminate bureaucratism, step up investigation and study, familiarize themselves with reality, and constantly improve their own work. It is necessary to resolutely carry out matters that are already decided upon by the central authorities and carefully mapped out by various departments, and that are assured of success. It is necessary to consult with lower levels and nonparty friends on matters that we are unfamiliar with or are not sure will succeed. New situations and problems arising in the course of implementing a policy should be promptly reported to higher authorities and studied in order to find a solution. It is necessary to keep the central authorities informed of the progress in implementing an important measure having a bearing on the overall situation, even though we are sure of its success. Only by striving to do so can we raise our efficiency level,

greatly reduce bureaucratism, and have the capability to influence and spur leading organs at lower levels.

Second, it is necessary to study diligently. Along with the progress in the modernization drive, the scope of our tasks will become larger and more complex, and more and more new things will continue to emerge. In view of this, comrades in the central organs should study more diligently and constantly improve themselves. Honestly speaking, our knowledge, experience, and ideological levels are quite incompatible with the socialist modernization drive that is bringing about changes day after day. It is totally wrong to be even the slightest bit complacent about the knowledge and experience one has already acquired. Study and improvement should include the following two fields: Marxism, in addition to modern science, technology, general knowledge, and management and other necessary special knowledge. We must adhere to Marxism, and be firm in communist and patriotic ideals. Marxism is developing. We must oppose not only the tendency toward bourgeois liberalism, which negates Marxism and considers it "outdated," but also the erroneous tendency to consider Marxist theories as stereotyped dogmas. The quintessence of the correct attitude toward Marxism is to apply a Marxist stand, views, and methods in studying and solving practical problems confronting China; that is to better integrate the fundamental tenets of Marxism with concrete practice in China's socialist modernization program. Although we have accumulated valuable experience in our flourishing socialist modernization drive and reforms, the experience far from meets our needs. While deepening the reforms, we should more effectively absorb and master all kinds of knowledge needed for our socialist modernization drive. If the large number of comrades in the central organs, especially responsible comrades of all departments, can fully grasp both the ideological weapon of Marxism and modern science, general knowledge, and management knowledge, we will be able to more successfully accomplish the duties entrusted to us by the party and the people.

Third, it is necessary to reinforce discipline. As I have just said, the overwhelming majority of comrades in the central organs are good and observe discipline. However, due to the inroads of capitalist ideology and the damages done by the "Great Cultural Revolution," many departments lack a true sense of discipline. There are quite a few problems in this regard, such as political liberalism that spreads irresponsible statements and news spread "through the grapevine," ideological individualism that places personal interests above anything else and totally neglects the fundamental goal of serving the people wholeheartedly, or even involves crimes of abusing power to seek personal gains in violation of law and discipline; selfish departmentalism that considers only the interests of a small group or unit regardless of the long-range fundamental interests of the whole nation; favoritism through "connection" in personnel and administrative work that discards principles and behaves in unfair and dishonest ways; misconduct in foreign contacts that undermines individual and national dignity, and so forth. Although these problems involve only a handful of people, they can produce a corrosive influence on political affairs. Therefore, it is necessary to intensify the supervision from top to bottom levels and vice versa in all central organs. At the same time, it is necessary to reinforce law and

discipline to ensure that the laws are strictly observed and enforced and that lawbreakers are punished. The larger an organ the greater the power entrusted to it by the people. Comrades in such organs should observe party discipline and state law all the more strictly in order to become real models imbued with lofty communist ideals and a strict sense of discipline.

Fourth, it is necessary to strengthen party spirit. The party rectification work has been completed in the central organs, but the task of enhancing party spirit has yet to be achieved. Comrades in the central organs, leading members in particular, should always keep in mind their purpose of serving the people heart and soul and further strengthen the party spirit. Party organizations of the central organs, first and foremost the party committees and party groups of all departments, should improve inner-party life, overcome their weak and lax attitude, conduct wholesome criticism and self-criticism, pay attention to the voice of the masses of people, and subject themselves to the supervision of the broad masses, including those in lower-level departments. It is necessary to investigate the responsibility of leaders of units that are lax in discipline and work attitude, and that fail to correct prevailing unhealthy practices. On behalf of the CPC Central Committee, I announce with all seriousness that according to the party Constitution and regulations, all loyal and honest comrades, both inside and outside the party, have the right to report truthfully to the party Central Committee about serious wrongdoings by leading members of organizations at all levels including the Central Committee.

Through our earnest and unremitting efforts to carry out the aforementioned four requirements great changes will soon take place in the style of the central organs. Then, the more than 20 million government employees all over the country and the entire Chinese people will follow our example.

Comrades in the central organs: History has brought us to our present posts. It is an ardent hope of the party Central Committee and the people of all nationalities in the country, as well as our unshirkable sacred duty, to set examples for the whole country under the new historical conditions. We should prove, with a high degree of awareness and concrete action, that we deserve the glorious mission that has fallen upon the shoulders of the central organs.

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EXPAND THE ACHIEVEMENTS OF REFORM, MAKE THE COMMODITY ECONOMY PROSPEROUS--
SPEECH DELIVERED ON 12 DECEMBER 1985 AT THE CENTRAL RURAL WORK CONFERENCE

Beijing RED FLAG in Chinese No 2, 16 Jan 86 pp 7-13

[Speech by Tian Jiyun]

[Text] At the beginning of this central rural work conference, Comrade Wan Li delivered a very important speech, in which he briefly reviewed the course of rural reform and generally summed up our basic experience of rural reform. His speech is of great significance in henceforth guiding both rural and urban reform. I will now present some views on the following questions:

Current Situation

A correct analysis and understanding of the current economic situation, including the rural situation, provides us with the precondition and basis for making a correct estimate and formulating a correct working plan and guidance. At present, both the political and economic situations in our country are very good, and the current period is one of the best since the founding of the People's Republic. The people of the whole country are united as one in understanding the "four modernizations," and it is full of vitality everywhere. We have made new progress in reforming the economic structure this year. We are anticipating a considerable increase in both the total product of society and the national income. Some problems, such as an excessively high industrial growth rate and the scope of capital construction being too big, once appeared in the first half of this year. Thanks to efforts to improve the management of macroeconomic activities, these problems have initially been brought under control and our economic life is gradually becoming normal. We will be able to achieve a balance between state revenues and expenditures and to eliminate deficits this year. The market is brisk. With the exception of a few areas, the people's basic needs in food and clothing have been met in most of them. In some areas, the work has begun to shift from meeting the people's basic needs to enhancing the quality of their lives. In short, we have developed production, begun to invigorate circulation, increased our national strength, and gradually improved the people's living standards.

The rural situation also is very good. Despite serious natural disasters, peasants have reaped good agricultural harvests and their per capita income

continues to increase this year. An important step has been made in readjusting the production setup in rural areas. Output of all cash crops and in diversified undertakings increased by a big margin, except in grain and cotton. Since the abolition of the state mandatory purchase system, the channels for commodity circulation have increased and expanded, and business operations have become flexible. The system of contracted responsibility for production with remuneration linked to output of various forms has been further improved, and new progress has been made in community oriented services. The rapidly growing village and town enterprises have employed some 60 million rural people. Their total output value this year is estimated to reach 230 billion yuan, accounting for an important portion of the gross value of China's industrial and agricultural production. Village and town enterprises run by peasants have accelerated the construction of small towns and sped up modernization of the countryside. China's agriculture has taken a new step in switching from a self-sufficient or semi-self-sufficient economy to a commodity economy. In many localities, a new setup has appeared featuring all-round development of agriculture, forestry, animal husbandry, sideline production, and fishery and comprehensive operation of agriculture, industry, and commerce.

I will make a specific analysis of the situation in grain and cotton production. The reduction in the cotton-growing area and in cotton output this year has been planned. Since our present cotton stock is still too large, the reduction benefits both the state as well as the peasants. Of course, the reduced output was also partly due to climatic conditions. It is estimated that this year's grain output will decrease by some 50 billion jin as compared with last year. Serious natural disasters were one of the causes for the decrease. While natural disasters are unavoidable, poor maintenance of water conservancy facilities in recent years has aggravated the losses caused by natural disasters in some localities. The second cause for the decreased grain output was readjustment of the production setup, which returned cropland to forest and pastureland, thus reducing the grain-growing area. Generally speaking the decrease caused by the readjustment of the production setup is normal. Another cause for the decrease was that management and operation in some localities were poor and some problems existed in their work. We should indeed attach importance to the grain problem. Appraisal of the situation in grain production should not be based on the harvest of 1 year. Because agriculture is greatly affected by natural conditions, it is hard to expect an increase in production every year. It would be pretty good if a fairly big average annual increase is achieved in a period of 5 years. Our country has enjoyed good harvests for 6 consecutive years, with an average annual increase of 34 billion jin in grain output. This year's grain output was still close to that of 1983, a year of bumper harvest. At present, the state has an abundant grain stock and the peasants have also stored some grain. We can fully guarantee market supply. Grain supply in some localities may be a little strained, but this creates no problem if we make up for the shortage by using surplus grain from other areas. It is necessary to pay attention to the fact that some localities have failed to proceed from actual conditions in readjusting the production setup. They have failed to ponder in an adequate and all-round manner over existing problems or over problems that may crop up, and the pace of

readjustment has been slightly too fast. Capital construction projects and housing construction by peasants have taken up too much land. The result has been an abrupt decrease in the acreage under grain. In some localities, the peasants' enthusiasm for grain production has been dampened by the comparatively large gap in income from grain production and from industrial and sideline production. This gap can be attributed to price rises in the means of production, excessive burdens on grain-producing peasants, and difficulties in selling grain by peasants due to laxity in grain procurement work. We must earnestly study and solve these problems by strengthening macro-economic management and microeconomic regulation, and properly handle and smooth the relationship between economic benefits from grain and other production. At the same time, we must readjust the production setup and ensure the peasants' enthusiasm for grain production.

In short, in making an appraisal of the agricultural situation, we must not only survey the situation in grain production but must bear in mind the entire rural economic situation. In making an appraisal of the rural situation, we must not only survey the agricultural situation but must link it to the entire national economic situation. Making an all-round survey of the rural situation, we can clearly see that the situation is indeed very good. Through reform we have discovered a path for building a new and modern socialist countryside. Today's achievements are largely the result of reform. Tomorrow's progress also hinges on reform and on the continued perfection of the socialist system. Of course, we must also realize that some policies have not been carried out and some reform measures have not been properly coordinated. The building of spiritual civilization has not been firmly grasped. And, in the course of developing a planned socialist commodity economy, many new situations and problems are encountered. We must fully affirm the achievements scored so as to enhance our confidence. We must also squarely face, and not dodge, the existing problems in the way of advance in order to take measures to tackle these problems. Only thus can we advance and spur on rural reform and construction along the correct orientation.

Several Policy Issues

In recent years, the party Central Committee has drawn up a number of policies on reform and work in the rural areas. These policies have promoted the development of the rural productive forces and quickened the pace of building a new socialist countryside. Practice shows that these policies are correct. Agriculture is the foundation of the national economy while grain is the foundation of agriculture. The fact that China's entire national economic situation has been fairly good over the past several years is chiefly because its agriculture has been strengthened, thereby basically solving the food problem for its 1 billion people. At the same time, conditions have also been provided for the readjustment of the rural production setup and the development of the commodity economy. The rural economy has definitely undergone a great change. Nevertheless, the strategic status and role of agriculture in China's entire national economy has not changed. Without a solid agricultural foundation, it is inconceivable that we can accomplish the four modernizations. It is also inconceivable that we can solve the food problem for China's 1 billion people by importing grain. We must

soberly realize that this agricultural foundation is still comparatively weak, and that the rapidly developing national economy increasingly sets higher demands on agriculture. Continuing to strengthen this agricultural foundation and ensuring steady growth in grain production on an 800-billion-jin [annual output] basis is not only necessary for the overall situation but also of great political and economic significance.

The fundamental principle for guiding agricultural production is "never to slacken grain production and to actively develop a diversified economy." Steady growth in grain production is a precondition for readjusting the rural production setup. The fact that we could carry out readjustment of the production setup in the past 2 years is because of the successive bumper grain harvests. If grain production fails to maintain steady growth, readjustment of the production setup can hardly continue. Of course, to stress grain production does not mean to neglect diversified economy, to neglect forestry, animal husbandry, fishery, and economic crops, and to return to the beaten track of monoculture, that is, "taking grain as the key link." We have followed this "beaten track" for several decades, and practice tells us that this track leads us nowhere. We must firmly stick to the correct path of readjusting the rural production setup, and must not veer off course merely because of a momentary drop in grain production. To readjust the rural production setup is to meet the objective demand of speeding up specialization, commercialization, and modernization of the rural economy. To stress grain production and to develop diversified economy and village and town enterprises is not contradictory. In fact, they supplement and complement each other. It is true that without industry we cannot expect prosperity. But it is also true that without agriculture we cannot ensure stable economic development. The correct approach is to ensure industrial development by agricultural production, and to promote agricultural development by industrial production. Only by sticking to this approach can we gradually bring about self-sustained growth in the rural economy. Only thus can we bring about the coordinated development of a comprehensive production setup with agriculture as the foundation and supplemented by diversified production, while properly lining up resources, funds, manpower and technology to bring about a combination of economic, ecological, and social benefits. The production setup reflects the level of the productive forces. It calls for gradual readjustment in keeping with the development of the productive forces, and must never be brought about in a hurry. Readjustment of the rural production setup is a historical task and a gradual process. In accordance with needs and capabilities, we must unswervingly, boldly, vigorously, and reliably carry out this readjustment step by step, in a planned manner.

Continuity is of great importance in rural work. The party Central Committee has drawn up a whole set of policies for rural work. Among them are many of a strategic and long-term nature, while some of the tasks cannot be accomplished in 1 or 2 years. The current rural and urban reforms are becoming more closely interrelated and must be carried out at the same time. Some problems are relatively complicated and require more time for careful study. Hence, in 1986 we must carry out the various existing policies in a down-to-earth manner, and at the same time further perfect, coordinate, and bring into play the advantages of these policies in their entirety in order to

continue to create conditions for reform and its success. These guidelines are already included in Comrade Wan Li's speech and the documents submitted for discussion at this conference. Now, I would like to present some opinions on some economic policies.

1. Improve the grain allocation policy. According to preliminary planning, our country's grain output should reach 900 billion jin in 1990, or take one step upward in 5 years. This is an arduous task. All provinces should work out their own plans according to this general objective. In accordance with the actual allocation amounts of the past several years, they should also plan for grain export or import and work out subsidizing measures. A specific plan will be drawn up by the Ministry of Finance and the Ministry of Commerce. The subsidy amount a grain importing province saves by reducing its imports may be used to subsidize shortages in lean years, or to support the development of grain production. The price of grain allocated should be appropriately raised, but the increase should be borne by grain importing provinces, and the price for the portion that exceeds the allocation plan should be negotiated. From now on, all provinces should solve their own problems regarding the additional grain they need for feeding their increasing population and meeting the needs of economic development. They can produce more by themselves or increase their purchases from other provinces. Such a policy has several advantages. First, it will gradually help achieve in our country a grain production and demand pattern based primarily on regional balance, thus reducing large-scale, nationwide grain transfers. Second, it will help maintain a steady increase in grain output in the country on the basis of 800 billion jin, thus preventing drastic increases or decreases. Third, it will help regulate the economic interests between grain importing provinces and grain exporting provinces, giving full scope to their respective superiorities. Fourth, it will enable all provinces to properly plan their grain production and readjust their production structure according to their capabilities.

2. Adopt a policy of subsidizing agriculture with industry. Agriculture must continue to invigorate itself so that it can continue to develop. But, we must also uphold the policy of subsidizing agriculture with industry. This policy covers many areas. For example, the state will appropriately increase investment in agricultural construction, improve conditions for agricultural production, strengthen infrastructure to develop a commodity economy, subsidize the purchase of imported or domestically produced means of agricultural production, reduce or eliminate taxes, provide preferential loans, and the like. Various departments concerned have been studying specific measures in this regard, and the measures should be implemented as soon as possible. Today, the work that we must particularly attend to is to support farming and breeding (primarily grain and pork production), as well as vegetable production in the suburbs of large and medium-sized cities, and appropriately readjust the economic interests between those working in the industrial sector and those working in the agricultural sector. This readjustment is particularly necessary in areas where the economy has fairly developed and where rural enterprises are growing quite quickly. There is now a relatively big gap between income from growing grain and income from engaging in industrial production, sideline occupations, and commercial work,

but it is impossible to raise grain prices so that the income from growing grain will be the same as the income from engaging in industrial production, sideline occupations, and commercial work.

To stabilize and develop agricultural production, especially grain production, we must adopt other measures to protect the peasants' enthusiasm for producing grain in addition to exercising such overall control measures as ensuring the size of the grain acreage and encouraging cultivation of appropriate areas. Subsidizing agriculture with industry is therefore an essential as well as long-term policy in properly handling the economic interests between different sectors.

Various ways should be adopted to support and encourage farming and breeding undertakings, and the money needed for subsidizing agriculture should primarily be drawn from the earnings of enterprises in various townships, towns, and villages. Many places have already done so, and their good experiences should be earnestly studied and popularized. Meanwhile, the state has decided to spend part of the additional taxes imposed on rural enterprises to support agriculture. Specific measures will be discussed and decided upon by the Ministry of Finance and other departments concerned. The revenues acquired from collecting bonus taxes from the rural enterprises should be turned over to various townships to support agricultural production and rural insurance services. From their surplus, all localities should earmark more money for agriculture.

3. Appropriately readjust the fixed amount for contract purchase of grain. This applies mainly in the localities where the potentials for grain production can be further tapped and there is not much room for other production. The amount of grain to be purchased by contract will be appropriately reduced, and the amount to be purchased at negotiated prices increased in order to arouse the peasants' enthusiasm for growing grain crops. This is a relatively complicated matter. Specific methods should be worked out by the Ministry of Commerce after consulting with the concerned departments and localities and proposed for approval by the State Council before implementation.

4. Guide the village and town enterprises to develop in a sound manner. Developing village and town enterprises is the road China must follow in invigorating the rural economy. Generally, the development of village and town enterprises should be based on and geared to serving agriculture. The emphasis should be placed on developing the processing of agricultural products and the storing, packing, shipping, supplying, and marketing of such products and other tertiary industries. Where conditions permit and provided the relevant regulations of the state are adhered to and natural resources protected, small mining, hydroelectric power, and building materials industries and processing businesses that supplement big industrial enterprises and serve export may be developed in accordance with the local conditions. In setting up village and town enterprises, the localities should base themselves on the principle of self-reliance and depend mainly on their own funds, and the banks should support them by providing appropriate loans. The scale of capital construction for village and town

enterprises should also be included in the plan. All village and town enterprises should strengthen management, pay attention to technical renovation, improve product quality, cherish their reputation, increase economic results, and fortify their competitive capability. Village and town enterprises in economically developed localities should focus attention mainly on renovation and take the road of developing potentials for expanded production.

5. Further perfect the system of fixed-amount purchase of farm and sideline products by contract. To practice the system of contracted purchase of fixed amounts of farm and sideline products is a good way to guide production, link up production and marketing, and protect the interests of the peasants. The state has carried out contracted purchase of grain and cotton this year. This reform is in the right direction and on the right track. We need to gradually perfect the systems and methods in this area in accordance with the local conditions.

Some localities have suggested that the target of fixed-amount purchase of grain and cotton is best when fixed and unchanged for a period of several years with appropriate adjustments made between good and bad harvest years. This is a very good idea. All localities may put this into practice on a trial basis. Many localities are also now carrying out contracted purchase for other principal farm and sideline products. In these contracts, they have spelled out the varieties, amounts, quality standards, delivery schedules, prices and other conditions that should be clarified. Results of this practice have been good. The localities should pay attention to summing up and popularizing the experience in this respect. In carrying out the system of contracted purchase at a fixed amount, it is necessary to implement the principle of consulting the peasants in doing things.

Here, I would also like to make a special point on the need to do a good job in the production and supply of vegetables in large and medium-sized cities. Vegetables are a daily necessity indispensable to the people. Lifting vegetable price controls represents a major aspect of the restructuring of the economic system. It is also a topic of popular concern. To successfully carry out the restructuring of vegetable purchase and marketing is not only an economic but also a political issue. Leaders at all levels must be deeply concerned about the people's vegetable basket. In order to do a good job in vegetable production and supply in large and medium-sized cities, attention should be directed mainly to the following two points. First, in the production and supply of vegetables, it is necessary to implement the principle of relying mainly on the inner suburbs, making the outer suburbs subsidiaries, and depending on other cities for adjustments. Suburban areas of large cities should take a combination of economic and administrative means to ensure that a certain acreage of land is set aside for growing vegetables and that the designated land is fully utilized and the vegetables are well tended. Furthermore, they should establish a relatively stable relationship of purchase and marketing with other localities in the form of a contract so as to have a reasonable supply network available. Second, in the management of vegetables, it is necessary to practice the method of relying on the joint efforts of the state, the collective, and the individual. Active efforts should be made to run various forms of wholesale markets. They can be run

jointly with other cities or in the form of a joint venture of the agricultural and commercial sectors. Active support should also be given to the suburban peasants so they can come directly into the cities to sell their vegetables wholesale. All localities should support such peasants in regard to the space and funds needed. They should ensure that agricultural trade fairs are run well and that peasants are allowed to sell their vegetables there. State-operated vegetable corporations should actively involve themselves in market regulation by securing the source of most of the popular varieties of vegetables so as to regulate supply and demand and keep prices down. Retail vegetable stores run by the state and the collective should make serious efforts to manage vegetables well and adhere to the state policy on prices in an exemplary way. When necessary, a guided price system should be instituted for some principal varieties of vegetables.

