

JPRS-CRF-86-012

10 JUNE 1986

# China Report

RED FLAG

No 9, 1 MAY 1986

**DISTRIBUTION STATEMENT A**

Approved for Public Release  
Distribution Unlimited

20000128 093

**FBIS**

**FOREIGN BROADCAST INFORMATION SERVICE**

**DTIC QUALITY INSPECTED 8**

**Reproduced From  
Best Available Copy**

REPRODUCED BY  
**NATIONAL TECHNICAL  
INFORMATION SERVICE**  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS-CRF-86-012

10 JUNE 1986

CHINA REPORT  
RED FLAG

No 9, 1 MAY 1986

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

CONTENTS

It Is Necessary To Climb High Up and To Go Deep Down (p 2).....	1
Several Questions Concerning the Strengthening of the Study of Social Sciences (pp 3-11) (Hu Sheng).....	3
Brief Discussion on Readjusting the Structure of Fixed Assets Investment (pp 11-16) (Wei Liqun).....	16
A New Attempt at Invigorating Large and Medium-Sized Enterprises (pp 17-20) (Li Changchun).....	27
Discussing Methodology for the Study of the Science of Leadership--Preface to 'The Science of Leadership' (pp 21-24) (Xiong Fu).....	35
Conscientiously Study Marxist Theory and Religion and the Party Policy for Religion (pp 25-30) (Jiang Ping).....	41
The Road to Healthy Growth That Young Intellectuals Must Take (pp 31-33) (Commentator).....	50
The Times Are Beckoning the New People (pp 34-37) (Zhong Peizhang).....	55

Pursuit, Sustained Pursuit (pp 38-40) (Lang Ping).....	62
Important Teaching Materials for Carrying Out Education on the Situation and Policies in a Deepgoing Manner (pp 41-42).....	67
On the Role of the Spiritual Mainstay (pp 42-44) (Qu Xiao).....	69
Why Is It Necessary To Proceed From the Development of Services for the Whole Society in Perfecting the Rural Cooperation System? (pp 44-45) (Lu Wenqiang).....	73
Why Do We Say the Foreign Exchange Rate Is Also an Economic Lever? (pp 45-46) (Li Shiqiao).....	76
On 'Being More Serious' (p 47) (Li Gengchen).....	79
We Have Something Brighter Than Flashes of Light Preceding an Earthquake--Reading 'Serious Earthquake in Tangshan' (p 48) (Ding Chen).....	81
A New Book Discussing Investigation and Study--Introducing 'An Introduction to Investigation and Study' (inside back cover) (Wen Sheng, Wei Zhang).....	84

/6091

IT IS NECESSARY TO CLIMB HIGH UP AND TO GO DEEP DOWN

Beijing RED FLAG in Chinese No 9, 1 May 86 p 2

["Forum"]

[Text] To maintain a relationship as close as that of fish and water between the party and the people and between the cadres and the masses, to demonstrate mutual support and concern politically and morally between superiors and subordinates and between leading organs and the great mass of people--this is a form of moral force, which albeit unseen and untouchable, can be manifested and can create an enormous impact in actual work. Therefore, it is extremely necessary and advantageous that our leading comrades working in the forefront of leading organs frequently go among the people and to the grass roots to conduct studies, inspections, and visits. With all the central, provincial, municipal, and autonomous regional levels so doing, it could spur on cadres at other levels to follow their examples. To go among the people is to go among the workers, the peasants, the intellectuals, and the soldiers. It is to go among the public security cadres and men, the minority nationalities, the students, the veteran comrades, the disabled, and the children. It is to go to remote work sites, frontier areas, and impoverished villages. To visit them and talk with them is a good method which should be adhered to so that it becomes a fine practice and tradition.

Leading comrades going among the people is not solely a question of political impact; more important, it leads to implementation of correct leadership. Cadres going deep to the grass roots to learn the true situation could minimize errors in leadership work. It could also play a very good role in enhancing the quality of cadres and in promoting the healthy growth of cadres, particularly young ones.

There are two conditions necessary for the healthy growth of our cadres: One, it is necessary to possess comparatively greater modern scientific knowledge, including Marxism, modern scientific technology, and modern management expertise. Second, it is necessary to have practical experience and knowledge. The first may be called climbing upwards; the second, going deep down. It is imperative to advocate that our cadres work hard on these two aspects. It is extremely difficult to take on a leading post