In summary, to enliven the rural economy and develop commodity production, we must rely mainly on economic means while also using administrative and legal means to strengthen control and regulation. The call for enlivening the economy should by no means be wrongly construed as doing away with control. Lifting controls is by no means doing away with control.

6. Appropriately adjust the prices of some products. This year we have made rather big strides in reforming the price system. We must consider the capacity of the state, enterprises, and masses to tolerate price reform, and there is also a need for further consolidation and improvement on the reform measures already put into practice. For this reason, we should adopt a basically stable price policy next year. While keeping the general price level of agricultural products basically unchanged, prices of certain products should be adjusted, some up and some down. It is essential to implement the principle of higher prices for better quality products and to appropriately widen the gap in prices based on quality. The procurement prices for soybeans should be appropriately raised, primarily the price applied to soybean producing centers. The sales prices of means of agricultural production should remain unchanged in general. The prices of products made by small chemical fertilizer plants should be lowered appropriately. If a production enterprise cannot tolerate the change despite all its efforts and has thus suffered a loss, the local financial department should give it an appropriate subsidy. Moreover, the price control department should step up the supervision and control over market prices.

7. Strengthen land management. Since our country has a large population but a comparatively small acreage of arable land, protection of arable land is our basic national policy. In recent years, too much land has been used for capital construction projects in both cities and the countryside, and this trend has been very strong. Most of the arable land used for these projects is fertile farmland. Some localities have the idea that more economic benefits can be obtained by developing village and town industry and tertiary industry, and so they have used and wasted land at will for developing these industries. Another very serious problem is that good farmland has been used for rural housing projects. In some provinces, the arable land diverted to other purposes in a year is equal in acreage to the farmland in a medium-sized country. With each passing day, our country has less and less arable land,

which is the most fundamental means of production. This trend, if allowed to develop, will give rise to grave consequences and entail untold troubles for our descendants. The leadership at all levels must pay great attention to this problem and take resolute measures to solve it. Land management organs should be established and perfected in all provinces. Administrative, legal, and economic measures should be used simultaneously to strengthen land management, and strict procedures should be put into practice for examining and approving the use of land for nonagricultural purposes. All localities should seriously investigate indiscriminate use of arable land for other purposes, and any case of illegal use of arable land for other purposes should be dealt with seriously. In the meantime, the state will enact and perfect as soon as possible laws and regulations for strengthening land management so that strict land management can be exercised.

8. Establish a township financial system. On the basis of the relevant regulations of the state, some localities have established a township-level financial system to centralize the management of revenue and expenditure at this level under the examination and supervision of the township people's congress. This has had a very good effect on raising revenue in proper ways and making reasonable arrangements for spending money; on using most of the revenue to support agricultural production; on stepping up the building of the grass-roots political power in rural areas; and on overcoming unhealthy tendencies and preventing embezzlement and waste. For these reasons, the establishment of a township-level financial system is welcomed by the masses. All localities should make positive efforts to set up their township-level financial system in a step-by-step manner.

On the Question of Strengthening Leadership

The key to success in consolidating and developing the fruitful results of rural reform and making the socialist planned rural economy even more prosperous is that party committees and governments at all levels must conscientiously strengthen their leadership over rural work.

The party Central Committee and the State Council attach great importance to rural work. The national rural work conference, held once a year to study and plan this work, is sufficient evidence of the significance of the rural issue in the work of the central authorities. Our leading comrades at the central level always keep in mind the 800 million peasants.

What we should note at present is that the problem of weakening the leadership over rural work does exist in some localities and departments. Of the 1 billion people of our country, 800 million are peasants. Issues concerning rural areas, agriculture, and peasants occupy a very important position in the political and economic life of the entire country. When the question of our 800 million peasants has been solved successfully, the work in all other fields can proceed more smoothly. It is a major duty of party committees and governments at all levels to strengthen their leadership over the work in rural areas. The leadership at all levels as well as all professions and trades should incessantly enhance their understanding of the importance of rural work and raise their awareness of carrying out the policy of taking agriculture as the foundation.

With the deepening of our rural reform and the all-round development of the rural economy, there is an increasingly close relationship between the issues concerning rural areas, agriculture, and peasants on the one hand, and the whole situation of our national economy on the other, and the contents of rural work are incessantly changing and expanding. To cope with these new circumstances, we should not only constantly study agriculture and its internal relations but should also continue to study the whole situation of the national economy--the relations between cities and countryside and between workers and peasants; market conditions; and supply and demand--in an effort to keep the trend of development well in hand. We should proceed from the overall interests and handle successfully not only the various relations within agriculture but also the relations among agriculture and others so as to put the whole situation under control.

Comrade Deng Xiaoping said: "What is leadership? Leadership means service." Serving the people is the bounden duty of communists and the vast number of cadres. Currently, the peasants are developing a socialist commodity economy. They need more and more services from us. Since commodity production has an elaborate division of labor, is complex in structure, and is interdependent, many undertakings are beyond the ability of a single household and require social services. Therefore, developing social services is an objective need called for by the rural commodity economy. Wherever this problem is handled well in meeting the actual needs, the commodity economy will have healthy development, and the peasants' income will also increase steadily. We must be keenly aware of the tendencies of a developing commodity economy; promote the establishment of various forms of social service agencies of various purposes and sizes as well as establishing service facilities; guide the peasants in gradually perfecting the cooperation system through services; and actively support those cooperative economic undertakings that bring prosperity to the peasants. In developing a cooperative economy, we must always respect the peasants' right to self-determination and uphold the principle of volunteer participation and mutual benefits; we must never commit the same mistake again, namely, that a cooperative economy means the concentration of great quantities of means of production and "eating from the same big pot." The organization of a cooperative economic undertaking can be either temporary, simple, and loose or long-range, comprehensive, and close-knit. The development of a cooperative economy is a step-by-step process. In developing a cooperative economy, we cannot expect quick results by means of hasty actions or movements but must provide correct guidance so that when conditions are ripe, success will come naturally.

We must encourage and protect those who have become well-off through industriousness and abiding by the law. But for those who try to become well-off by abusing their authority or position for personal gain or by becoming "shareholders through power," we must adopt proper policies to restrict them. Regarding those law offenders among them, we will deal with them strictly.

Another important issue in strengthening the leadership of rural work is that we must stress the importance of rural scientific and technological work. "Reliance on policy, science, and technology" is a correct principle of ours in developing agriculture. We must continue to give full play to the role of

policy, particularly the overall role of policy. But more importantly, the role of science and technology will become increasingly more important. The revitalization of China will inevitably depend on the rise of a new generation of peasants. If there is no rapid progress in the method of production in the rural areas, it will be impossible for us to achieve national revitalization or realize the four modernizations. We ought to foresee this fact and take proper actions. If we should be late in realizing this fact and slow in dealing with the problem, we would greatly damage our cause. The fundamental way out for China's agriculture lies in technological innovation and intensive farming. In the future, we must apply the latest scientific and technological achievements to agriculture. In developing commodity production, we must introduce modern science and technology, raise the peasants' cultural and technical levels and quality, and increase both material and intellectual investments. Only in this way can we be expected to raise the output and quality of farm products, increase their variety, expand the processing industry, raise labor productivity, and improve social and economic results, thereby expanding the role of agriculture in the entire society. The State Commission of Science and Technology has proposed formulating a "Spark Program" [xing huo ji hua 2502 3499 6060 0349], which advocates the introduction of modern technology in village and town enterprises by means of demonstration projects. It is a very good idea. The various quarters should support it and do a good job in setting up pilot projects to gradually spread their experiences.

Currently, some 560 counties across the nation have been put under the jurisdiction of cities. Giving the cities jurisdiction over their adjacent counties is to bring the cities' role as economic centers into full play, thereby establishing a new structure to integrate urban and rural economic development. I hope the cities with counties under their jurisdiction will effectively strengthen their leadership over their subordinate counties and the counties under the jurisdiction of large and medium-sized cities will become vanguards in agricultural modernization.

Owing to different natural conditions and uneven economic development, there are still some rural areas in China where tens of millions of people have not yet freed themselves from poverty and are still without adequate food and clothing, although some economic progress has been made by them in recent years. Most of these areas are mountain regions, areas where national minority people live, or old revolutionary bases. The central authorities are extremely concerned about these areas. Last year they issued special documents, putting forward the guiding ideology, special policy, and preferential measures to help poverty-stricken areas bring about changes. To conscientiously solve the issues in these areas is of great significance politically and economically. The party committees and governments at all levels and the various departments concerned must attach great importance to these issues, list this matter as an important item in their daily agenda, and earnestly implement the relevant policies of the central authorities one by one. The funds and supplies of various localities in support of poverty-stricken areas in developing production, changing the terms in production, and vitalizing the economy in these areas should be used according to local conditions. Efforts must be made to organize cities and well-developed areas

to support the poverty-stricken areas and help them develop production and eliminate poverty as soon as possible. How many poverty-stricken areas are there after all? What kind of difficulties are they experiencing? We must make a realistic appraisal. We must place our emphasis on aiding the poor in the truly poverty-stricken areas. Right now, we must, first of all, solve the problem of supplying the masses there with enough food and clothing.

To strengthen our leadership in doing rural work, we must improve our work style and work methods, perform more actual deeds, and make less empty talk. In doing rural work, we have many tasks to perform. Thus, we cannot concentrate on a single task only.

The situation in the various localities differs in thousands of ways. We cannot demand uniformity in everything. By doing things on a crash basis, racing against each other for higher speed, practicing formalism, and engaging in boasting and exaggeration while seeking undeserved reputation will only court disaster.

Strengthening rural basic-level party organizations and grass-roots political power and improving the cadres' qualities is the foundation for doing rural work well. The basic-level cadres are working on the frontline. We must rely on them to popularize and implement the party's policies, organize and promote all types of work, listen to and convey the voices of the broad masses of peasants to the higher levels, and solve many issues. Therefore, it is extremely important to strengthen the building of grass-roots organizations. Right now, grass-roots cadres still lack experience in leading peasants to develop a socialist commodity economy and develop the two types of civilizations. Therefore, we must pay attention to selecting and training grass-roots cadres. We must instill new knowledge into their minds, teach them how to use new work methods, and help them raise their awareness and acquire new skills so that they can shoulder the heavy responsibility of leading peasants to build a modern socialist countryside. The party Central Committee has already approved the plan made by the Central Commission for Guiding Party Rectification on doing rural party rectification work. The various localities must do a good job in carrying out party rectification in the countryside according to the central authorities' plan; look for, select, promote, and train grass-roots cadres in the course of carrying out party rectification; and help them improve themselves. We will definitely be able to successfully carry out our work in the countryside so long as the 20 million rural party members play their exemplary vanguard role well and the nearly 1 million rural party branches play their role well as a fighting bastion.

To lead the broad masses of peasants to develop commodity economy and become well-to-do together through hard work is the heavy responsibility entrusted by history to the Chinese communists. Economic work plays an extremely important role in rural work. Economic and political work are always closely connected. While strengthening economic work, we must strengthen ideological and political work, uphold the four fundamental principles, and develop simultaneously the two types of civilizations. Those engaged in rural work must regularly popularize the party's line, principles, and policies; publicize the situation at home and abroad and the superiority of

the socialist system and of communist ideals; encourage peasants to work hard to achieve common prosperity; and lead peasants to unswervingly follow the socialist path.

With the development of the rural economy, we must strengthen our coordination in doing our work in all fields. Some of the provinces have set up rural economic commissions, while merging the original departments of agriculture and industry, offices for rural policy research, centers for the study of rural developments, and other departments into one to do jobs in studying policy, making long-range plans, handling day-to-day administration, and carrying out ideological and political work. It is reported that with this kind of system, work can be carried out quite smoothly without having to increase personnel. Some other provinces plan to follow suit. The central authorities have declined to make their own decisions in accordance with their own conditions.

Comrades, the central authorities have already worked out a series of correct policies that practice has verified as being correct. So long as we firmly strengthen our leadership over rural work, and rely on the strenuous efforts of the broad masses of peasants, we will definitely be able to score still greater achievements in facilitating rural reform, vitalize the socialist commodity economy, and create an even more healthy situation in rural areas throughout the country.

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MODEL IN UNITED FRONT WORK, FORERUNNER IN KMT-CPC COOPERATION--COMMEMORATING
THE 10TH ANNIVERSARY OF THE DEATH OF COMRADE ZHOU ENLAI

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[Article by Qu Wu [1448 2976]]

[Text] It is already 10 years since Comrade Zhou Enlai died. The longer the time since his death, the brighter shines his revolutionary life and the more people respect him and cherish his memory.

Comrade Zhou Enlai was a great proletarian revolutionary. He made a tremendous contribution to the establishment and development of the three magic weapons for the Chinese revolution--party building, armed struggle, and the united front. Comrade Zhou Enlai was a lofty mountain, "a lofty mountain that people look up at and a broad road that people may follow." Many comrades have written commemorative articles to expound on his great contribution to the Chinese people. Here, I am only going to talk about my experience concerning his contribution in the sphere of the united front. The publisher's note to the book "Collection of Zhou Enlai's Articles on the United Front" says well: "In his great revolutionary life, Comrade Zhou Enlai made an outstanding contribution to the establishment, consolidation, and development of the united front led by the CPC and he deserves to be regarded as first among the models in doing united front work since the founding of our party. His deep insight and great revolutionary courage in firmly believing that the proletariat will certainly emancipate the whole human race, his democratic spirit in treating other people as his equals, his revolutionary style of being ready to take up the cudgels for a just cause, and his lofty virtue in being strict with himself will be worth our remembering and studying forever." My experience also vividly proves that these words are entirely correct.

The KMT and the CPC are two major political parties in China. The relations between these two parties have an extremely great bearing on our country's modern history. As far back as in the period of the first revolutionary civil war, Comrade Zhou Enlai applied the basic principles of Marxism-Leninism, analyzed the reality of Chinese society, and expounded pithily on the position and role of the united front in China's revolution. He was engaged in the practice of united front work for a long time, personally took part in the cooperation between the KMT and the CPC, and accumulated

valuable experience. In the Huangbu Military Academy, which was jointly established and run by the KMT and the CPC, he was director of the political department and enjoyed extremely great prestige among the teachers and students throughout the academy. He made painstaking efforts to train military cadres for the Northern Expedition and to establish political work among the troops. In the middle of the victorious Northern Expedition, the "12 April" counterrevolutionary coup d'etat occurred, in which Chiang Kai-shek massacred communists and revolutionary masses. On 1 August 1927, in the light of the CPC Central Committee's decision, the Nanchang Front Committee, of which Comrade Zhou Enlai was the secretary, staged an armed uprising at Nanchang, and thus began the new period of armed revolutionary struggle led independently by the CPC. The issue of MINGUO RIBAO [REPUBLIC DAILY] of the day of the uprising carried the "Announcement of Central Committee Members" signed by KMT leftists and the CPC members who had joined the KMT. At the lead of those who signed the announcement was Soong Ching-ling, who was Dr Sun Yat-sen's wife and a prominent representative of KMT leftists. I was also one of the signatories.

During the Long March, on 1 August 1935, the CPC Central Committee published a "Letter to All Compatriots for Resistance Against Japan and National Salvation," calling on the people all over the country to unite as one, stop the civil war, and resist Japan together. On 12 December 1936, at the civil war front in Shaanxi, Generals Zhang Xueliang and Yang Hucheng detained, in Xian, Chiang Kai-shek, who had come to deploy the troops to "suppress the communists," and thus began the well-known "Xian Incident." In accordance with the decision of the CPC Central Committee, Comrade Zhou Enlai hurried to Xian and helped to resolve the "Xian Incident" peacefully. The CPC and the KMT once more cooperated with each other and united to resist Japan. This became the turning point from revolutionary civil war to the national war of resistance against Japan.

During the 10 years of the civil war, I was forced to go into exile in the Soviet Union and was not able to return to my country. It was not until the outbreak of the war of resistance against Japan that I returned to China via Europe and Hong Kong. In Chongqing, I met Comrade Zhou Enlai, whom I had longed to meet for a long time. Then I conducted revolutionary activities in the areas under KMT rule under the direct leadership of Comrade Zhou Enlai. In 1941, together with Comrades Wang Bingnan and Wang Kunlun, I initiated the establishment of the Democratic Revolutionary League (Small KMT Revolutionary Committee for short) to carry out united front work in the upper levels of the KMT. In November 1945, I accompanied General Zhang Zhizhong to Xinjiang and helped to release the over 100 CPC members who were imprisoned by Xinjiang warlord Sheng Shicai, and protected a number of CPC cadres. In April 1949, I went to Beijing to take part in the peace talks between the KMT and the CPC as an adviser to the peace talks delegation of the Nanjing government. As the Nanjing government refused to sign the "domestic peace agreement," I flew back to Xinjiang and helped General Tao Zhiyue and Chairman Burhan achieve the peaceful liberation of Xinjiang. All these things were done under the instructions of Comrade Zhou Enlai. I will forever remember that it was Comrade Zhou Enlai's teaching that enabled me to continue to forge ahead and commit fewer mistakes on the path of revolution.

Since the founding of the PRC, in addition to taking part in the work of the Revolutionary Committee of the Chinese Kuomintang, I have been appointed to the posts of director of the Counsellors Office of the State Council and then vice minister in charge of the Commission for Cultural Relations With Foreign Countries, and have continued to do united front work abroad and at home. What I personally saw and experienced proved that Comrade Zhou Enlai adhered to and carried on the CPC's fine tradition and work style in the sphere of united front work, that he expounded on the party's united front policies in the socialist period toward the national bourgeoisie, democratic parties, intellectuals, nationalities, religion, and Overseas Chinese, and that he united with all those that could be united with and thus strengthened the force of revolution and construction.

In regard to the new and old friends who had joined the united front, Comrade Zhou Enlai showed concern not only for their work and living arrangements, but also for their political progress. Many comrades and I have heard Comrade Zhou Enlai's speeches, with sincere words and earnest wishes, that encouraged friends outside the party to pass "five barriers" (ideological, political, social, relative, and livelihood barriers) after joining the revolutionary contingent and to study and transform ourselves throughout our lives. It was precisely Comrade Zhou Enlai's words and deeds that educated me and many friends and enabled us to undergo severe tests and continue to forge ahead bravely on the path of building a modern and prosperous country with a high degree of democracy and civilization!

Comrade Zhou Enlai said that whoever did good things for the people would never be forgotten. This is true not only for the friends who live on the mainland, but also for the friends who stayed in Taiwan or abroad for various reasons. We all know that Comrade Zhou Enlai personally worked to win over and help General Wei Liwang and Mr Li Zhongren to return to our country and enabled them to spend their later years in peace in our country. Here, I shall cite another incident that I personally experienced. In 1961, Mr Yu Youjen, "chairman of the Control Yuan" in Taiwan, who was a founding member of the KMT and who was forced to move to Taiwan, told Mr Zhang Shizhao in Beijing, through a friend, Mr Wu Chiyu, in Hong Kong, of a matter he was worrying about: "This year it is my wife's 80th birthday. It is a pity that I am not on the mainland. She will certainly have a very lonely birthday and no one will pay much attention to it. I am very sad about this." Mr Zhang Shizhao told the premier. Then the premier told me to go to Xian to celebrate the old lady's birthday in the name of her son-in-law. I did so in accordance with Comrade Zhou Enlai's instructions. Later, I sent to Mr Yu, through many intermediaries, the photographs taken on the birthday and a present for him. Attached to the present was a letter telling him that "Mr Lianxi" supported the birthday celebration activities from beginning to end. Mr Lianxi was the alias of Zhou Dunru, a well-known Confucianist in the Song Dynasty. I used his name to refer to Comrade Zhou Enlai. Mr Yu was very happy when he received my letter and the photographs and present. He sent back word through people to tell me to convey his sincere gratitude to "Mr Lianxi." Though it was during the period of the 3 years of natural disasters, and though Mr Yu was in Taiwan, Premier Zhou took care of such a minor thing despite the fact that he had to attend to numerous affairs

of state every day. Though Mr Yu was not able to come back to the mainland during his lifetime, I think he would thus have had some comfort on his deathbed. As Mr Yu's relative, I was very much moved.

During the "Great Cultural Revolution," in order to attain their evil aim of usurping party leadership and state power, the Lin Biao and Jiang Qing counterrevolutionary cliques cruelly persecuted cadres inside and outside the party and thus gave rise to a large number of wrong, false, and mis-judged cases. Under very difficult circumstances, Comrade Zhou Enlai made extremely great efforts to protect cadres, including many leaders of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang and patriots who were KMT members in the past. A list, in the premier's handwriting, of cadres that should be protected has been preserved. Among the names on the list are Soong Ching-ling, Cheng Qian, He Xiangning, Fu Zuoyi, Zhang Zhizhong, Shao Lizi, Jiang Guangnai, and Cai Tingjie. Later he wrote to relevant people and instructed that leaders of democratic parties should be protected and should not be criticized or denounced. Now, when the comrades concerned review those instructions that Comrade Zhou Enlai gave at that time, they are all moved to tears.

During the 10-year catastrophe, I was first kept in isolation to undergo examination and then arrested and imprisoned. The work I had done under Premier Zhou's guidance and leadership was all vilified and denounced as heinous crimes. "Xiang Zhuang performed the sword dance as a cover for his attempt on Liu Bang's life." This was wantonly aimed at toppling our beloved Comrade Zhou Enlai. After the "13 September" incident, when Lin Biao blew himself up, Chairman Mao and Premier Zhou sent people to inspect the place where I was imprisoned. I had an opportunity to write to Comrade Zhou Enlai to tell him my situation. When Comrade Zhou Enlai learned that, he called the special group for the examination of my case to account for the reason for my imprisonment. In addition to branding me with the usual label of "counterrevolutionary," the group made up the story that during the war of liberation, together with Zhang Zhizhong, I had induced over 100 CPC members in Xinjiang to surrender to the KMT, and released them back to Yanan to serve the KMT. When Premier Zhou asked them whether they had any evidence to support that, they said they did not have any. Premier Zhou said that since there was no evidence, they were not to send me to prison at will and had to release me at once. When the group briefed Jiang Qing on Premier Zhou's opinions, Jiang Qing said that Qu Wu was stubborn and had to remain in prison. As a result, it was not until the eve of National Day in 1974 that Comrade Zhou Enlai directly took care of my case by putting me on the list of the eight people that were to attend the state banquet, and obtained Chairman Mao's approval for the list. Then I regained my freedom. I attended the state banquet, presided over by Comrade Zhou Enlai, the day I was released. When I saw that Comrade Zhou Enlai looked thin and pallid under the heavy burden of state affairs and the suffering of sickness, I could not help but shed tears and be very sad.

Comrade Zhou Enlai personally experienced the two periods of cooperation between the KMT and the CPC. He had many friends in the KMT. When we read once more the article that Comrade Zhou Enlai wrote in memory of Mr Zhang

Huainan, we see how deep a friendship Comrade Zhou Enlai cherished for the negotiating partner who represented the KMT in holding talks with the CPC at that time. Comrade Zhou Enlai always showed great concern for the early realization of a third KMT-CPC cooperation and the realization of the unification of our motherland. From the founding of new China, because of my work, I often had the opportunity to meet Comrade Zhou Enlai. He more than once talked with me specially on the issue of a third cooperation between the KMT and the CPC. In 1975, when Comrade Zhou Enlai was sick in the hospital, he sent Comrade Luo Changqing to talk to me, to learn the situation in the work related to Taiwan and to consider the question of how we were to realize the third KMT-CPC cooperation and achieve the great goal of the reunification of the motherland at an early date.

Comrade Zhou Enlai's theoretical contribution and revolutionary practice related to the united front are a tremendous spiritual wealth that he has left us. They will certainly benefit the Chinese nation and people, and inspire us to forge ahead bravely to reinvigorate China and reunify the motherland.

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THE KEY TO BUILDING A MODERN AND POWERFUL NAVY LIES IN CAPABLE PERSONS

Beijing RED FLAG in Chinese No 2, 16 Jan 86 pp 17-19, 20, 21

[Article by Liu Huaqing [0491 5478 3237]]

[Text] In the new historical period, the Central Military Commission has explicitly called on us to "build a powerful navy with modern fighting capacity" in order to resist foreign aggression, to defend the sovereignty of our territorial waters, and to serve the cause of safeguarding our maritime rights and interests, developing and using our marine resources, and carrying out the four modernizations program. The key to fulfilling this mission lies in meticulously training and selecting capable people.

The navy is a military arm composed of surface vessels, submarines, air units, coastal defense units, and a marine corps. It involves numerous branches of science and technology and is equipped with complicated weapons. Due to its strategic position and role, the latest achievements in science and technology are often applied in the navy first. A modern warship combines various advanced scientific and technological equipment and systems and epitomizes the country's state-of-the-art industry. The navy is characterized by its knowledge- and technology-intensive development. The question of integrating men and weapons is a very complicated one in the navy. Naval vessels or aircraft often conduct training or patrol far away from the coast and their logistics bases, facing constantly changing situations at sea and in the air and, more often than not, dealing with foreign countries. Since the officers and men have to perform their missions and operate modern weapons under such circumstances, it is necessary to set higher and stricter demands on the military capability and political consciousness of both officers and men, particularly when they carry out combined operations at sea. They should not only have a high level of revolutionary consciousness but also a wide range of scientific and cultural knowledge. Commanding personnel should also have fairly high attainments in both military thinking, strategy, and tactics, master the consummate art of leadership and operational skills, and have rich practical experience in sea operations. In the contemporary world, a worthy, modern, and powerful navy must have two most fundamental factors: One is to possess a sizable number of modern vessels and aircraft equipped with various types of guided missiles, nuclear weapons, and so on; the other is to have all kinds of capable people at all levels, particularly commanding personnel, who are proficient in modern naval battle theory,

strategy, and tactics and who can skillfully direct and operate modern weapons. Only by rationally and harmoniously integrating the two factors is it possible to develop a powerful modern combat capability. The experiences gained in, and the lessons drawn from, the building of the Chinese people's navy in the past 30-odd years teach us: The building of a contingent of capable people has a direct bearing on the success or failure of the naval undertakings and on combat effectiveness. For this reason, we should place the question of training, using, and caring for capable people in a strategic position.

Since the 3d Plenary Session of the 11th CPC Central Committee, the navy has made tremendous efforts to train, promote, and use various kinds of capable people (including those trained in both military and civilian skills) and has attained notable successes. In the military, political, logistics, scientific, technological, teaching, and other fields, the navy already has many outstanding personnel at all levels, who can ensure the performance of routine educational training and the fulfillment of various complicated tasks, such as dispatching a naval task force to the South Pacific to conduct inter-continental ballistic missile tests, launching guided missiles from submarines under water, conducting explorations in Antarctica, and sending a naval fleet on a visit to three South Asian states. However, judging from the strategic missions undertaken by the navy, the existing personnel still fail to meet the demand in terms of quantity, and particularly in terms of quality. Therefore, we must vigorously promote the growth of capable people. To do a better job of training, selecting, and caring for such people, I deem it necessary to solve, with reform and an enterprising spirit, the following four problems in terms of thinking and work:

First, it is necessary to foster a modern and scientific idea of leadership.

The leading cadres at all levels, particularly the middle-ranking and senior commanders, should make clear that we are now in a new era of technological revolution. They should gain a clear understanding of the special features of modern warfare and its new requirements on army building, change the leadership thinking and methods characterized by seclusion and narrow experience, and learn to apply modern scientific concepts and methods in observing and handling problems. The extensive use in the military field of the latest scientific and technological achievements has effected a fundamental change in weaponry and has brought many new features to modern sea warfare. The traditional sea warfare characterized by two fleets pitted against each other and the launching of surprise attacks at targets on the opposite coast has developed into the launching of long-distance surprise attacks from the sea and of strategic surprise attacks deep into the interior. The scope of naval operations will be further extended into a multi-level three-dimensional space, naval battles tend to be conducted more speedily, suddenly, variably, and fiercely, and the role of men's wisdom, knowledge, and skills will be greatly enhanced. It can be said that the modernization of the navy and future modern warfare sternly and almost compulsorily demand that we should meticulously train and care for capable people.

Compared with the navies of some developed countries, the weaponry of the Chinese people's navy cannot be regarded as advanced. The navy already has small quantities of every system and every type of weapon and has taken the first step toward commissioning more missiles and electronic equipment, using more nuclear energy, and enhancing the standard of automation. With the development of the state's four modernizations program, the weaponry of the navy will be constantly improved and upgraded. Our leadership thinking should be adapted to this situation and keep pace with its development. However, some comrades have not broadened their horizons and thinking. They are still restricted by outdated narrow concepts. Fixing their work at a low level, they are often satisfied with their knowledge and skills and with just doing a passable job. They are accustomed to looking at their progress vertically and not at the horizontal gaps in their knowledge. They do not see clearly the development orientation of the navy. Nor do they realize that since it is hard to keep up their educational level now, it will be even more difficult for them to fill their posts creditably in the future. For this reason, they lack both the desire to seek knowledge and the enthusiasm to train, employ, and care for capable people. Affected by "leftist" ideology or handicapped by personal interest, some comrades look down upon knowledge and capable personnel. They envy able and worthy people and even try to suppress or squeeze them out. These concepts and methods of thinking, which obviously run counter to the objective of building a modern and powerful navy, must be changed quickly.

Second, it is necessary to define clearly the standard for capable people in navy building.

By capable people we mean people with both ability and political integrity. Ability and political integrity complement and act on each other. People lacking either of these are not what we call capable people of the "four transformations" of cadres laid down by our party, making the ranks of cadres more revolutionary is of basic importance. It reflects the essence of our army. The modernization of weaponry has undoubtedly made it even more necessary to make people more educated and more professionally competent because it is impossible to modernize the navy without knowledge and professional skills. However, with a higher degree of modernization, the demand for people's sense of political responsibility, courage, sense of discipline, tenacity, and coordination is also higher. It will only endanger army building if we put more stress on reducing the average age of cadres and raising the level of their education and professional competence than on making our cadres more revolutionary, that is, if we pay no attention to political conditions in using people.

The navy should have all kinds of capable people at each level. These can be military academy or university graduates. Volunteers and soldiers may also become capable people. In navy building we need all kinds of specialists. We need people who are expert in one thing and good at many, particularly people who have a strong sense of party spirit, are quick thinking, who are both resourceful and decisive, and who dare to blaze new trails. We need all-round people at the intermediate and senior levels who not only have organizational ability and give competent leadership but also exercise

control over people and goods. In line with the party's basic requirements for capable people and taking into consideration the special features of the navy and the needs of the future antiaggressive wars at sea, people needed in navy building should generally have the following five requirements: 1) They should have lofty revolutionary ideals and the spirit of dedication to maritime undertakings, love the islands, oceans, and their vessels, and have a strong sense of revolutionary cause and of responsibility, honor, and pride. 2) They should have the qualities characteristic of brave, selfless, and tenacious naval officers and men, as well as scientific and realistic approach. They should brave the hardships and dangers of sea training, life, and combat tasks and be bold in making experiments and forging ahead. 3) They should have a fairly wide range of modern scientific, technological, and cultural knowledge and rich practical experience at sea and be expert in one or two special fields and good at many. 4) They should have a conscientious sense of organization and discipline. Not only should they obey orders in all their actions and act in strict accordance with the decrees, rules, regulations, and systems but also have the ability to cope with emergency situations flexibly and independently and act according to the instructions and intentions of the higher authorities and the supreme command under all circumstances. 5) They should have strong physiques enabling them to adapt themselves to sea training, life, and fighting.

Due to the different status and responsibilities of various naval personnel, our demand for their military capability and political consciousness should naturally be different. There should be a higher and stricter demand on the political consciousness, intellectual structure, and tactical, technological, and managerial skills of captains, particularly commanders at the group [da dui 1129 7130] and the detachment [zhi dui 2388 7130] levels and above. When promoting people to leading bodies at various levels, we should concentrate on selecting and promoting people who have a strong sense of party spirit and the fine spirit of serving the people. Attention should be paid to age and intellectual structures, creativity, ability to organize and to give competent leadership, and efficiency as a whole. Leading bodies should also watch out for those who, in spite of their ability, have a poor sense of party spirit and serious individualistic ideals and who fail to match their fine words with practical deeds. These people should not be put in important positions.

Third, it is necessary to combine training with the promotion and use of personnel.

In solving the question of capable people, we must meticulously grasp training work. The navy is composed to various arms of the services. In training personnel, we should have a high starting point, set strict demands, and lay a solid foundation in political consciousness, science and culture, professional knowledge, work style and discipline, and physical health. With the exception of one or two specialities, cadres at the grass-roots units should be trained in such a way that they generally attain a college educational level. The development of weaponry and the transformation of the establishment structure will constantly change the methods of training, operations, and activities. Exclusive attention to training specialists in a particular

field obviously fails to suit the new demand. We should, therefore, attach importance to training all-round personnel who are good at many things and correctly handle the relationships between expert and wide knowledge so that we can gradually conduct general training among different vessel categories, among similar specialities, and even among different arms of the services. In this way we can broaden the cadres' range of knowledge and enhance their ability to adapt themselves to the changing situation. We should pay attention to integrating military academies and universities with troops and combining theory with practice. We should institute a system under which the cadres of military units, institutions, and academies exchange among themselves so that they can receive training in many ways and improve themselves in an all-round way. In short, in training capable people there should be more avenues, numerous forms, and flexible methods.

We train capable people in order to use them. Leaders at all levels should care for and use them well. Only by rationally using all kinds of capable people is it possible to give play to their talents and roles. Cherishing and caring for capable people is in fact tantamount to cherishing and caring for the cause of navy building. Caring for capable people should be reflected by boldly promoting them, letting them have a free hand, supporting them in their work, and being concerned for their well-being. However, what is important is to use them rationally. Due to various factors, for a long time there has been a certain dislocation between the training of personnel and their use. As a result, many people do not practice what they have learned; there has been a drain on capable people despite our efforts to train them; and it takes a long time to train people who are used for only a short time. This is not advantageous to training high-quality personnel and to navy building.

In order to solve the above-mentioned problems, we should do the following things: 1) We should draw up a plan for capable people in a scientific way. Without a farsighted and scientific plan it would be difficult to check the waste of such people. Only by integrating scientific planning, meticulous training, and rational employment of capable persons can we rationally assign personnel, train them well, and transfer them in an orderly manner, thus bringing into full play the benefits of training capable people. 2) Leaders at all levels and comrades at the departments in charge of cadres should establish scientific methods of thinking, persist in following the mass line, and gain a better understanding of cadres in order to have a good grasp of the situation regarding capable people. Only in this way can they select and appoint able and worthy candidates and eliminate mediocre ones. Being bureaucratic, some leading comrades do not have a correct understanding of cadres and, being easily swayed by gossip or rumors, often decide other people's fates accordingly. This defect must be rectified. 3) We should reform the management methods for capable personnel and practice scientific management. Attention should be paid to solving the question of separating the right to use from the right to transfer cadres. When appointing or dismissing cadres, the departments concerned should keep each other informed, jointly assess the cadres, and reach a decision through consultation. The immediate leaders using the cadres should be given more say. In using capable people efforts should be made to reduce as far as possible man-made

"internal consumption" [nei hao 0355 5088]. We should no longer allow erroneous ideas, such as remnant factionalism, envy of able and worthy people, and narrow prejudice, to go on endangering the building of the ranks of capable people. In observing and using personnel, the comrades in leading posts should overcome their own limitations. They should genuinely proceed from the cause of navy building by cherishing capable people and not envying them. Wasting capable people is a dereliction of duty, squeezing them out is a bad habit, and attacking them is a crime. We must assess cadres dialectically, comprehensively, and in historical perspective. On no account should we pay lip service to dialectical materialism but practice metaphysics when using capable people.

Fourth, we should renounce empty talk in favor of practical work and gradually institutionalize the management and use of capable people.

In meticulously training, selecting, and caring for capable people, it is important to have a perfect system as a guarantee. Institutionalizing the management and use of capable people helps to exploit their talents to the full and to solve the contradiction between personnel shortage and waste. We should persist in practicing various systems, such as promoting cadres after they receive training and pass the examinations, and establishing a rational age structure, and get ready to institute a system of fixed term of office. In light of the specific conditions in the navy, there should be some stipulations for highly capable people in crucial posts, for people of great attainments in military thinking and naval battle tactics, and for people experienced in organizing naval training and combat patrols so that they can work in the navy for a relatively long time. We have made some efforts in these fields. For example, we have made provisional stipulations on strengthening the ranks of naval cadres and kept on quite a few competent commanding officers of naval vessels, as well as personnel in charge of professional work [ye wu zhang 2814 0523 7022]. This has played a fairly good role in navy building.

To provide navy building with centripetal and cohesive forces, we should not only rely on the sense of honor and patriotic spirit of naval officers and men but also show concern for their ideological progress, work, and immediate interests. Over the past few years, we have taken some measures and paid attention to implementing the policy toward intellectuals. We have solved some practical problems for the coastal and frontier defense forces. However, this is not quite enough and there is still a lot to be done.

In order to build a powerful, revolutionary, modern, and regular navy, we must make further efforts to create good conditions and environment for the growth of capable people. Only when capable people emerge in large numbers can military power be strengthened. Under the guidance of the party's correct line, so long as a large number of capable people, who are reaching maturity, work wholeheartedly for the navy, we will surely be able to surmount all difficulties in navy building and forge ahead.

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STRENGTHEN THE BUILDING OF GRASS-ROOTS PARTY ORGANIZATIONS IN RURAL AREAS TO MEET THE NEEDS OF REFORM

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[Article by Cao Zhi [2580 1807]]

[Text] To meet the needs of rural reform, we must strengthen the building of grass-roots party organizations in the countryside. This is an urgent task confronting organizations at various levels in the countryside. Only by building up the large number of rural party organizations as strong and efficient setups and enabling the masses of party members in the countryside to really play an exemplary vanguard role in building new socialist villages can rural party organizations lead the masses in upholding public ownership as the mainstay, achieve common prosperity, bring about a further turn for the better in the party style and social practices, and stimulate and ensure the deepening of the rural reform and the further enlivening of the rural economy.

Have a Correct Understanding of the Conditions of Rural Grass-Roots Party Organizations

Comrade Hu Yaobang pointed out: "Only by correctly observing the situation can we correctly set the direction of struggle and general and specific policies. In other words, to correctly formulate the party's line and general and specific policies, we must, to a large degree, base ourselves on a correct analysis of the situation." In the few years since the 3d Plenary Session of the 11th CPC Central Committee, our countryside has undergone earthshaking changes. The introduction in an overall manner of the responsibility system of linking remuneration with output has aroused the tremendous socialist enthusiasm of 800 million peasants. Given the rational readjustment of the rural industrial structure and the continuous development of the commodity economy, the whole rural economy has begun to change in the direction of specialization, commercialization, and modernization. Now the per capita grain output of the country stands at 800 jin, reaching the average world level. A big increase in grain output has been accompanied by the thriving growth of a diversified economy and various industries and the vigorous growth of town and township enterprises. Peasants' per capita net income rose from 134 yuan in 1978 to 350 yuan in 1984. There was a further increase of 45 yuan in 1985. Our cultivated area accounts for only

7 percent of the world total, but the problem of providing food and clothing for a population accounting for 22 percent of the world's total has been basically solved. This is indeed something to be proud of. Given the development of the rural economy and an increase in peasants' income, marked achievements have been scored in building material civilization and spiritual civilization. A very favorable and lively situation prevails in the countryside.

Our countryside has undergone tremendous and very profound changes in a matter of a few years. This is first attributable to the brilliance and correctness of a series of general and specific policies formulated by the CPC Central Committee and a series of reforms introduced in the countryside that are in line with the desire of millions upon millions of peasants. Meanwhile, it is also inseparable from the role played by rural grass-roots party organizations and party members. According to a survey of 3,814 rural party branches in the three provinces of Liaoning, Jilin, and Heilongjiang, 1,285 played the role of a fighting force relatively well, accounting for 33.8 percent; 1,850 showed average performance, representing 48.5 percent; 576 made a relatively poor showing, accounting for 15.1 percent; and 103 were in a state of paralysis, representing 2.6 percent. Jiangsu made an analysis of the performance of the party members throughout its rural area. Those who played an exemplary vanguard role relatively well accounted for around 40 percent; those who showed average performance, about 50 percent; and those who performed poorly, 10 percent or so. In the rush to deal with an emergency in fighting floods in Liaoning, 95 percent of those party members put to a severe test of a choice between public and private interests and between life and death performed well. Of the advanced individuals cited for performance in fighting floods and dealing with emergencies in the province, 89 percent were party members. The masses praised them, saying: Communist Party members showed their true colors at crucial moments. According to a comprehensive analysis by the Central Organization Department of data provided by 19 provinces, autonomous regions, and municipalities directly under the central government, the ratio of good, intermediate, and poor performance ratings among existing rural grass-roots party organizations is general 3:5:2. This is to say that those who can implement the party's general and specific policies relatively well, actively carry out reforms and lead the masses in getting rich through hard work and who have relatively marked achievements to their credit and give a relatively outstanding performance in playing the role of a fighting force account for around 30 percent. About 50 percent are capable of thoroughly implementing the party's general and specific policies and are also credited with definite progress in commodity production but are not long on pioneering spirit and not outstanding enough in playing the role of a fighting force. Those marked with slow development of production and weakness and laxity in matters of organization and who are incapable of playing the role of a fighting force represent about 20 percent. Of them, those plagued by serious problems and plunged into a state of paralysis accounted for 5 percent or so. Of course, this ratio does not necessarily apply to every area and every unit, concretely speaking. But from this fundamental estimate, we can tell for sure that at present most of the party organizations and party members in the countryside are good and relatively good. Actual conditions do not bear out what some comrades say

about most of the organizations being in a state of paralysis and party members and cadres not doing their jobs, with everyone being preoccupied with efforts to get rich.

In affirming the main trend, we must also have a clear idea of existing problems. The main problems now existing among party organizations and party members in the countryside are: Some party organizations show weakness and slackness and lax discipline. Some party members and party member cadres lack a sense of responsibility in building socialism and lack high communist ideals. They fail to play the exemplary vanguard role that they should among the masses. Some party members and party member cadres are seriously affected by individualism. They forget all about the aim of wholeheartedly serving the people. They sacrifice public to private interests and abuse power to serve private ends. They run seriously afoul of law and discipline. Certain individuals even degenerate and take the road to crime. Given the long-standing influence of the idea of love for the "left" and other erroneous ideas, a number of party members and party member cadres have so far lacked a correct understanding of rural reforms and of certain general and specific policies introduced by the party in the countryside. The existence of these problems is also closely related to the fact that some of our comrades lack a correct understanding, pay inadequate attention and fail to keep a tight grip when it comes to realistically strengthening the building of rural grass-roots party organizations under a new situation. In a decision on economic reform, the central authorities pointed out that in the new period, in our party ideological and organizational work, we must firmly carry out the guideline that calls for closely linking economic construction with the realities of economic reform to serve the realization of the party's general tasks and main goals. Certainly the work of rural grass-roots party organizations must also be guided by this guideline and made to firmly serve the reform of the rural economic system, serve the effort toward common prosperity for the masses of peasants, and serve the building of two civilizations. So long as we firmly uphold the party's general and specific policies and the spirit of the National CPC Congress and combine rural party rectification with a down-to-earth effort to strengthen the building of rural grass-roots party organizations, then the above problems can be solved, and a new situation definitely brought about.

Energetically Conduct Education Among Party Members and Give Full Play to the Exemplary Vanguard Role of Party Members

In strengthening the building of rural grass-roots party organizations, we must properly conduct education among party members, put the caliber of party members first, place the emphasis on improving party members' political and ideological consciousness, and strengthen their concept of party spirit.

First, we must give party members education about the party's goals. We must make them understand that our party has no special privileges and interests of its own, apart from serving the interests of the working class and the broadest mass of people. At all times and under all circumstances, every party member must wholeheartedly serve the people, consciously subordinate individual interests to those of the state and the people, and be the first

to suffer and the last to seek enjoyment. In times of war, Communist Party members were the first to rush to the front and the last to retreat. In the time of agrarian reform, party members took the lead in the struggle against landlords. They gave preferential treatment to class brothers in the distribution of land. Later, in carrying out various party policies, party members also led the way and refrained from joining the masses in a scramble for the best of everything. From such exemplary acts, the masses of peasants realized that the Communist Party was promoting their welfare. So they set themselves to follow the party. At present, the party members in the countryside are wholeheartedly serving the people. This should be concretely manifested in their actively uniting and leading the masses of peasants in getting rich through hard work and seriously observing law and discipline. Joint efforts should be made in building the two civilizations in the countryside. The one aim is to fight wholeheartedly for the prosperity of both the country and the people.

Second, we must give party members education on communist ideals and existing party policies. In action, high communist ideals must be combined with the realistic goals of struggle. Party members must be made to understand that the rural economic reform and a series of general and specific party policies toward the countryside are all policies for making the country powerful and the people rich and are a concrete manifestation of the four fundamental principles. That the countryside has in the past few years achieved so much is to be attributed to the firm introduction of reforms. To consolidate and develop these results and achieve a still greater victory, we must continue upholding reform. Party members must take the lead in reform from beginning to end. They can only go ahead and not turn back. The new problems appearing in reform can only be gradually solved through reform in line with the party's general and specific policies. This is also to increasingly perfect the reform. We must educate and guide party members, so that they can understand the party's policy about making a number of people rich first. Of course party members can be among those people allowed to get rich first. But a Communist Party member is unlike the ordinary masses. While seeking to make himself rich, he must correctly handle the relations between a leading role played in working hard to get rich and an effort to help the masses around to get rich and lead them in bringing about common prosperity. For a Communist Party member to get rich is dependent upon a requirement, a condition, and a sense of responsibility. The requirement calls for taking the seeking of common prosperity as an aim. The condition calls for working hard to get rich and getting rich by legal means and not by such illegal means as taking unfair advantage of others' labor, and so forth. A sense of responsibility means that a Communist Party member must first set an example in working hard to get rich and in getting rich by legal means. Second, he must support and help others, especially poor people and those in difficulty, in getting rich--instead of evading responsibility. At present, in certain areas, the masses doubt, to different degrees, the party's policy of making the people rich. Party members should take the lead in working hard to get rich--thus setting an example to the masses and dispelling their doubts. But as far as most of the areas are concerned, the masses have basically got rid of their doubts. The main problem is not the lack of courage to get rich through hard work but the lack of ways to get rich. Under these circumstances,

there is an even greater need for party organizations to pay attention to educating party members, so that they can help the poor and the weak and guide and support households in difficulty in taking the road to common prosperity. Of course, this is by no means a case of cutting the tops off to keep everything even. Party members' help to poor and distressed families should mainly take the form of ideological guidance. Also, through passing on technical know-how and experience and providing information and necessary financial aid, party members should help the latter find a way to wealth.

Third, we must educate party members on the need to observe law and discipline. We should make party members understand that they must not only themselves strictly obey party discipline, government rules, and state laws but also set an example in upholding the dignity of law--thus encouraging the masses to join in obeying the law. In developing the commodity economy, Communist Party members must abide by economic contracts and strictly carry out all relevant stipulations. They must take the initiative to pay taxes according to the law and retain a proper percentage for the collective. They must also observe social customs and common practices in an exemplary way, stimulating the building of spiritual civilization. They must uphold principle and dare to fight those acts running counter to law and discipline.

Fourth, we must give party members scientific and cultural education so that they have not only the desire to lead the masses in getting rich through hard work but also the capacity to lead the masses in so doing.

In addition, what must be stressed is the need to strengthen the buildup of an ideological style among rural basic-level cadres. Since the 3d Plenary Session of the 11th CPC Central Committee and especially since the introduction of the agricultural production responsibility system, the ideological style of rural basic-level party cadres has undergone a great change. Many cadres have become pacesetters in building the two civilizations in the countryside and have won the masses' respect and support. But a fair number of problems do exist among certain cadres in regard to the ideological style. For example, their practices run the gamut from failure to report conditions factually to falsification of reports, exaggeration of figures, coercion and commandism, bullying and oppressing the masses, eating and drinking to excess, bribery, involvement in clannish disputes, practice of factionalism, promotion of superstitious activities and gambling. In strengthening the building of the ideological style of rural basic-level cadres, we must pay attention to the following: 1) The upper-level party organizations and leading cadres must first correct their own ideological style, setting an example to basic-level party member cadres. Many areas have reported that basic-level cadres' involvement with coercion and commandism and falsification of reports and exaggeration of figures has partly been "forced" by subjectivism and exacting quotas attributed to the higher authorities and partly been "encouraged" by an irrational bonus system. 2) We must seriously do a good job of training basic-level party member cadres. Some provincial party committees have resolved to train rural basic-level cadres in a planned and systematic manner. This practice is worth promoting. Through training, we must help rural basic-level cadres to foster the idea of wholeheartedly serving the

people and the style of seeking truth from facts, playing fair and square and keeping in touch with the masses. 3) We must further improve the whole party's organizational life, unfold constant criticism and self-criticism and strengthen the inspection and supervision of party member cadres. 4) Concerning people and things involving bad styles and outrages, we must assume a solemn attitude, strictly uphold party discipline, and take care of each case as it appears without showing the least compromise or leniency. Any empty talk or failure to make thorough investigations in our approach to problems of this kind is an indication of neglect of duty by the party organization.

Reorganize and Properly Build Up the Leading Groups of Basic-Level Party Organizations

Properly building up leading groups is a key to the strengthening of the building of rural party organizations. In the past few years, in the reform of the rural economic system and the reform of the system of leadership in towns and townships, various areas have subjected rural basic-level party leading groups to readjustment and reorganization in some ways. For example, Hebei Province has readjusted more than 80 percent of rural basic-level party leading groups. But generally speaking, conditions incompatible with the needs of rural development still exist, to different degrees, among rural basic-level party leading groups. According to an investigation, nearly 40 percent of the party branches of many counties have no party branch committee members under the age of 30. More than 50 percent of party branch committee members have a cultural standard below primary school level. Among them, there are still quite a large number of illiterate and semi-illiterate people. If such a situation is not changed as quickly as possible, rural basic-level party organizations can hardly assume the task of guiding the development of commodity production and guiding the masses in overcoming poverty to get rich, and a series of reform measures introduced by the party in the countryside can hardly be carried out. Therefore, we must strive to subject rural basic-level party leading groups to a serious readjustment in 1 or 2 years in line with the guideline of "transforming cadres in four respects" and with reality in mind. We must especially properly readjust leading groups of town and township party committees. Through readjustment and construction efforts, we must enable leading groups to become strong leadership cores credited with a correct ideological and political line, a proper style, unity, vim and vigor, and a capacity to lead the masses in getting rich through hard work and to carry out the building of the two civilizations.

To do a good job of readjusting and building rural basic-level party leading groups, we must handle several tasks well:

First, we must uphold the principle of combining ability with political integrity in selecting cadres. In selecting and promoting members of basic-level leading groups, many areas generally pay attention to the following several points: 1) An ability to uphold the four fundamental principles and resolutely carry out the party's general and specific policies, a capacity to serve the people wholeheartedly and the spirit of daring to carry out

reforms. 2) A given cultural level, a capacity for organization and management, and an ability to lead the masses in getting rich through hard work. 3) A proper work style and a reputation for being fair and impartial in handling things with support from the masses. 4) Being relatively young and in good health. In staffing leading groups, we must pay attention not only to the personal abilities and caliber of individuals but also the rational mix of members of leading groups, enabling them to draw on good points to make up for what is lacking, unite in cooperation, and play a still better role in arousing the masses.

Second, we must proceed from reality and refrain from applying "the same fixed standard in every case." Various rural areas show an imbalance in economic development. Also, conditions of existing leading groups are not the same. On the basis of investigation and study, we must distinguish between different categories and follow different guidelines for readjustment. We must also proceed from reality in our approach to age groups and cultural standards. Those who are too old and too far below a given cultural standard and unfit for the work of cadres should generally be subject to readjustment. We must make a point of selecting comrades, relatively young comrades, educated up to a given cultural level, for staffing leading groups. But in a leading group, some comrades, though a bit too old or not educated up to a very high cultural standard, are capable of leading the masses in getting rich through hard work and command relatively high prestige among the masses. As such, they should be allowed to stay on the job.

Third, we must properly handle work relating to old comrades who have left leading groups. In the past, given "left" influence, rural cadres were always cases of "stepping into office amid applause and out of office as targets of criticism and struggle." Now, as old comrades leave a leading group, some people still erroneously think that this has to do with their having made mistakes of some kind. The people involved also feel "a loss of face." We must subject these old comrades to penetrating and elaborate ideological work, help them widen their horizons and be open-minded and make them realize that their withdrawal is dictated by the situation and the development of things and is a matter of honor--making way for the competent. Apart from doing this, we must at the same time make proper arrangements for their lives and give them proper care. We must make fair assessments of their past work performance. We should also bestow proper political honors on them. Depending on different circumstances, we must give them some work within their capacity, so that they can continue playing their part.

Fourth, in readjusting basic-level party leading groups, we should hold reelections according to the democratic procedures stipulated in the party Constitution. After readjustment, we must pay close attention to educating and raising the standard of members of new groups and help them learn how to do things in line with the principle of democratic centralism and how to follow the mass line and do ideological and political work in the new period. We must actively and boldly admit to the party a number of fine young peasants qualified for party membership and provided with a given cultural level. This is to strengthen the party organizations' active role

in building socialist new villages and provide the rural basic-level party organizations with enough successors. To admit educated fine young peasants to the party is necessary for reform and for achieving the main tasks in the new period. At present, some party members cannot read and understand newspapers, documents from the higher levels, and booklets providing knowledge about agriculture. Though seized with a desire to lead the masses in getting rich, they have not the skills required to lead the masses in getting rich. Some have instead become targets of "support for the poor." This shows that given lack of education and illiteracy, there are limits to the development of party members' role. Now party members with a low cultural level must strive to become cultured. In recruiting new party members, we must pay attention to cultural background. But in practice, some areas have set some impractical requirements, such as calling for a cultural level above a junior high school standard, in recruiting party members among peasants. This is putting things in absolute terms. Some people have not been to a junior high school. But they can read and understand newspapers and documents from the higher levels and also perform well in other respects. They should be admitted to the party. In recruiting party members among workers, we must also pay attention to this.

Improve and Readjust the Layout of Basic-Level Party Organizations

For many years, rural basic-level party organizations were arranged so that the commune had a party committee, a production brigade had a party branch, and a production team had a party group. Since the 3d Plenary Session of the 11th CPC Central Committee and especially in the past 2 or 3 years, given the deepening of the rural economic reform and the development of commodity production, there have emerged a large number of rural enterprises, specialized households of various kinds and economic complexes. There has also been a great increase in the number of party members working and trading in other areas. Given new circumstances, the stipulation calling for the establishment of a party branch entirely on the basis of the administrative village (the production brigade) as a unit and a party group entirely on the basis of the peasant group (the production team) as a unit can no longer meet the needs of certain areas. This is especially the case with areas where the commodity economy is relatively well developed. Therefore, to properly readjust and improve the layout of rural basic-level party organizations has become a problem that calls for immediate attention in strengthening the buildup of rural party organizations.

In order to enable the layout of rural basic-level party organizations to meet the needs of the new situation and new tasks, many party organizations of provinces, autonomous regions, and municipalities directly under the central government have made investigations, studies, and explorations and conducted some experiments. An initial review shows that good results have been achieved. We believe that the layout of rural basic-level party organizations should be rationally readjusted in line with the principle of helping in stimulating the transformation of the agricultural economy in the direction of specialization, commercialization and modernization, helping in strengthening the ties between the party and the masses and helping in carrying out the activities of party organizations and strengthening control

over education for party members. For example, among town (township) enterprises, economic complexes that cut across village and town boundaries, and individual industrial and commercial operators in towns and townships, we may establish party organizations, which are led by local party committees or placed under such bodies as determined by local party committees. Among administrative villages' economic organizations, we may establish party groups or party branches, which are led by village party branches or general party branches. Among party members who go to other areas to work in groups, we may, depending on different circumstances, establish party organizations (or temporary party organizations), which are led by existing town party committees or village party branches, or by local party organizations. For scattered party members working in other areas, we must also strengthen control of education.

In changing the layout of rural basic-level party organizations, we must combine an energetic spirit of reform with action in a well-led, planned, and systematic manner. We must strengthen concrete guidance and acquire experience through experiments before gradually introducing them. We must avoid "all rushing into action at once." We must uphold the principle of proceeding from reality and make readjustments on the basis of economic developments in various areas and concrete conditions about the mobility and distribution of party members. In areas where the commodity economy is not well developed and the existing organizational layout still meets the needs, we must not arbitrarily make readjustments. There should be no confusion between the party organizations of administrative villages and rural residents committees, where the organizational system is concerned. This is to facilitate unifying leadership over a given village's economic and cultural construction efforts and social welfare undertakings. In making readjustments, we must make a point of not increasing the number of people receiving allowances. This is to avoid adding to the burden on the peasants.

Strengthen Leadership and Create a New Situation in Building Rural Basic-Level Organizations

Basic-level party organizations form the basis of the party organization and the bridge that links the party with the masses. The party's general and specific policies and various tasks must be carried out by relying on giving full play to the role of basic-level organizations as a fighting force. Our country has a population of 1 billion--800 million in the countryside. The whole party has a membership of 42 million--22 million in the countryside. Of the whole party's 2.57 million basic-level organizations, 1.13 million are in the countryside. Only by properly building up rural basic-level party organizations can we really strengthen party leadership over rural work and enable the party's line and general and specific policies to be introduced in every village. And only in this way can we give full play to the role of the whole body of rural party members and unite the 800 million peasants in the countryside in a joint effort to do a good job of socialist modernization. Only with the proper buildup of rural basic-level party organizations, the deepening of the rural reform and the further growth of the rural economy can the whole economic reform be assured of smooth progress with the city as its focus. Therefore, the

strengthening of the building of rural basic-level party organizations under a new situation bears on whether the new situation that has appeared in the countryside can last and whether the 800 million peasants can achieve common prosperity. It also concerns whether the whole reform can be triumphantly realized and whether our country can develop and grow.

In the past few years, many party committees at the provincial, regional, city, and county levels have strengthened leadership over the building of basic-level party organizations. They have done a lot of investigation and study and introduced typical experiences. The party committees of many provinces, autonomous regions and municipalities directly under the central government have called meetings to study the building of basic-level party organizations. Some provincial party committees have also worked out special decisions on strengthening rural work at grass-roots levels. Attention shown by party committees of provinces, autonomous regions, and municipalities directly under the central government provides an important condition for the proper building of rural basic-level organizations. But it must be realized that the county CPC committee assumes especially heavy responsibility for the proper building of rural basic-level party organizations. Now some county CPC committees have failed to put such work in its proper place. Some comrades hold that "if we pay attention to the building of a party branch, we may as well first take good care of a specialized operator." They fail to correctly understand the relations between economic construction and party building. They set the two in opposition or separate them, reducing some grass-roots organizations to a state of paralysis or neglect. This situation must be corrected as quickly as possible. The leading comrades of county party committees must correctly understand and handle the relations between economic construction and party building. The proper handling of economic construction is an important starting point in carrying out party building. The strengthening of party building provides a reliable guarantee for the proper handling of economic construction. Therefore, while paying close attention to economic construction, county party committees must realistically put on their own agenda the work of building rural basic-level party organizations. While inspecting work at lower levels, leading comrades of county party committees must "not only keep watch over specialized households but show particular concern over party branches." If a basic-level party organization is found to be in a state of paralysis, people must quickly be sent over to help and make readjustments. It just cannot be left alone.

The CPC Central Committee has called for strict control of the party. The whole party at all levels, especially the leadership at all levels, must pay attention to party building and to the building of rural basic-level party organizations. They must take the initiative, put in hard work and strive to overcome difficulties. Only in this way can we definitely make still greater contributions to rural reform, economic development, and social progress.

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STRENGTHEN CONSTRUCTION OF WATER CONSERVANCY AND IRRIGATION WORKS, IMPROVE AGRICULTURAL PRODUCTION CONDITIONS

Beijing RED FLAG in Chinese No 2, 16 Jan 86 pp 26-27

[Article by Jing Ping [2529 1627]]

[Text] Over the past 30 years and more, in general, our country has achieved great results in building irrigation works and water conservancy facilities, which plays a big role in resisting and preventing natural disasters caused by floods and drought and in improving farming conditions and ensuring the steady development of agriculture. However, in some localities, leadership over the construction of irrigation and drainage works has been slackened in recent years, with no people assuming the responsibility for managing these works and facilities. Many existing irrigation and drainage works have long been out of repair and the equipment there is worn out. Some facilities have been artificially damaged. In the period between 1981 and 1984, the area of irrigated farmland in the country decreased by 7.31 million mu, and some 100,000 motor-pump wells were abandoned as useless. The relevant departments at all levels should pay special attention to this issue and take effective measures to seriously resolve the problems in this regard.

Agriculture is the foundation for the national economy. In a big country like ours, which has a population of 1 billion people, the situation in agricultural production is always a crucial issue concerning the national economy and the people's livelihood. Since the 3d Plenary Session of the 11th CPC Central Committee, agricultural production in our country has been growing steadily in all fields, and we are more than self-sufficient in grain and cotton. However, we must soberly notice that the per capita grain production in our country remains at a low level. In a previous period, there was a temporary "glut" of grain. In the long run, with the development of the national economy, and especially in view of the factor of population growth, we must ensure the steady development of agriculture on a long-term basis. It has been planned that the annual grain output will reach 900 billion jin by the end of the Seventh 5-Year Plan period. If agricultural production fails to keep pace with the development of other sectors of the national economy, then we will lack a solid material foundation for advancing the economic diversification in the rural areas and for bringing about a new economic structure in our country.

To ensure the continuous and steady growth in agricultural production, we must first rely on correct policies and on advanced technologies so as to arouse and maintain peasants' enthusiasm and initiative for production. At the same time, it is necessary to appropriately increase state investment in agriculture and to allocate material and financial resources for the construction of irrigation and drainage works and other capital construction for the farmland so as to improve the agricultural production conditions. Fine production conditions provide a material foundation for the continuous and steady development of agriculture, and an important aspect in our efforts to improve farming conditions is always to strengthen the management and construction of water conservancy facilities and irrigation works. No matter whether in traditional agriculture or in modern agriculture, irrigation conditions are always a key factor for agricultural production. As traditional agriculture is now being superseded by modern agriculture, the concept of agricultural production conditions is changing and expanding, but the construction of irrigation works is always an indispensable, important condition.

At present, we are facing the fact that our agriculture, as the foundation of the national economy, remains weak, and in particular, our agricultural production conditions are not sound enough and cannot satisfy the needs for the supersession of traditional agriculture by modern agriculture. If this state of affairs is not changed rapidly, not only the further development of agriculture but also the development of the national economy as a whole will be affected. Therefore, we must make great efforts to improve farmland irrigation conditions by building more irrigation works and properly maintaining and using the existing facilities so as to ameliorate our farming conditions. This is an important task in our rural work at present and in the future.

During the period of the Seventh 5-Year Plan, the construction of farmland irrigation works can be divided into two steps. In the first step, that is, in the coming 2 years, especially at the moment, we should concentrate strength on repairing and restoring the irrigation equipment, facilities, and works which are damaged and out of work, and should strengthen management over all existing facilities and bring them into full play so as to achieve better economic and technical efficiency. In the second step, we will start building new irrigation works in a planned and orderly way and will strive to increase the area of irrigated farmland in the whole country to 750 million mu and the area of farmland with drainage facilities to 290 million mu.

In order to achieve these targets, we must do a good job in the following fields:

First, we should strengthen propaganda so as to make leading cadres at all levels and the peasant masses fully understand the importance of protecting and building farmland irrigation works. It is a huge and arduous task to carry out large-scale construction of farmland irrigation works in the whole country. This task would not be fulfilled if the peasant masses do not really understand its significance and do not act consciously. So we must first let the vast number of grass-roots cadres and ordinary people firmly

believe in the continuity and stability of our party's rural policies and believe that the production responsibility system will remain unchanged for a long time. In addition, we should help them correctly handle the relationship between the immediate interests and the long-term interests and deepen the understanding of the strategic significance of the construction of farmland irrigation works, and should encourage them to increase investment in farmland capital construction and consciously maintain and build farmland irrigation works.

Second, we should strengthen leadership and actively implement and improve the responsibility system for managing the irrigation facilities. Practice shows that whether the local authorities pay attention to the construction of irrigation works greatly influences the state of affairs in this field. In particular, leading organs at the county and township levels should take the construction of irrigation works as one of their routine tasks and should make arrangements for this several times a year. At the same time, measures should be taken to establish a sound system for managing the irrigation facilities, and a sound management responsibility system should be set up. Under the premise of maintaining the public ownership of the irrigation facilities, irrigation stations at district and township levels can contract the management of irrigation works to ordinary peasant households, households specializing in managing irrigation works, or some local peasant business organizations according to the scale of the works. Some irrigation service centers can also be set up to conduct unified management of the irrigation works. The contracts can be signed for comprehensive management or for single-item management. The responsibilities, rights, and benefits of the contractors must be clearly defined in the contracts. The tenure of the contracts can be rather long. Special attention should be paid to protecting the legitimate rights and interests of the contractors. According to the experience in implementing the farm production responsibility system, no matter what forms the contracts take, the economic incomes of the contractors must be linked with the actual economic functions of the irrigation and drainage facilities they maintain.

Third, coordinated arrangements should be made to guarantee the necessary funds, materials, and labor force for the construction of farmland irrigation works. The funds can be raised through various channels. The state will increase investment in major projects for harnessing large rivers, overhauling large-scale irrigation works and water conservancy facilities, and renewing safety facilities. Investments made by provinces will be used for some ordinary projects. Small-scale irrigation works should mainly be handled by counties, districts, and townships on the basis of the funds accumulated locally. All units and households which will benefit from the irrigation works should contribute labor force to the projects. Materials and equipment needed in the projects should be included in the supply plans and preparations should be made early in advance.

Fourth, the relevant laws and regulations should be strictly enforced. Serious actions should be taken to check the activities of illegally occupying, damaging, and stealing irrigation works equipment and facilities. In those serious cases, the criminal offenders should be punished according to the law.

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ON PURPOSES OF PRODUCTION OF SOCIALIST ENTERPRISES

Beijing RED FLAG in Chinese No 2, 16 Jan 86 pp 28-32

[Article by Li Guangyuan [2621 0342 6678]]

[Text] Some comrades are of the opinion that the purposes (or direct purposes) of production of socialist enterprises are to attain the maximum amount of profits. Against this, I have a different view. I shall set it forth below, for discussions with the relevant comrades.

The purposes of production of socialist enterprises refer to the motive and the targets of enterprise workers engaging in production, management and operation activities as determined by objective economic relations. They constitute the source of the enterprises' motive power and the rule of conduct consciously observed by the enterprises. Hence, in order that socialist enterprises have full vitality and at the same time possess correct targets of conduct, that is, rationalization of the enterprises' conduct, it is necessary to understand clearly what the purposes of the production of enterprises are, that is, what after all is the production of enterprises for?

If people interpret the whole socialist production as that of a large factory in which the enterprises lack the character of independence and the power of decisionmaking and all their acts must follow the plan and command of state organs, then the purposes of the production of enterprises and the purposes of entire socialist production may be said to be identical, and the enterprises can hardly talk about having any purposes of their own because only when one can make decisions by himself in his acts can he claim to have any motive for his acts and the targets he strives for. At present, this understanding has been refuted by actual practice. The development of socialist economy objectively demands that people must recognize that enterprises (this article refers only to enterprises owned by the whole people) occupy the position of producers and caretakers of socialist commodities and are relatively independent, can operate autonomously and are responsible for their own profits and losses in the whole socialist economic structure. Thus, the problem of the purposes of production of enterprises becomes an important problem which urgently needs solution in theory and in practice.

Under the socialist system of ownership by the whole people, enterprises belong to the joint ownership of the entire body of workers and are the cells of this organic structure of the economy of the socialist system of ownership by the whole people. Workers of the enterprises are collectively entrusted by the entire body of workers to engage in the production, management and operation activities of the enterprises and are responsible to the entire body of workers. This objective economic position determines that the enterprises must take as the ultimate purposes of all their acts the purposes of entire socialist production, that is, fulfilling the needs of the material and spiritual lives of the whole body of workers. However, between the enterprises' production, management and operation activities and the meeting of the needs of the whole body of workers, there are still many intermediate links. In particular, the link of market or commodity exchange must be traversed first, and, besides, the products of many enterprises cannot be directly employed to satisfy the needs of the material and spiritual lives of the workers. Hence, in the struggle for the common ultimate purposes, the various enterprises must emerge separately from their station in the social division of work and, within the scope of their own production, management and operation activities, determine the concrete targets that their own acts can achieve and the direct purposes of their own activities. These are the purposes which the enterprises demand of themselves to directly achieve for the sake of realization of the above-mentioned ultimate purposes and may be said to be putting the ultimate purposes in concrete form. Briefly speaking, these purposes are providing the socialist market, at the minimum consumption of labor, with commodities suitable to the needs. To put it in greater detail, this is, under the conditions of being beneficial to the healthy development of the body and mind of the workers, using the minimum consumption of labor (including both materialized labor and living labor) providing commodities which in variety, quantity and quality can satisfy social needs (generally manifested in market needs). Commodities satisfy people's needs by means of their utility value. Hence, what is mentioned here about providing commodities which are suitable to needs in reality implies providing utility value suitable to needs. Expenditure of value as social labor is here the means of producing utility value.

And why should enterprises take this as their own direct purposes?

First, only the means of subsistence can be used to satisfy the needs of the material and spiritual lives of workers. However, not all enterprises produce the means of subsistence. Enterprises producing the means of production, provided the commodities they provide are really needed by society, may be said to have contributed to realization of the ultimate purposes of socialist production because in the last analysis the means of production needed by society are for the production of the means of subsistence. On the other hand, in the case of enterprises producing the means of subsistence, if the commodities they turn out are not in variety, quality and quantity suited to social needs, then the portion not suitable to needs represents a waste of social labor and is detrimental to the realization of the ultimate purposes. Hence, insofar as the enterprises are concerned, regardless of to which industry or trade they belong, their direct purposes are to provide society (in general the market) with commodities (including material goods

and labor) which are suitable to needs. The acts of enterprises in this connection represent their concrete acts, each in their respective station, in the struggle for the realization of the ultimate purposes of socialist production.

Second, all the savings in materialized and living labor effected by enterprises are in effect a portion of the savings in gross labor power of the whole body of workers. Savings of this kind imply that society and enterprises consume relatively less labor to attain more utility value to meet the subsistence needs of the workers. Hence, to contribute strength to the realization of the ultimate purposes of socialist production, enterprises must devote their efforts to effect economy in labor.

Third, the healthy development in body and mind of the whole body of workers is a constituent part of the ultimate purposes of socialist production, because the workers' needs in their material and spiritual lives include the healthy development of the body and mind of the workers. The enterprises can directly achieve this by: first, making their products beneficial to the healthy development of the body and mind of the workers; and, second, devoting all possible efforts to improving the enterprises' working conditions (naturally starting from the existing production level).

To measure whether or not the acts of an enterprise are in conformity with the purposes (including the ultimate purposes and direct purposes) of socialist production and the extent of their conformity, it is necessary to have a series of targets which include targets in kind (such as production volume, marketing volume and labor productivity rate denoted in kind) and value targets (such as production value, amount of sales, net production value, profits, and labor productivity rate denoted in value). Value targets provide a commonly used standard for utility value production of different kinds which cannot be put in comparison in terms of goods. They also serve as tools for distribution of labor, measurement of economic benefits and regulation of the interests of various sides and hence are indispensable for organizing utility value production and realizing the purposes of socialist production. Among the various kinds of value targets, profits (including taxes and fees delivered to the state) are of an especially important character. Because profits represent the difference between sales receipt and the cost of production, generally speaking they can comprehensively and more likely reflect the degree of the enterprises' products being suitable to meeting market demands and the extent of the enterprises' savings in labor. Precisely because of this, variations in profit can reflect changes in market demand as well as changes in the operation results of the enterprises, and thus become an important basis for the enterprises' policy-making. In the past economic structure of centralization which refuted recognition of the decisionmaking power of the enterprises, this role of profits was greatly reduced in scope and for many years the criticism of "profits taking command" had caused immense losses to the national economy. Against a situation of this kind, in the current reform of the structure it is necessary to emphasize the role of profits. However, as far as socialist enterprises are concerned, profits can only be taken as a kind of means and not the purposes. In other words, the profit-making acts of enterprises should be governed by the

above-mentioned ultimate purposes and direct purposes of production of enterprises and by no means should all the acts of enterprises be subjected to profit-making.

Why cannot enterprises take profits as the direct purposes of their acts?

Because to take profits as a criterion to measure the character of the enterprises' acts being in agreement or not with the purposes is subjected to a number of limitations. If enterprises take profits as the direct purposes of their own acts, then these limitations can very easily lead them to evil ways.

Taking profits as a means to measure the character of the acts of the enterprises, that is, whether or not they conform with the purposes, has the following limitations:

First, sales receipts and the portion of the consumption of materials in the cost of production are both manifested as the prices of certain commodities. Hence, the amount of profits of an enterprise, in addition to being determined by the enterprise's own efforts, is also determined by the prices of the various relevant commodities. If we make an abstract discussion of this category of profits we can suppose that under certain theoretical conditions, the prices of all commodities can reflect the amount of necessary labor expended by society in producing them. Under such theoretical conditions, an increase in the profit of an enterprise may indicate an increase in the contributions of the enterprise to fulfilling the purposes of meeting social needs. But in the realistic life of socialist commodity economy, determination of prices still depends on many and complex factors. We shall not mention that in the near future it will not be possible to completely rationalize the many kinds of irrational prices caused by historical reasons and by the defects in the original economic structure, or policies and work. Theoretically speaking, not only the prices in a socialist commodity economy possess the function of spontaneously reflecting the relations between value and supply and demand but also the differences between price and value constitute the levers and tools which society consciously uses to readjust the relationship between various kinds of interests and to realize certain development strategies, policies and targets. At times, socialist production purposes demand that enterprises produce commodities which are needed by society but yield relatively little profits. In addition, under socialist conditions, competition is restricted. Enterprises in a position of monopoly in certain fields may utilize their position to artificially raise the prices of their products and thus obtain irrational profits. The above-mentioned complex conditions make it difficult to judge accurately whether or not high or low profits can reflect the large or small contributions made by the enterprises to providing the commodities needed by society.

Second, assuming that all prices accurately reflect society's expenditure of the necessary amount of labor, if the enterprises, through lowering the cost of production, manage to increase the profits, it still does not necessarily reflect the extent of the enterprises' savings in labor consumption. This is because savings in labor consumption demanded in the purposes of socialist production and the enterprises' lowering the cost of production are two things

of a different nature, and the amount or volume involved is frequently not equal. In particular, savings in living labor may not be equal to the reduction in the cost of production expended on remuneration to labor and/or the corresponding increase in profits. On the one hand, savings in living labor refer to savings in the entire volume of labor forming the new value and not to only the reduction in the cost of production. On the other hand, the outlay expended by the enterprises on the receipts of the workers and their outlay on the consumption of the means of production are basically different from each other in nature (unlike the case in capitalist commodity economy in which the two are both capital outlay). The substance of the workers' income is in the form of the workers' common distribution of the fruits of their joint labor. A portion of it is used as expenses for reproduction of labor power, while the other portion which grows continuously following the development of production is expended on improving the workers' material life and spiritual life and not on compensating the expenses on reproduction of labor power. A planned increase in the workers' income on the basis of the development of the social productive forces is precisely the form of realizing the purposes of socialist production.

Third, maintaining and improving the labor conditions for the healthy development of the body and mind of the workers may increase the cost of production and reduce the profits. Hence, at times, a higher profit rate may arise from irrationally reducing the expenses on maintaining and improving the labor conditions. Under such conditions, an increase in profit does not indicate an improvement in the character of the enterprises' acts or that they are in line with the purposes; in fact, it may be exactly the opposite.

Fourth, socialist commodity economy is an entity embodying common interests. This is the basic and special feature of a socialist commodity economy being different from private ownership commodity economy. When the enterprises strive to realize the purposes of socialist production, they consider not only their own economic benefits but also the socioeconomic benefits and other social benefits of their own acts. Under such conditions, this cannot be reflected by the profits of enterprises. For example, the protection and rational use of natural resources, prevention and control of pollution, and maintenance and improvement of the ecological environment frequently require the enterprises to increase their expenses and thereby reduce their profits. There is also another category of conditions. This is that reduction in the profits of certain enterprises producing certain categories of commodities or rendering certain services (such as certain public utility enterprises) may bring about an even larger increase in the benefits of enterprises or individuals using these commodities or receiving these services, so that, viewed as a whole, the socioeconomic benefits are increased.

Fifth, an increase in profit at times (particularly when supply lags behind demand) may come from doing shoddy work and using inferior materials, lowering the quality of products, cheating the customers with false goods in lieu of bona-fide goods, doing harm to the consumers, violating socialist commercial codes and committing unlawful and nondisciplinary acts. In the first half year of 1985, the output value and profits of many enterprises increased on a relatively large scale but the quality of their products declined and in

certain localities faking of goods of well-known brands was prevalent. Behind these phenomena, acts violating the purposes of socialist production must have been rampant! What stunned people most were the case of the manufacturing and selling of fake medicine of the Jinjiang area and the case of the Wei County of Hebei Province illegally selling those medicines which had been openly banned from sales by a government mandate. But these cases were only the more glaring examples. Participants in the illegal activities of these two cases included not only enterprises of collectives but also state-run enterprises scattered throughout 29 provinces, municipalities, and autonomous regions! The more "unrighteous" money obtained through these means, the farther they may be said to have deviated from the purposes of socialist production.

Despite the fact that the method using profit to measure and check the character of the compliance of the enterprises' acts with the mentioned purposes has the above-mentioned limitations, if the workers, first of all the leadership personnel, of the enterprises can clearly and firmly follow the guidance of the above-mentioned ultimate purposes and direct purposes of production of enterprises, take as their guiding line the healthy development of the body and mind of the workers, most efficiently provide the workers with the commodities they need, and firmly insist on the principle of serving the people and the guideline of "quality first," then they still can appropriately make use of profits as a measure to realize the purposes of socialist production. They will be able, based on the criterion of whether or not the measures are beneficial to the realization of the purposes of socialist production, to make a selection of these measures, namely: taking those which are beneficial to realizing the purposes of socialist production and rejecting those that are injurious to realizing the purposes of socialist production. Take only "righteous money," and reject "unrighteous money." By so doing, this measure of profit can actively carry out its function of promoting the development of socialist economy.

If the enterprises take the making of maximum profits as the direct purposes of all their acts, then they will make another selection: taking any measure beneficial to increasing the profits and rejecting any measure not beneficial to increasing the profits. Under ordinary conditions, providing to society commodities that are suitable to needs is an acceptable measure but when there is a possibility of adopting other less troublesome but more profitable measures, naturally such a possibility is the more attractive and acceptable. It is true that the state can adopt various kinds of measures such as economic, administrative, legal, ideological, and educational measures to prevent the adoption of profit-making measures which are harmful to society. However, since profit is the motive and target of all the acts of the enterprises, all these government measures will be considered as hindrances and impediment to the realization of their own purposes. Quite conceivably, they will do everything possible to take countermeasures to break or circumvent the state's regulations and measures.

Another concept of profit is that it is a means to realize the purposes of socialist production, that is, regarding the uses of profit it may be said that a portion of it can be used by the state and the enterprises on public

welfare projects, directly satisfying certain subsistence needs of the workers, while another portion may be used by the state and the enterprises on expanded reproduction, thereby creating the material conditions for further satisfying the needs of the workers. The portion of profits used on national defense, management, and other sectors is also for ensuring protection to the workers' welfare and development. But, in actual life, profits may also be used carelessly and casually, that is, use of the profits may not necessarily be in line with the demands of the purposes of socialist production. Just what is the criterion for whether or not profits have been used properly? The criterion is whether or not their use can attain the ultimate purposes of socialist production and the enterprises' direct purposes. Profits are used properly only when there is a firm insistence on the purposes of socialist production. Conversely, if it is said that the attainment of profits is the direct purposes of the enterprises' production and that so long as profits are obtained the purposes may be considered to have been accomplished, then insofar as the acts of the enterprises are concerned, there is no criterion needed to judge whether or not use of the profits has been proper and we may say that the criterion now is simply whether or not more profits can thereby be obtained. Thus, there will be no way to bring up the problem of the use of profits correctly, that is, in conformity with the socialist purposes.

Some comrades who advocate that enterprises should take profit-making as their direct purposes reason as follows: Only through the attainment of profits can the enterprises continuously expand reproduction and can they meet the daily growing needs of the enterprises' workers and society at large. This is correct. It explains why profits are extremely important to society as well as to enterprises. But this importance lies in that it is an indispensable means for society and enterprises to realize their purposes. This reasoning also precisely explains why profit-making of enterprises is a means to carry out expanded reproduction and thereby further meet the workers' needs and is not the purpose.

In the reasons mentioned above, we have mentioned "attainment of profit" and also "satisfying social needs." These two are truly what the enterprises want. The question is: Which is the purpose and which is the means? I believe that this is an important demarcation line which differs socialist enterprises from capitalist enterprises.

The objective which capitalists go after is to attain the maximum profits. Under ordinary conditions they are also concerned with the use value of their commodities and they will do the utmost to produce marketable goods so as to meet the social, or market, needs. But all this is only a means, one that under ordinary conditions they cannot but adopt. Just as Marx said: "The motive of capitalist production is to earn money. The production process is only an intermediate link which is indispensable for earning money and is something which is frustrating and wasting of time and efforts but which nevertheless must be done for the sake of making money." ("Collected Works of Marx and Engels," Vol 24, p 68) Hence if some other means is available for selection which is easier and more worthwhile, they will rather not do this luckless thing but turn to the other means. For example, if they

definitely believe that the buyer can be cheated, they will substitute the real with the false and use poor quality goods to replace superior quality goods. According to the capitalist's logic, this would simply be a different means to realize the same purposes and is available for selection under different conditions. Profit is the objective; all acts and all means should be subservient to it.

Some comrades are of the opinion that the internal motive power of an enterprise comes from its own interests; hence only when the enterprise takes profit as the objective can it possess the internal motive power. Based on the reasoning that motive power comes from the enterprise's own interests, they should have said that the enterprise's objective is its own income, or rather the portion of the profits retained by the enterprise, that is, its profit-retention, because only this portion is what they said to be the enterprise's own interests. Since they did not mention the enterprise's receipt or income but said that profits were the enterprise's objective, then it may be assumed that the enterprises can see that an increase in profit in its entirety includes an increase in the enterprise's profit-retention and that the portion of the profit delivered to the state is also ultimately beneficial to the enterprise. Therefore, profit in its entirety, that is, the entire interests including the enterprise's own interests, can be taken as the enterprise's motive power or driving force and not merely limiting the enterprise's own special interests as the motive power. This being the case, why cannot it be recognized that enterprises should, and can, see that to save as much labor consumption as possible and provide society with commodities suitable to its needs and take this as the objective can better manifest the integration of the interests of the whole with the interests of the enterprises, that to struggle with this objective can bring about a joint increase in the interests of several sides, and that, therefore, from this objective a more powerful motive power can be derived?

Naturally, to make the enterprises perceive this point and derive from it a powerful motive power, it is necessary to do much work. First, we must do a good job in the reform of the economic structure which centers on strengthening the vitality of the enterprises and carry out a correct distribution policy so that the enterprises' acts which conform with the socialist purposes are duly recognized and encouraged (including both material encouragement and spiritual encouragement) by society and so that the improvement in the enterprises' interests and the interests of the individual staff members and workers are appropriately related to their contributions to the whole interests. Meanwhile, it is also necessary to strengthen ideological and political work and particularly the educationing that the interests of the three parties, namely, the state, the enterprise, and the staff must be simultaneously attended to and integrated, that the individual must obey the collective and that the part must be subservient to the whole. Innumerable facts have shown that the motive power generated by the correct integration of the interests of the whole, the part, and the individual is much stronger and more sustained than that generated by the private interests of the part or the individual. Moreover, only this kind of motive power conforms with the direction of development of a socialist society.

It should also be seen that definitely there are leadership personnel of enterprises who take the enterprise's own interests, that is, the enterprise's own receipt or income, as the direct purposes and motive power of their acts. Thus, as far as they are concerned, an increase in the profits as a whole is also one of the means for selection. When profits cannot be increased, they will adopt special means (such as holding back delivery of taxes to the state) to achieve their purposes. If we follow the viewpoint that motive power and purposes can come only from self special interests, we may go so far as to conceive that the leadership personnel of enterprises will take their own individual receipts as the direct purposes of their own acts and the only motive power, and that to seek profit for the enterprise is only one of the means for selection. If there are other means which can make the individual's receipts become faster and larger, then they would rather turn to these other means. All are merely means, only the increase of the individual's receipts is the purpose. What consequences this ideology and acts can bring to society and the individual can only be seen from Jinjiang's case of selling fake medicines and the blowing of various kinds of improper winds.

Some workers who truly possess socialist consciousness that condemned these erroneous ideas as being "all for money" and "money first," pointed them out as the reproduction of the rotten idea "that if one does not care for himself, he stands condemned by God" that could prevail only in a society under the system of private ownership. This is true to the point.

Nevertheless, since the workers can join together and replace the private ownership system with the public ownership system of the joint ownership of the means of production and enable this unprecedented economic system not only to stand firm but also to triumphantly develop, surely in the actual practice of their common ideological struggle, they can gradually overcome the rotten idea of everybody for himself still retained by remnant portions of their ranks and establish a new viewpoint suited to the development of the economy of the public ownership system--the concept of simultaneously minding individual interests, partial interests with whole interests, integrating them and enabling them to grow jointly. Everybody goes for a common objective which embraces partial interests and the interests of each and every individual. Economically speaking, this common objective is the ultimate purpose of socialist production and its concrete manifestation at each and every situation, each and every level, and each and every unit.

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THE BURDEN IS HEAVY AND THE ROAD IS LONG--DISCUSSING THE POSITION AND ROLE OF THE PARTY COMMITTEE SECRETARY AFTER IMPLEMENTING THE FACTORY DIRECTOR RESPONSIBILITY SYSTEM

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[Article by Wen Qinggui [2429 1987 2981], chairman of the Trade Union of the Xiangfan City Economic Committee, Hubei Province]

[Text] For over a year, we have gradually implemented a new enterprise leadership system--factory director (manager) responsibility system--in the course of our urban economic structural reform and gained much successful experience. However, some problems worth considering and probing into have also cropped up. This article tries to give some superficial opinions on the position and role of party committee secretaries after the implementation of the factory director responsibility system.

Since the implementation of the factory director responsibility system, some comrades hold that the posts of factory director and party committee secretary can be concurrently assigned to one person. Their reason for this is that this is conducive to unifying and coordinating the direction over the political work and production in an enterprise, to streamlining the enterprise's leadership group, and to eliminating the conflicts between the two heads of the enterprise. These arguments have some ground and are supported by our practice, but in my opinion, in order to perfect the leadership system in our enterprises, these two posts had better be undertaken by two separate persons.

1. From the point of view of the socialist nature of our enterprises, our socialist enterprises have to adhere to the socialist orientation as well as develop production. Therefore, the CPC Central Committee's "Decision on Reform in the Economic Structure" (shortened as "Decision") requires that among our socialist economic management cadres, there should be "party committee secretaries who can adhere to the correct political orientation" as well as a large number of "factory directors (managers) who can outstandingly and effectively organize and direct the production and operation of our enterprises." The "Decision" puts forth different requirements on the ability, virtues, and role of factory directors and party committee secretaries from the two angles of the construction of the socialist material and spiritual civilizations. According to these requirements, the two different

posts of factory director and party committee secretary should be assigned to two separate persons.

2. From the point of view of the science about people's talents, it is easy to get talented people specialized in some line of learning but difficult to get people talented in all fields. The people talented in all fields who are competent to organize and direct production and at the same time good at doing party and ideological and political work are indeed rare. Moreover, a person's energy is but limited and it is not easy for him to do both the jobs. Assigning the posts of factory director and party committee secretary to two persons can give play to the ability of each of the two persons and thus employing people in the light of their ability and giving full play to their ability.

3. From the point of view of the organization of the leading group for an enterprise, a shrewd factory director needs a competent party committee secretary to fight shoulder to shoulder by his side and needs to discuss his correct decisions with another person. "It is necessary for a hedge to have three poles and for a good man to have three people to help him." Assigning factory director and party secretary to two separate persons and organizing a good leading group on the basis of these two leaders conform to the requirements and aim of the factory director responsibility system.

4. From the point of view of the task of the construction of spiritual civilization and our ideological and political work in the new period, during the great historical period of the realization of the four socialist modernizations and the economic structural reform, the party work and ideological and political work in our enterprises are very arduous. This includes the task of doing a good job of ideological and political work while doing a good job of economic work, training a generation of new socialist people, and satisfactorily grasping the construction of spiritual civilization while satisfactorily grasping the construction of material civilization. It is necessary for a full-time party committee secretary to undertake such arduous tasks.

5. From the point of view of the position of the party organization in an enterprise and the responsibility of the party committee secretary, the party organization should be the core of the political leadership and unity of the enterprise. Some comrades have put forth the view that as an enterprise is a socialist economic organization, after the implementation of the factory director (manager) responsibility system, the party committee should no longer be the core of the leadership and unity of the enterprise. This is not a correct view. After the implementation of the factory director responsibility system, the party's leadership is no longer embodied in the concrete leadership and direction over the production and operation. However, this does not mean that the leadership position and role of the party organization has been eliminated, but it means a change in our view under the new historical conditions and the party organization continues to be the core of the political and ideological leadership and unity in the enterprise. This role as the core is reflected in the phrases of "adhering to the correct political orientation" and "rallying around it the vast number of staff and workers of

the enterprise." Therefore, the position and role of the party committee secretary are very important and irreplaceable.

Persisting in doing ideological and political work has been a fine tradition of our party and a fundamental guarantee for the victory of our revolution. Inheriting and carrying on this fine tradition of the party under the new historical conditions is also a fundamental guarantee for our economic construction to achieve victory. This reminds me of a story about a peasant who invited a "party representative" into the factory that he had set up in town, a story that provides us much food for thought. In May 1984, Ma Zhongxiao, a peasant in Lingtong village, Chengcheng County, Shaanxi Province went to the county town to set up a trademark printing house together with four other peasant households. After the peasants moved to the town, some young peasants' thoughts were confused. Some of them got drunk and fought with one other; others stayed away from their dormitory at night; and still others bullied the young women. Ma Zhongxiao fired some of them, but this did not prove effective, and he was worried by the malpractice. Moreover, he also worried that he might not correctly understand the party's policies and thus lead the factory astray. Therefore, he thought that he had to employ a party member in his factory who knew management as well as was able to do ideological work. With the help of the county party committee, he employed a "party representative" in his factory. Soon afterwards, his small nongovernment enterprise, which was previously in chaos, was filled with vitality. Ma Zhongxiao himself also handed in his application for party membership to the factory party branch. From this we got an instruction that even a peasant entrepreneur knows that it is necessary for him to employ a "party representative." Should we modern entrepreneurs of the working class not be wiser than him? Should our factory directors not each have a party committee secretary to cooperate with him?

I have expounded on the necessity here of assigning the posts of party committee secretary and factory director to two separate persons and that it is not appropriate to assign the two posts concurrently to one person. This is said in its general sense and it by no means shows that I oppose that in some enterprises at present, in particular in some small enterprises, these two posts can be assigned concurrently to one person. The living soul of Marxism is to make concrete analysis of concrete situation. In carrying out any reform, an enterprise should suit its measures to local conditions and should not pursue "uniformity." This is also so for the implementation of the factory director responsibility system.

After the implementation of the factory director responsibility system, the party secretary and factory director should each have his office duties. But in the actual process of the implementation of this system, the party committee secretaries in some enterprises hold that the power of the factory directors has been expanded and these directors have more things to attend to, but their own power is reduced and they have nothing to attend to. Thereupon, some secretaries have asked the question: "What is my position?" It seems that it is indeed imperative to make a clear distinction between the office duties of the factory director and party secretary and in particular to clearly define the office duties of the latter.

What are the office duties of a party committee secretary? To sum up, it is to "adhere to the correct political orientation" and "rally around him the vast number of staff and workers of the enterprise."

First, the party committee secretary should "adhere to the correct political orientation" in two spheres:

The first is in the sphere of material production. In this sphere, he should adhere to the socialist orientation for the production and operation of the enterprise and enable the enterprise's production and operation not to deviate from the socialist orbit even for a moment. Our enterprises are socialist commodity producers and operators. The fundamental aim of their production and operation is to accumulate wealth for socialism, to make contribution to the prosperity of the country and the well-being of the people, and to continue to increase the income of the staff and workers in the enterprise on the precondition of the former aim. This is a principle that our party committee secretaries must adhere to. Comrade Chen Yun sincerely pointed out: "We should make all the comrades in our party understand that what we are carrying out is a socialist course and that our final goal is to realize communism." "A CPC member should always keep well in his mind that we are carrying out the four socialist modernizations and not any other modernization." The party committee secretaries in our enterprises must satisfactorily control this orientation. In doing anything, he should first consider the interests of the state and should put an end to any unhealthy practices such as keeping the profits that must be delivered to the state, paying bonuses indiscriminately, distributing all reserve funds, passing goods of poor quality for those of fine quality, and harming the interests of the customers, no matter who commits these unhealthy practices.

In handling the relations between the state, the enterprises, the producers, the operators, and the consumers, the party committee secretaries must firmly maintain the stand of party spirit and the party's policies, keep their minds sober, and refrain from following the trend blindly. This is a glorious duty for our party committee secretaries.

Our party committee secretaries should adhere to the correct political orientation in another sphere--the sphere of spiritual civilization. There is much work to do in this sphere. The most important of the work is to carry out education in communist ideology among staff and workers, in particular, young ones, including the systematic political theoretical education, and education in situation, policies, legal system, and discipline. At present, they should focus on satisfactorily grasping the education in four have (have ideal, good morality, knowledge, and sense of discipline), in particular, they should attach importance to the education in ideal. While vigorously advocating the contract economic responsibility system, eliminating the practice of "eating out of the same big pot," and adhering to the principle of material interests, they should make vigorous propaganda about the spirit of dedication for the ideal and make the vast number of staff and workers understand that it is imperative to have the spirit of dedication in the period of socialist construction as well as in the years of the revolutionary wars. Ideal was in the past, is now, and will be in the future a

real advantage for us. We should often give the vast number of staff and workers, in particular, young ones, accounts of the deeds of the large number of heroes and models on various fronts at present and teach them to learn from the heroes who have been defending our country's territory on the two mountains, and learn from the spirit of the Chinese women's volleyball team and the spirit of the Chinese South Pole exploration team, and enable them to consciously carry on the spirit of dedication for our cause. Our party committee secretaries should regard transmitting the spirit among the staff and workers and imbuing them with it as their office duty and as a work of first priority to grasp.

In carrying out the above-mentioned work, our party committee secretaries should utilize the strength of the organizations to form several networks: 1) The network to supervise the socialist orientation of their enterprises. Initiated by the party committee, a management decision consultative and supervisory network is formed. The party committee, factory director, and factory committee are all taken into the network. The members listen to periodic reports delivered by the factory director, but they do not directly take part in making decisions, but supervise and examine the decisions. 2) We should strengthen the party's network of ideological and organizational construction. The office and organization and propaganda departments of the party committee should be taken into the network, which relies on these organizations to carry out its work. 3) We should organize a network of propaganda and agitation, take the propaganda department of the party committee, the trade union, and the CYL organization into the network and carry out activities of propaganda and agitation and cultural and recreational activities among the staff and workers, and educate them through these activities. These networks are controlled by the party secretary. Satisfactorily grasping this work is an important duty for the party secretary.

In the spheres of ideology, morality, and work style, a party committee secretary should set an example among the staff and workers. He should first personally do what he requires the staff and workers to do. Only by so doing can he convince them and make them obey him. An outstanding problem now is that he should have the spirit of being the first to undergo hardship and being the last to enjoy happiness. In other words, he should have the spirit to be the last to become rich. The party's policy allows some people to become rich earlier than others. On the one hand, we communists, in particular party secretaries, should serve the people by helping them become rich; on the other hand, they should be satisfied with being the last to become rich. They should by no means use their power of office to become "rich earlier than others." Comrade Ma Shengli said well: Since you are the factory director and have much power, is it not easy for you to become rich earlier than others? Of course, a party secretary and factory director should get their due bonuses that they have well earned and for which they are not to be blamed. However, their bonuses should not be too much bigger than those paid to the staff and workers. It is a good practice that many enterprises have stipulated that the bonuses for their party secretaries and factory directors are to be of the average level of their staff's and workers'. There is a party secretary in a certain enterprise who previously enjoyed a high prestige among the staff and workers. However, at the time of

promotion, he promoted himself one more grade than others and thus made the staff and workers indignant against him. We should be on our guard against such practice.

Second, a party committee secretary should strive to rally around him the vast number of staff and workers. Unity means strength. The key to the question of whether an enterprise can be satisfactorily run lies in the unity in its leading group. First, there should be unity between the party secretary and the factory director. Then they will be able to unite the whole leading group and all the staff and workers. The party committee secretary should play a nuclear role in this unity. There is no shirking of this responsibility for him.

For an enterprise, there should be an open-type factory director and also must be a party secretary who is good at the work related to coordination and unity. Only when there is such a party secretary in the enterprise can all the strength be united and can a firm leading group take shape. Practice has proved that in an enterprise that has operated satisfactorily, there is always a united leading group, in which the unity between the factory director and the party secretary is particularly important. The failures in some enterprises are first of all because of the disunity in their leading groups. In implementing the factory director responsibility system, we assess the performance of the party committee secretary by whether he is able to satisfactorily coordinate all the members of the leading group. The party secretary's work can be transformed into a kind of strength--the strength of unity among the cadres. I have a friend who is a newspaper reporter and who has been collecting news for a long time in a city. The economic reform and various aspects of work in that city are full of vigor and its economy has been enlivened; therefore, the city has been praised by some central leading comrades. I asked him what was the fundamental experience of the city. He said that the most important thing there was that in the city there was both a city mayor who was brave in blazing new trails and a city CPC committee secretary who was able to rally people around him and who had satisfactorily coordinated the relations between all departments. There are many differences between a city and an enterprise, in particular between their leadership systems, but from the point of view of the necessity for the party secretary to play his nuclear role in strengthening the unity and satisfactorily coordinating the relations between various sectors, I think they have the same need.

In regard to the question of how to handle the relations between the party secretary and factory director, quite many party committee secretaries have summed up their own experience. Some of them have put forth the idea of three contends and three do not contends: "Do not contend for power but contend for responsibility, do not contend for merit but contend for work, and do not contend for higher pay but contend for greater contribution." Others put forth the idea: "Be clear of the division of labor related to duties of office and refrain from paternalism in acting as a party secretary; adhere to the correct orientation and refrain from being muddleheaded; and do ideological work satisfactorily and refrain from being a shadow secretary." All these experiences are worth referring to. In the light of more than a

year of practice in our city, a party committee secretary should satisfactorily handle the following three kinds of situations:

The first kind of situation is that the factory director is very experienced and has high aspiration, great competence and indomitable pioneering spirit. This requires the party secretary to do his best to support the factory director's work, rouse the whole factory to exert its force, forge ahead with great vigor, and do more work related to coordination and unity in solving the problems that have cropped up in the course of the progress. In regard to some problems that are insignificant for the whole situation, the party secretary should give in a little over them. There cannot be unity without giving in a little. The factory director and party secretary should often exchange information and manage to work with one heart and mind. By so doing, the factory director will be able to enjoy a relatively high prestige throughout the factory. The party secretary should act like the flower that gives the message of the arrival of spring and manages to refrain to contend for prominence in spite of its beauty. He should focus his strength on grasping party work and ideological and political work.

The second kind of situation is that the factory director is competent, but does not know how to apply his power or even abuses his power. It is possible for him to act arbitrarily. For example, some factory directors appoint to important posts those who are close to them rather than those who have talent. Soon they will put their originally good enterprises in difficulties. Under these circumstances, from the point of view of both the responsibility for a party member and the duty of office for a party committee secretary, the party secretary should not look on with folded arms. First, he should take the initiative to straighten out the relations between the party committee, the factory director and the staff's and workers' congress, clearly define their scope of duties, and set to right their positions. Second, he should frankly help the factory director correct his management thoughts and leadership style and through painstaking work help the factory director to develop his strong points and overcome his weak points. Third, he should give full play to the role of the staff's and workers' congress. All the things that are within the congress' power of legislation, supervision and approval, should be discussed democratically in the congress and should not be decided by one person's words. It is not easy to be a party committee secretary who can satisfactorily cooperate with such a factory director. Therefore, under these circumstances, it is vital for the party secretary to do a good job of maintaining unity.

The third kind of situation is that the factory director is newly appointed to his post, is not familiar with the conditions in the enterprise, and lacks experience and skill in doing the leadership work. But the party secretary is an old cadre in the enterprise, is familiar with the situation, has much experience in doing his work, and enjoys certain prestige among the workers. There are two kinds of factory directors. One kind of factory director is too careful and prudent. He relies on the party secretary in doing everything and takes his cue from the party secretary. For this kind of factory director, the party secretary should mainly give a free hand in his work and encourage him. When the secretary points out the way for his work and makes

suggestions, the secretary should always "draw inferences about other cases from one instance," and should not make detailed suggestions in order to enable the factory director to enhance his abilities through practice. This is precisely what many comrades mean by the idea that the party secretary supports the factory director but does not take on everything. The other kind of factory director does not accept the correct suggestions made by the party secretary because of his insufficient ideological self-cultivation, rigid method of leadership, and failure to handle certain problems properly. Under these circumstances, the party secretary should not aggravate the conflicts between him and the factory director and must do the following three things: First, the party secretary must accept the idea that the latecomers surpass the old-timers, must welcome the junior cadre who he himself promoted to surpass him and allow the junior cadre to manage what should be managed by the factory director. The party secretary must adhere to the principle of four do nots--do not be jealous, do not contend for power, do not put on a rival show, and do not behave as an old leader over the factory director. Second, the party secretary must foster the idea of one dividing into two, must not negate everything on the ground of a single shortcoming and must realize that it takes time for a new cadre to grow up. When a new factory director reveals some outstanding defects, the party secretary should not negate his outstanding merits. Third, the party secretary must help the factory director enthusiastically and do a good job of passing on experiences, giving him help and setting an example in training new hands, and must often help the factory director overcome difficulties and anxiety. By so doing, the relations between the party committee and the factory director will become increasingly harmonized through a period of time of cooperation in working together. This has already been proved by the practice in some enterprises.

The implementation of factory director responsibility system is a great reform of the enterprise leadership system. The implementation of a new leadership system cannot be plain sailing and will inevitably encounter twists and turns and even setbacks. This is because the change in enterprise leadership system certainly involves the changes in quite many aspects such as thoughts and ideas, traditional habits, working methods and leadership methods. It takes time for the party committee secretary to adapt himself to the changed conditions. As long as our party committee secretaries frequently sum up their experiences in the process of their practice and pay attention to their leadership method, then the period of their adapting themselves to the changed conditions will be shortened and a large number of prominent party committee secretaries will grow up.

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RATIONALLY ARRANGE THE IN-DEPTH DEPLOYMENT OF SCIENTIFIC RESEARCH

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[Text] The "Decision of the CPC Central Committee on the Reform of the Scientific and Technological Structure" requires: "The rational arranging of in-depth deployment of scientific research so as to guarantee stamina for the development of the economy and of science and technology. At the same time as strongly pushing forward technological development work, we must strengthen necessary research so that basic research sees stable and sustained development." In order to correctly realize this demand, it is necessary on the basis of combining theory with practice, to clearly understand the following several matters.

Correctly Understand and Handle the Relationship Between Production, Technology and Science

The development of science and technology has its own laws. Seen from the history of mankind's development, when ape-man began to walk upright, used his front paws as hands and learned how to manufacture tools, he became man. The manufacture of tools was, in itself, technology. The source of technology is in the practice of production and begins in the accumulation of production experiences. When we say skill comes through practice, skill refers to technological improvement. No matter what work is engaged in, through practice, methods by which to raise productivity will be discovered. This change and improvement of the original technology will inevitably lead to the production of new technology. Much ancient technology was produced and gradually developed in this way. Modern steam engines, machine tools, and blast furnaces are all products of a great amount of production practice. Around about 1774, the repair tradesman Watt, on the basis of his own experience, changed and improved the Newcomen steam engine which had been in wide use in coal mines for over 60 years (since 1712), and thereby invented the "Watt steam engine." This engine reduced energy consumption by three-quarters and improved heat efficiency by four to six times, and it became a widely used machine. The widespread use of this new technology promoted the further development of the first industrial revolution. However, the theory of heat transfer and the relevant laws of thermodynamics were only established several decades after Watt's steam engine had been put into widespread use. We

can see that technology is not the same as science. Science is the understanding of the objective world and its laws. Large amounts of technological experience must go through continuous summing up, conclusions, analysis and improvement before they can become systematized and distilled into scientific theory. Ancient man's understanding of science and technology was a general understanding, and science resided in technology. Following the development of practice, the accumulation of technologies and the systematization of understanding, science became officially independent and separate from technology. If we summarize this process, the general development sequence of science and technology before the 19th century was: production, leading to technology, leading to science. That is, from the practice of production, experiences were accumulated and these gave rise to technologies. When great amounts of technology were summed up, put in order and gradually turned into a systematic theory, they became science.

As soon as scientific theory is produced, on that new base it further promotes the development of technology and production. In 1897, Diesel used thermodynamic theory to plan and produce a new machine--the diesel engine. Previous steam engines could not compare with it in terms of energy consumption or efficiency, and it became the most efficient internal combustion engine of that time. It thereby gave a new boost to power technology. In the beginning, airplanes were also like this. When planes flew into the sky, people were not too sure what the power lifting them was. Thus, they were not able to control the planes very well. Only after the basic theories of aerodynamics were explored was it possible to have some conscious command over aircraft design and control, and this opened up a new period. From the 19th century on, scientific theory played an ever-increasing role in guiding the development of new technologies. For example, initially Faraday, through experiments, discovered the theory of electromagnetic induction (in 1831) and then only later did Siemens invent self-excitation electrical machinery (in 1867), which laid the base for the development of electrical technology. Only after Edison used a new style of generator which he had improved himself to establish the world's first generating station (in 1882), was electrical power produced, which gave rise to the second industrial revolution. If we say that the typical situation in the first industrial revolution was reflected in the process of production to technology to science, then the second industrial revolution very clearly reflected the process of science to technology to production. Basic changes occurred in the relationships between science, technology and production.

It should be recognized that modern science, technology and production have mutual roles. On the one hand, the accumulated experiences of production practice and the problems which occur in the production process promote the improvement and development of technology. The development of microelectronics and the establishment of semiconductor theory was like this. It was initially an attempt to resolve some of the problems in practice whereby the volume of vacuum tubes was too large, they consumed too much electricity, generated too much heat and their life-span was too short. Following the discovery that semiconductors could be used in detection, they saw gradual development and were continually improved. On the other hand, the development of science continually points the direction of development for

technology, supplies new theories and methods and promotes new changes in existing technology. By these means, it basically promotes and pushes forward the active development of production. Today the new technologies which have arisen in the new technological revolution, such as laser, computers, automation and genetic engineering nearly all achieved breakthroughs first through scientific theory, which only later led to the development of the technology and its subsequent widespread use in production.

The history of the development of science and technology as outlined above shows:

1. At all times, production is the point of departure and the end result of scientific and technological development. Science and technology as they develop on the basis of production practice, are subject to the restraints of the level of production development. However, they can also play a great role in motivating and guiding production, and this role is greatly expanding. Science, technology and production are complementary to one another and are intimately linked.

2. Regardless of whether it is "production to technology to science," "science to technology to production" or science, technology and production having mutual roles, in all cases technology is the key link. Whether it is supported by science and initiates production, or is promoted by production and pushes science forward, in both cases technology plays the key role. Only when advanced scientific theory is developed through appropriate technology and linked with production can it be materialized as a useful social product. The practice of production also continuously promotes the progress of science through technological development. The main force of our nation's science and technology must be channeled toward economic construction and must greatly promote the work of developing technology.

3. Scientific development has its own patterns and theoretical research and progress are certainly not without use. Although one cannot immediately see the role it plays in production, one cannot therefore negate its significance, as it is possible that it will be the basis and forerunner of future production. Science not only can provide new principles, methods and materials and create or extend new technologies, but can also directly lead to the emergence of new industrial sectors (such as automatic control, nuclear energy application, antibiotics production and biological engineering). If there is no guidance from science, it will be difficult to achieve great technological breakthroughs. Great advances in basic science often lead to wide-ranging technical revolutions which open up new prospects for the great development of production.

Thus, correctly recognizing and handling the relationship between production, technology and science is a matter to which we should give foremost attention in rationally arranging the in-depth deployment of scientific research during the reform of the scientific and technological structure.

Rationally Handling the Relationship Between Basic Research, Applied Research, and Developmental Research

With scientific work, the various different types of research each have their own tasks and roles. At present, our nation divides this research into three basic categories, based on those classified standards as set down by UNESCO. These are basic research, applied research, and developmental research (technological development). The major basis on which this division is made is that, in the overall process of scientific research, each of these types of research has its own research targets, goals, tasks, results and roles.

Seen in terms of the scientific research level, the first of these is basic research. This takes something specific in a particular area of the objective natural world as its research target and has the explanation of the target's nature, structure and laws of movement as its goal. Its task is to gain a full understanding of the target of the research so as to uncover essential, universal laws of the natural world, and thus provide new opportunities and avenues for practical use. Its results are various scientific discoveries and the establishment and development of various theories. The vast majority of these are manifested in an intellectual form, as scholarly articles, scholarly reports or theoretical monographs.

Next, there is applied research. The research target is the results of basic research. Thus, the research aim is exploring how to apply the laws which were uncovered through the basic research results, and the establishment of various general technological principles or specific technological rules so that the knowledge already obtained can be put into practical use. Its task is to supply plans and prototypes of techniques and products in order to renew existing technologies, develop new technologies and develop new industries. Although the specific form of their research results may be models and prototypes, design manuals or scholarly reports, their essential characteristic is technological invention. Thus in science theory, this is also referred to as "technological (science) research." It is an indispensable and central link in the science-technology system and in the science, technology and production system, as it is the key in changing science into social material wealth.

The third level is developmental research. This changes and improves existing technology on the basis of the general technological principles and specific technological rules already discovered through applied research. Its task is technological development and the creation of new products and techniques to be directly used in production. The specific forms of developmental research are often in material form, such as developmental models or prototypes, or in an information form, such as design blueprints or design manuals. They can also be in a knowledge form, such as scientific articles and reports. However, their basic characteristic is that they are all further creations of an engineering nature. Thus, in science theory, some people call this "engineering (science) research." Its practicality is great and it is linked up with products. It is thus able to directly serve factories and enterprises in improving economic results.

Our nation is a developing socialist nation. There is still quite a large difference between our nation and developed nations in terms of the level of production technology. Thus, many scientific achievements have not been fully utilized in economic construction. At the same time, our nation's scientific and technological strengths and economic strengths are still fairly frail. It is precisely because of this that in our nation's deployment of scientific research forces at present, we should first take as the key point technological development work involving the comprehensive utilization of domestic and foreign advanced scientific and technological results. This includes "promoting in a planned way large-scale technological transformation, spreading all sorts of technological results which have good economic results, and actively utilizing new technology, new equipment, new techniques and new materials." We need to create the following kind of environment: We must ensure that most research organs, especially those research units closely connected with technological development, are able to really fill the needs of society. They must be encouraged to establish mutually beneficial relationships with enterprises and planning organs, and be allowed to retain a portion of funds, based on a certain ratio of newly increased profits, for technological research. Also, through promoting the use of technological results in commodities, we can ensure that they really produce an internal vigor directed at the economy; we must ensure that a large number of outstanding scientifically and technologically talented people are able to work in the front line of production, so that the majority of scientific research personnel can actively gear themselves to the economy, and do scientific research which is urgently needed in production and life; we must ensure that the advanced technology appropriate for use in military industry systems, coastal cities, and scientific research sectors is promptly transferred to civil use, hinterland use, and production use. Of course, we must, through the reform of the economic structure continue to take "reliance on technological progress in increasing economic benefits" as the major norm in assessing enterprises, as this will encourage the enterprises to strengthen their technological absorption and development capabilities.

Of course, this alone is not enough. At a deeper level we must strengthen applied research. In social practice, applied research must seek a theoretical basis and seek breakthroughs in resolving quite wide-ranging, general technological difficulties. For example, in order to improve the anti-corrosiveness and antifracture capabilities of materials, and to reduce the friction of materials and consumption through wear and tear, it is necessary to carry out applied research in surface physics. Through the collection, summing up, analysis and study of the materials and data which come from basic research and the various aspects of production and technology, these then become usable knowledge, and models for formulating new technology and new techniques. These technologies and techniques will then again be used in the development of technology in production practice. In this process not only are science and technology linked together and science manifested as technology, becoming a specific advanced technology, but science, technology, and production are linked together, and new technology and techniques enter the production process and become social material wealth. It is precisely because of this that applied research has very great significance in developing new technologies, developing new industries and improving existing

technologies. The course of applied research can directly affect the time required for scientific results to be changed into social material wealth. In many cases, results are not publicly issued and also the focal point of research in various countries differs. Thus, we must proceed from national conditions and, through analysis and comparison, select a number of areas which will meet urgent demands in economic development and for which we have the conditions whereby we can achieve great benefits, as focal points for research. These could include information technology, biological engineering, new materials, remote sensing and telemetry technologies and so on. In these, we should centralize manpower and materials and strive to achieve breakthrough achievements as quickly as possible.

Following the development of the new technological revolution, at present in the world, applied research and basic research have become very close. This has tended to reduce the time needed for applied research. The history of scientific development has shown that many important breakthroughs in basic research have produced overall chain reactions, which prompted the speedy development of overall science and technology and of the social productive forces. For example, Einstein's theory of relativity and Rutherford's and Bohr's electronic model theories opened the road to uncovering the structure of the atomic nucleus and the laws of nuclear fission, and this led man into the age of nuclear energy and of electronic technology. Such examples are very common in the history of science. Thus, how we are to correctly handle the relationship between basic research, applied research and technological development deserves our serious attention.

It Is Necessary To Stress Basic Research Work Which Has Prospects for Application

If we are to have science proceeding in the forefront of production, then we must pay attention to the in-depth deployment of the above-mentioned three types of research. In respect of these three different types of research work, while we could divide them and talk about them separately, actually they are three links in an indivisible overall process (system) of scientific research. They are just like the links of a long chain and manifest the complete gradual movement of science from theoretical knowledge to the material production sphere. From basic research to applied research to technological development and finally to the production of products is like a "relay race." Without the first leg of basic research, the second leg of applied research and the third leg of developmental research (technological development), how can results be spread and how can we have the fourth leg of commodity production? Every leg is important. Of course, a metaphor is just a metaphor, but it does serve to describe the overall development of science and technology. The conditions of every country, and especially of all the developing countries, are different. Because the results of basic research have universal significance and are not secret, they can be obtained from the world's treasure-houses of knowledge, and therefore it is not necessary to do everything from the start. However, the relationship between the three above-mentioned types of research work show us that we must pay attention to the in-depth deployment of scientific research. If we are to guarantee the stamina of economic development, we need to rely on science

and technology. Also, if we are to guarantee the stamina of science and technology we must strengthen applied research and pay attention to basic research.

Since the beginning of this century, scientific research has not only developed individual technologies, but has also widely developed various types of new technological fields, and even established completely new industries. For example, the atomic energy industry was produced by atomic nuclear physics, the electronic computer industry was produced by mathematical logic and electronics, the space technology industry was produced by fluid mechanics, materials sciences and electronics, the microelectronics industry was produced by solids physics, the laser technology industry was produced by quantum physics, and so on. In all of these, the roles of applied research and basic research are extremely obvious. At present, the length of the process by which basic research is turned into technology is becoming increasingly short. Many new technologies and new methods are being produced by scientists in their experimental laboratories. This is, for example, how surface physics research directly promoted the development of semiconductor technology, and molecular biological research directly led to results in genetic engineering. As basic research gets deeper, it becomes closer to applied research, which is of assistance in developing technologies.

In this respect, our nation has many successful experiences. By completely relying on our own strengths, in only 2 years and 8 months after successfully trial-producing our first atomic bomb, we successfully trial-produced a hydrogen bomb. Apart from the correct leadership of the party, the most important factor in this was the fact that our nation's scientists very early on had stressed research in theoretical physics and had the necessary scientific reserves. At the end of the 1950's and the beginning of the 1960's, not long after molecular biology had appeared in the world, our nation's scientists stressed this growing science and selected the direction and focal points of research. In 1965, they artificially synthesized bovine insulin, which prompted the synthesis, production, and use of polypeptide hormones. Following this, there was the synthesis of ribonucleic acid which created conditions for the establishment of the genetic engineering industry and for further research on many applications. The results gained from the basic research were outstanding. We should particularly stress that basic research work which has prospects for application (such as high-energy physics, radiation physics and radiation chemistry) and especially that research work which is suited to the characteristics of our nation's natural conditions and natural resources, as well as digesting and absorbing relevant basic theoretical questions of important imported technology. If we have no base, then even if people achieve successes in their research, it will be very difficult to apply the results widely. It is not that they will not be usable, but rather they will not be coordinated, and it will be difficult to avoid losing sight of some things while attending to others, which will result in a waste of money and manpower.

Even 30 years ago, Comrade Zhou Enlai said: "If there is not a certain amount of theoretical scientific research as a base, then technology will not be able to achieve fundamental progress or innovation." Basic

theoretical research is related to the long-term interests of our scientific, technological, and economic development, and it is natural that the state should supply the funds necessary to support this research. In fact, the number of people and the amount of funds required by basic research are not great. At present in our country, the most it would involve would be about 5 percent of the investment in overall scientific research. Our nation must have its own necessary scientific resources. This is beyond question. Of course, we should also proceed from the actual situation and from capabilities and pay attention to moderation. The small number of "major science" research projects with high technical requirements and excessive fund consumption can be put off for future consideration.

As to the results of basic research, we should stress the investigation of their academic significance and scientific level. In respect to that work which does not have immediately obvious prospects for application, but which clearly has value in understanding natural phenomena and the laws of nature, it should be given all possible support. Actually, paying attention to and giving support to basic research does not just mean providing funds and financial support. The important thing is that there must be respect for the characteristics and patterns of such research. For example, it has a very concentrated nature and is notably exploratory. It takes quite a long time to achieve results and in general the success rate is fairly low. It is thus difficult to set a firm requirement for today or a specific task for tomorrow. Its function is only realized in the long term and in many cases, it can only be applied after quite a long period. It is precisely because of this that it is only a potential productive force and in general there are no problems of secrecy. We need to strengthen academic exchange and mutual inspiration so as to promote the deepening of research. These characteristics determine that basic research must have a relatively stable research direction and research environment. It requires accumulation and the continuity of the research work needs to be guaranteed. It cannot be subject to great rises and falls or arbitrary cuts and increases. Thus, we should provide the conditions where research can see stable, substantial development.

The "Decision" pointed out, in respect of basic research, that we should "gradually trial-implement a system for scientific funding." This was proposed after studying the above-mentioned characteristics and patterns. The state is to gradually increase allocations for scientific and technological work at a rate faster than the normal growth of financial income. Of this, a portion will be allocated in a unified way or at various levels, in accordance with estimates, for the purpose of setting up scientific foundations. These foundations will at the same time, be able to accept contributions from social groups and individuals, both Chinese and foreign. This will guarantee the stability of basic research funds in terms of overall expenditure. The scientific foundations should be geared toward society and should accept applications from all fields. After these applications have been discussed and appraised by experts in that field, foundations can give support to selected units or individuals whose research projects are of greatest significance and those which are most likely to have important results. This is a method which proceeds from the characteristic of giving quite concentrated attention to basic research, so as to reduce or avoid

having the project selected result in failure. This will be of assistance in ensuring that the greatest possible amount of research work has due prospects. It can also lead to the opening of new technological fields and, while according with our nation's national resources, manpower and production conditions, will also be able to make contributions to the world's scientific and technological development. This funding system will not only give a greater degree of freedom and greater functional space to researchers in selecting their projects, setting down aims and controlling results, and reduce excessive administrative interference, but will also be able to truly strengthen the state and government's leadership and guidance, so that resources can be used where they are needed most.

Tertiary institutions and the Chinese Academy of Sciences shoulder important tasks in terms of basic research and applied research. Through establishing strict scientific research and responsibility systems in scientific research units, through having all sides cooperating closely, so that staff will be able to take on others' work, jointly establishing and using laboratories and training younger people, it will be possible to resolve the problem whereby there is "eating from the big pot" both between units and within units. In addition, it will be possible to closely combine training of skilled staff with the improvement of research.

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IDEALS AND PRACTICAL BENEFITS

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[Article by Zhang Xiaolin [1728 2556 2651]]

[Text] Communist ideals are based upon the law of social development. Communism is a scientific faith and it proceeds from and aims at the interests of the majority. Its ideals are not incompatible with practical material benefits which can be realized immediately. On the contrary, they aim to achieve material benefits for the masses of the laborers. Only communism can really achieve the greatest and most everlasting benefits.

In expounding the idea that socialism would finally replace capitalism and that it would ultimately evolve to communism, Marx and Engels attached much importance to people's material interests. They brought to light the fact that the prerequisite of human existence is the material production of the means of living such as clothing, food, shelter and transport. Furthermore, they pointed out: "What man strives for is all associated with their interests." ("Complete Works of Marx and Engels," Vol 1, p 82) It can be said that the basic element of communism is to deny the exploitation and suppression of the society of private ownership and the irrational phenomenon that laborers fail to obtain practical benefits. It aims to establish a socialism and communism of public ownership, to continuously improve the material and cultural life of the laborers, and to let them enjoy the practical benefits from material and intellectual culture. Since communism aims to achieve practical benefits for the great majority of the laborers, communism has become the common pursuit of the exploited and suppressed. It is greatly attractive and appealing. The practical benefits of communist ideals refer mainly to the material interests of the entire working class, which also include individual material interests of the working class. Neither socialism nor communism aims to abolish personal interests. They only modify the fundamental incompatibility between personal and state interests under private ownership and to combine them in a realistic and historical manner. As Stalin said: "Socialism cannot do away with personal interests. Only socialism can maximize the satisfaction of these personal interests." ("Selected Works of Stalin," Vol 2, p 355)

In actuality, during the strife for communist ideals, the masses of the laborers have been enjoying the practical benefits of material interests.

In China the movement which ultimately aims to realize communist ideals has begun since the period of new democratic revolution. After several decades of incessant strife, we have removed three great obstacles and established a new China. We have helped the working people get rid of their deplorable fate of being exploited and suppressed and paved a way to stability, prosperity and wealth. Can we not regard these as practical benefits? Now we are having a socialist society, which is the initial stage of communism. Under the guidance of the communist ideals and after 30-odd years of revolution and construction, all frontlines have scored remarkable achievements and the masses of the people have greatly improved their livelihood. Taking the 7 years since the 3d Plenary Session of the 11th CPC Central Committee as an example, the average income of rural residents, after eliminating the factor of price changes, has doubled. The average consumption level of urban residents has increased by 60 percent. With these facts, how can we say that communist ideals are void and impractical?

It is true that our productivity level is not high. There are still many future obstacles. Our material life cannot be improved very quickly. There are still many conflicts between personal interests and state or collective ones, partial or local interests and overall ones, and immediate interests and long-term ones. How to correctly deal with these conflicts is of utmost importance. A man with communist ideals should be fully aware of the fact that personal interests are subsidiary to party or public ones, partial or local interests to overall ones, and immediate interests to long-term ones. In sacrificing some of their personal practical benefits, people have, in return, gained more and greater practical benefits for the state and the masses of the people. "In sacrificing myself, I have brought felicity to 1 billion people," as said by Laoshan and Zheyinshan frontline warriors. These broad-minded and high-spirited people are willing to "sacrifice" their personal interests and even their lives for the well-being of the state and the people. Certainly, they are trusted by the party and respected by the people. To a party member, such an incomparable honor is more precious than any other material interests. Those who persist in personal or gang interests are not only contemptible but are bound to break the law. In the end, they will not get any practical benefits.

Man has to struggle and sacrifice if he wants to improve or develop his society. All along all gracious people have sacrificed their personal interests and even their lives for social development and their names are put down in history and are praised by later generations. The bourgeoisie is no exception. Marx says: "No matter how a capitalist society lacks heroism, its birth requires heroic act, self-sacrifice, terror, civil war and national struggle." ("Selected Works of Marx and Engels," Vol 1, p 604) Obviously, Marx was referring to the capitalism which was a newly born social system. Compared with feudalism, it was more advanced. Even the bourgeoisie, the representative of an advanced social system, is involved with "self-sacrifice" and "heroic act." Today, our comrades who strive to achieve communist ideals, when confronted with both personal and overall interests, should have a stronger spirit of self-sacrifice and despise the practice of adhering to personal practical benefits instead of overall ones.

Since the 3d Plenary Session of the 11th CPC Central Committee, the party has carried out the contract responsibility system, associated peasants' production with their material interests and has abolished the egalitarian system of "eating from the same big pot." It has given full play to peasants' enthusiasm for production. Agricultural production has greatly improved. On such a basis, the party has started reforming the economic structure of the urban areas. The masses of workers are encouraged to work through the combination of responsibilities, rights, and interests. The reform has been proved to be effective though it has just begun. The party's policy on economic reform is a socialist one. Productivity should be greatly developed to improve the standard of material and cultural life. People will then get more practical benefits and all of them will be wealthy. In giving full play to laborers' enthusiasm, wisdom and creativity and in aiming to make all people wealthy, the party has allowed a portion of the population and localities to become wealthy first. To become wealthy through working and abiding by the law is greatly encouraged by the party and the state. To use one's mental or physical labor to gain reasonable interests is highly respected by society. Some people have, however, misinterpreted such practical interests as individualism or selfish departmentalism. The party's policy is seriously distorted if personal or gang interests are treated as the most important thing. In initiating reforms, making improvements and carrying out the open policy, some people have abused their official rights to do business and make money, some have been abusive in granting bonuses or pushing up prices, some have been bent solely on profit. Some have been so obsessed with profits that they have broken the law. The pursuit of personal or gang interests at the expense of the state and the masses of people is incompatible with that of public interests under the guidance of communist ideals. It runs counter to socialist reforms. In making the state rich and its people wealthy, we have to be clear in boycotting and opposing all money-worshipping practices, bold in proclaiming communist ideals and advocating that personal interests should be subsidiary to party and public ones, partial or local interests to state or overall ones. As Comrade Deng Xiaoping said: "We ought to let our people, as well as our children, know that we have adhered to socialism and communism. All our policies aim to develop socialism and realize communism in the future."

In sum, on one hand, we have to confirm the communist ideals and, in struggling for the realization of communist ideals, advocate to make the state and its people wealthy; on the other hand, we are resolutely opposed to individualism or selfish departmentalism which takes personal or gang interests as the most important thing. Only by so doing can we be assured of a healthy and uninterrupted socialist modernization.

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WHY IS IT NECESSARY TO PAY ATTENTION TO INTELLECTUAL IMPORTS?

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[Article by Yang Rupeng [2799 1172 7720]]

[Text] In carrying out socialist modernization, it is necessary to base on self-reliance, depending chiefly on developing our national intellectual resources, and producing our own specialized qualified people in various categories. At the same time, it is necessary to actively import foreign intelligence step by step in a planned way, and through various channels in diversified ways. Intelligence import is an important component part of China's policy of opening up to the outside world, and an important principle for promoting science, technology, and economic and social development, and accelerating the realization of socialist modernization. Intellectual imports involve many aspects. At present and in the near future, China's intellectual imports have two focuses: Inviting specialists from abroad, either foreigners or Overseas Chinese to take part in all items of construction on a short or a long-term basis, and sending students abroad to study advanced knowledge in science, technology, and management.

Importing intelligence is necessary in accelerating China's modernization. China is a developing socialist country. Compared with economically developed countries, China is still backward in its level of science and technology, its level of management, and operation, and lacking in knowledge and experience. Since the founding of the PRC, we have trained a contingent of science and technology personnel to a certain degree. A great many excellent intellectuals have come to the fore and made great contributions to the development of science, technology, and education. This we must fully affirm. However, compared with the demand of China's modernization, our science and technology contingent is not quite up to requirements either in quality or quantity. We have already imported some comparatively advanced equipment and technologies. However, because the import of intelligence has failed to materialize, some of the technical imports have not been well digested and absorbed, and they are not used to their full capacity. Regarding the whole situation of economic construction and the development of science and technology, a large number of key construction projects are under way, as well as a large number of technical transformation projects in key enterprises and important science and technological problems are being tackled. Some large-type technical imports are undergoing demonstration or negotiation. The

medium and long-term plans for the national economy and social development and the Seventh 5-Year Plan are being drawn up. Reforms of the economic, science and technology, educational structures are being developed in an all-round way. All this demands a great number of specialized people in various categories. But China is short of qualified people in many specialities; it is in urgent need at present; and it is impossible to train enough specialized people within a short period of time. Under such circumstances, inviting specialists from abroad, both foreigners and Overseas Chinese, and sending people abroad to study and receive training, or to make study tours, while bringing into full play the role of China's existing science and technology personnel and specialized people in all categories, will, to a certain extent, help mend the insufficiency of our existing qualified people in quantity and quality. In recent years, many trades and enterprises have invited specialists, foreigners and Overseas Chinese, and strengthened cooperation with foreign engineers and technicians with rather good results in the development of new products, technical transformation, the construction of projects, the application of new techniques with old equipment and strengthening production management. The majority of people China has sent abroad to study or to make study tours, including those with self-sought funds, have the motherland in their hearts. They have worked very hard in their studies, and won honor for the motherland with excellent results. Experience has proved that importing intelligence can help improve the accuracy, purposefulness and economic results of technical imports by doing more things with less money. It has greatly shortened the time in our exploration of progress in many respects, and accelerated our digesting and absorbing foreign advanced science and technology and experiences in management. It is helpful to our training new qualified people, and is favorable in developing China's production technologies on a higher basis, strengthening our development capability with the initiative in our own hands, and shortening the gap between China and developed countries.

Not only do we have the need to import intelligence, but we have already acquired the conditions and possibilities for such imports. Since the 3d Plenary Session of the 11th CPC Central Committee, China has realized and consolidated the political situation of stability and unity; its economic construction has gone onto the track of healthy development; and the policy of opening up to the outside world has scored marked results. All this has created a good atmosphere and environment for our further imports of intelligence. At the same time, our modernization has won the concern and support of peoples in various countries of the world, and many Overseas Chinese and foreign specialists are willing to contribute their strength to China's construction. Some foreign retired scientists and technicians organizations are willing to provide technological services for developing countries. The United Nations has special funds to support personnel abroad in developing countries to render science and technological services. Many countries are willing to carry out wider exchanges and cooperation in development and policy research. All this is very favorable for international conditions.

The practice of importing foreign intelligence has been universally adopted by all countries in the modern age, and has become an effective measure in promoting science, technology, economic and social development. Under the

condition of the socialization, specialization and cooperation of production and the rapid progress of science and technology, technology has become more and more a commodity, and information has become more and more a kind of resource. Exchanges in technology, information and talented people take up a greater and greater proportion with each passing day and play a larger and larger role in international exchanges. Experience has proved that importing intelligence plays a more important role than the import of equipment and foreign capital. Because of the differences in natural conditions, as well as in the degree of development in economics, science, education and culture, each country has its own advantages and disadvantages in intellectual resources. It is impossible for any country to possess all new technologies. Neither is it possible for it to take the lead in all fields of science, education and culture, nor to possess all the talented people it needs in all categories of science, technology and culture. The rate of progress of modern production technologies is very fast, and the competition of products very fierce. The competition of products is, in essence, the competition of talented people. Under such circumstances, worldwide exchanges in qualified people and importing intelligence have become a necessary condition and objective requirement for the development of all countries. The Soviet Union employed more than 6,800 foreign specialists for its heavy industrial sector in 1932 alone. Around World War II, the United States had a great number of German scientists. Between 1952 and 1975, the United States hired more than 200,000 foreign intellectuals. Sending people to study abroad is more or less a universal practice. At present, not only are many developing countries sending people abroad to study in large numbers, but developed countries have also attached importance to this work.

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WHY IS IT IMPERATIVE TO GRADUALLY EFFECT TWO CHANGES IN EXPORT MIX?

Beijing RED FLAG in Chinese No 2, 16 Jan 86 pp 45-46

[Article by Li Weicheng [2621 4850 1004]]

[Text] The purpose of developing foreign trade is to increase exports and enable our commodities to earn more foreign exchange. The key to earning more foreign exchange is to change the commodity composition of our exports. These are precisely the two changes that we must gradually realize and that have been put forward by the CPC Central Committee in its proposal on the Seventh 5-Year Plan: One is the change from mainly exporting primary products of the nature of raw materials to mainly exporting manufactured goods; and the other is the change from mainly exporting extensively processed manufactured goods to mainly exporting intensively processed manufactured goods.

Over the past 30 and more years, as our production developed and as we continued to improve our scientific and technological level, there has already been great change in the commodity composition of our exports. In 1953, primary products accounted for 79.4 percent of our total volume of export commodities, but by the first half of 1985, this percentage dropped to 52.2 percent. At the same time, the proportion of industrial manufactured goods in the total volume of our exports rose from 20.6 percent to 47.8 percent. Compared with the practice of mainly exporting agricultural and sideline products in the 1950's and 1960's, there have indeed been clear changes. However, in our exports of primary goods, oil, coal, food and other products of the nature of raw materials still account for over 43 percent now; while in our exports of manufactured goods, light and textile industrial products account for 35 percent and heavy and chemical industrial products account for only 12.8 percent. In other words, at present, our country's exports of primary products continue to be mainly the products of the nature of raw materials; while the exports of manufactured goods continue to be mainly labor-intensive products. The commodity composition of exports as a whole is of low level. If we fail to change this situation, our country's foreign trade will continue to be in an unfavorable condition for a long time.

At present, the world is faced with a new technological revolution and a large number of rising industrial sectors are vigorously developing. There has also been a new change in production composition. Production is

developing toward the orientation of producing products with low consumption of materials and energy. This shows that the demand for raw materials and fuel is relatively decreasing in the international market. From a long-term point of view, the previous advantages of developing countries in having natural resources and cheap labor are gradually disappearing. Correspondingly, the position of some traditional commodities of export will gradually decline and the disparity between the prices of primary products and manufactured products, in particular products of high technology will continue to widen. Moreover, as Western capitalist countries' economic development slows down, during the past few years, there has been a declining trend in the prices of both primary and manufactured goods in international trade. In particular, because of the huge deficit in U.S. trade with Western European countries, there has been a growing trend of trade protectionism. The scope of restricted commodities in the world market has continued to enlarge and has covered textiles, agricultural and sideline products, steel, iron, and automobiles. For example, the United States has intensified its restriction to the imports of textiles from China and other countries. Finally, from the point of view of the interests of developing countries themselves, processing their raw materials and primary products and changing their commodity composition can add more value to their commodities and create more wealth for their countries. By so doing, they can not only increase their income of foreign exchange, but also fully tap their domestic production potential, heighten the production technological level of their workers, and provide more job opportunities for society. In short, from a long-term point of view, in order to continue to expand export trade, it is imperative to gradually realize the change from mainly exporting primary products of the nature of raw materials to mainly exporting manufactured goods and the change from mainly exporting extensively processed manufactured goods to exporting intensively processed manufactured goods.

Is it possible to realize the two changes? The answer is in the affirmative. First, our country has already basically established a relatively integrated industrial system, has a number of industrial enterprises with relatively satisfactory equipment and relatively high processing and production technology. This has laid the material foundation for the production of manufactured goods for export with fine quality and full variety. As our urban economic structural reform deepens, the state will allow our enterprises greater decisionmaking power so that the enterprises provided with necessary conditions may carry out import and export trade on their own. This will heighten the enterprises' initiative in conducting technological transformation and urge them to show concern for and take part in the commodity competition in the international market and produce more and better marketable commodities. Second, the success in rural economic structural reform has heightened the commodity rate of our agricultural products. The implementation of the principle of "trade-industry-agriculture" in our coastal areas and the conscientious development of agricultural and sideline product and food processing industries there will enable us to develop a number of marketable quality commodities of well-known brand for our exports. Third, over the past few years, our country has scored certain achievements in utilizing foreign capital and importing advanced technology and equipment. In our special

economic zones and open coastal cities, through establishing joint ventures with joint Chinese and foreign capital or cooperation and foreign capital enterprises with relative advanced technology that mainly produce commodities for export, we will turn these zones and cities into export bases that produce high-technology products.

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DO NOT REGARD PUBLICATION AS A READY SOURCE OF MONEY

Beijing RED FLAG in Chinese No 2, 16 Jan 86 p 47

[Article by Hu Jing [5170 7231]]

[Text] The publishing business has been in crisis recently. I will replace "crisis" by "depression" if it makes some comrades feel uneasy.

Causes for the current depression are many. The book prices have gone up owing to the increase of paper and printing costs. There are too many publishing houses (more than 410 around the country, excluding subsidiary ones) which are characterized by poor macro-management. They publish books in an unchecked manner. Readers cannot get the books they want while useless books are piled up. The publication tax is heavy and the volume of investment is insignificant. As a result, the publishing houses have no money to publish books. Neither do the distributors have money to place their orders. Some publishing houses have turned to publishing books of vulgar tastes in a bid to get out of their financial predicament. As a result, "bad money has defeated good money" and it depreciates after it has flooded the market. Furthermore, it has given rise to a vicious circle. There are other causes as well.

The above-mentioned causes are only superficial ones. In my opinion, the core of the matter is how we are going to view the publishing business.

Editing and publishing have existed ever since mankind has come to the age of recorded history, though they were initially undertaken by historiographers, oracles and musicians. Apart from unearthed artifacts, art treasure and ancient architecture, civilizations were chiefly preserved by means of publications such as bamboo slips, inscribed wooden tablets, cloth-made books, bronze articles, stone inscriptions and, in particular, the tremendous amount of printed books. The publishing work is by no means insignificant as the past publications have given us a wide range of knowledge and inspired us to move forward.

A nation with no civilization is a stupid one. We have experienced 10 years of severe cultural destruction and have suffered a lot. We will make an inexcusable mistake if we still take no heed of or pay very little attention to our civilization. The publishing business is one of the major aspects of

cultural revival and socialist cultural construction. There are many proper and sacred things we should do.

Some people, however, take the publishing business as a means of making money. Some even take it as a means of making a big fortune or lining their pockets with public funds or other people's money. This is indeed deplorable.

Is it that our cultural level is so high that we need not improve it or publish any more books? Is it that the only thing we should do is to make money? No, in fact. Our civilization is still very backward. As civilization and economy supplement each other, it is difficult to have an advanced economy while we do not have an advanced civilization.

Publishing houses are units producing intellectual products. They are different from industrial or mining enterprises in that they undertake to construct our intellectual civilization. They should place social benefits above everything. If they persist in making money and publish a great heap of useless and bad books which have wasted a lot of paper and failed to help purify human souls and have made the entire nation sustain heavy cultural losses, they have done something which money cannot remedy. The cultural work has to be supported. Leading comrades of the central authorities have reiterated in the past few years that ideological, cultural, educational and health departments should aim at social benefits instead of taking publication as a means of accumulating capital for the state. However, the actual situation has changed very little because they lack a far-sighted, comprehensive and strategic view.

It is true that publishing houses have to take heed of economic results and to maintain a favorable balance. It is not difficult for them to use their surplus to publish more books and develop the publishing business. The problem is that there is a small number of comrades who know nothing about social benefits, nor do they know how to combine these two types of benefits in an organic manner. This is the fundamental cause for the depression in the publishing business.

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VIBRATIONS OF A WRITER'S CONSCIENCE--READING 'BUS ARIA'

Beijing RED FLAG in Chinese No 2, 16 Jan 86 p 48

[Article by Shu Zhan [5289 1455]; published in RENMIN WENXUE, December 1985]

[Text] Liu Xinwu's narrative novel "Bus Aria" is a sonata on the current complicated and sensitive conflicts in the age of reform and a rondo on what people have feared, liked, worried about, and hoped for since the practice of "eating from the same big pot" was smashed. It is, of course, uncommon and splendid in our literary circles during the past few years that such a short piece of literary work has succeeded in striking a sympathetic chord among the masses of readers in the capital (in fact, not only the readers in the capital), crossing the barriers which have existed among people for many years, considerably regulating the unbalanced social psychology and achieving an intimate relationship between the writer and his readers.

The readers' enthusiastic response is the highest reward a writer can get for his strong sense of social responsibility. It also serves as a demand on him. Anyone who shares the people's worries, courageously faces reality, and sounds out the true feelings of the readers on a national level will certainly gain popularity. Readers are, in fact, our "gods." No writers or readers who are indifferent to our reform are commendable.

Xinwu's political awareness, courage, and resourcefulness in observing life and boldness in facing poignant and complicated conflicts are the fundamental causes for the success of his work. He finished his "Bus Aria" in mid-October 1985. What followed immediately was a period during which his work was tested and verified through actual life. Toward the end of November the situation in Beijing's public transport worsened and in the beginning of December when the capital turned cold, it continued to worsen. The chaos reached its apex on 7 December 1985--the "great snow," a solar term according to the lunar calendar. It troubled the leading comrades of the central authorities and the leaders of Beijing municipality also shared the feeling that the problem was very serious.

God played a small joke on (no, it is more appropriate to say God did mischief to) millions of Beijing commuters and the capital transport management. According to weather records, the temperature in Beijing during the "great snow" last year was the lowest in the past 70 years. Consequently,

259 diesel buses failed to start because of coagulated oil. There were 137 buses in the third depot which failed to operate. Here the heavens did not cooperate.

Now the earth is not cooperating either. There are 80 crossroads and sections of roads in Beijing which are always congested. The number of vehicles using the roads in Beijing greatly exceeds the road capacity. There were 250,000 motor vehicles in 1983 and 300,000 in 1984. The number of bicycles increased by 500,000 in 1 year and has reached 5.4 million. It is a vicious circle as the worse the traffic, the more the people want to buy bicycles, and the greater the number of bicycles, the more congested the motor vehicles and the heavier the traffic. How many families will have to be moved out if roads were to be widened and overpasses be repaired or built? This involves the question of the financial strength of the state.

What was extremely awful was the disharmony among the people. A series of new conditions and problems have emerged in the course of reform as a result of the conflicts among drivers, conductors, and commuters. Only after we find out the truth can we comprehend it and only after we comprehend it can we make allowances for it. Xinwu's brilliance can be seen from the fact that he has keenly found out why people are more discontented and frustrated than before even though their livelihood has been generally improved. He has analyzed the matter rationally. There are two "relationships" which reformers should theoretically and practically resolve, namely, should the situation be enlivened or should numerous restrictions be imposed? Should the people's work and duties be linked with their personal interests or should the incentives, which are the driving force of the reform be withdrawn? Only after we straighten out these two "relationships" can we basically understand why even a minor clash could trigger shocking remarks such as "what a world this is."

Objective factors such as insufficient financial resources and coagulated oil are not to be neglected. But the main problem still lies in the subjective factors. Leadership is the crux of the matter. Who were the people who, by means of their special relationships, had been transferred out of the company to drive hired cars? How many of them were sons or brothers of the leaders of public transport companies? Why was the rumor about unfair wages going around? Why was it not reported to the municipal leaders when frost-proof diesel oil did not reach the capital on schedule? Will it not be of great help to the future transport reform if the above-mentioned questions are clarified while the party is being rectified? After last year's lesson, has a scientific public transport management system which suits the capital's demands been adopted? It is not a cliché to say that leadership is the heart of the matter. The mayor apologized to the people and the comrades in charge of municipal affairs examined the subjective causes. The situation basically improved in mid-December. Now the commuters are more content and they no longer complain so much.

I sincerely hope that there will be more and more wonderful literary works comparable to Xinwu's, which is touching and speedy in reflecting life. Furthermore, I hope that editors of literary periodicals will follow the

example of Wang Meng, chief editor of RENMIN WENXUE, who is resourceful and keen on providing space for good stories. The friendship and understanding between editors and writers are a major impetus for creative writing. If the impetus is intensified, wonderful works on the reform will surely emerge.

Let the readers feel the vibrations of Chinese writers' conscience.

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AN EXCELLENT WORK WHICH SYSTEMATICALLY EXPOUNDS ON MARX' THEORY ON SOCIAL REPRODUCTION--REVIEWING 'MARX' THEORY ON SOCIAL REPRODUCTION'

Beijing RED FLAG in Chinese No 2, 16 Jan 86 inside back cover

[Book review by Li Xuezheng [2621 1331 2582]]

[Text] The book 'Marx' Theory on Social Reproduction' (published by Renmin Chubanshe) by Comrade Luo Jirong [5012 1323 2837] is a great achievement, resulting from the many years the author was engaged in education, and is a summing up of his concentrated research on Marx' theory on social reproduction and the discussions he engaged in with other scholars on this question. It is also a book which is quite systematic and has theoretical depth, and is suitable for use in education and for people in their own studies.

When it is said that the book is quite systematic, this statement is based on the following: 1) The structure of the book is a fairly complete system. It first discusses the targets and methods of research into Marxist theory on social reproduction. It then goes on to describe the inherited bourgeois classical economics which was criticized by this theory and its significance in the establishment of the theory. On this basis, the book describes in a formulated way, the theoretical system formed by the six general principles of Marx' theory on social reproduction as summed up by the author. Then, he separately discusses these general principles and the categories, patterns, and tenets they include. This is the focal point in the book. After talking about the principles, he smoothly concludes by discussing Lenin's development of Marx' theory on social reproduction. 2) Although in the past people have provided summaries of the system of Marx' theory on social reproduction and what it includes, no one has given as overall a view of the system as has this book. It uses the six general principles as the outline and then proceeds to detail a series of categories and patterns. Its order of arrangement is as follows: First, it proceeds from the result of social reproduction--the total products of society--and then goes on to the preconditions and general process of social reproduction. Following this, it describes the forms and types of social reproduction, and then separately describes the principles of the two aspects of social reproduction--simple reproduction and expanded reproduction. Finally it looks independently at the forms of national income and the principles of its distribution.

There are some comrades who have completely different ideas as to the consistency and theoretical correctness of the logic of arranging things in this way. However, it must be said that this method is quite complete and systematic.

When we say that this book has a certain theoretical depth, it is because in many places it has quite trail-blazing and penetrating thoughts. For example, when people talk about the suitability of Marx' theory of social reproduction for different societies, most restrict themselves to saying that the reason this theory is also suited to socialist society is that because socialist society, like capitalist society, has socialized large-scale production. However, the author of this book does not do this. He clearly points out that many of the tenets in these basic principles are universally suited to any type of social form. This universal suitability "is determined by the objective demands of the development of the productive forces in the relations of production." That is "it is determined by the material conditions of reproduction, not by the social form." Also, when people read "Das Kapital" they often see Marx using great amounts of ratios, limits, degrees, and such concepts, which gives rise in some people's minds to quantity-fixing ideas. But no one has done what the author of this book has done in putting forward, prominently, the idea that "economic limits" were Marx' main research method. As "economic limits" are critical points where changes in economic variables lead to qualitative changes, strengthening research into fixing the nature and levels of these limits clearly has great significance to our carrying out of national economic regulation and control.

This book has another strong point. It provides clear explanations of complex questions and provides earnest guidance. When readers get to a certain place and find that they have difficulties, it is there that they will find that the book provides relevant questions and answers. In respect of many disputed questions, the book not only introduces the various different viewpoints, but also provides the author's independent opinion. This also provides the readers with enlightenment.

Like any other science book, apart from having its good points this book has its weak points. That is, it is quite weak in terms of relating this theory to the practice of our nation's social reproduction.

This book received the 1984 Sun Yefang [1327 0396 2455] Prize for Economic Science.

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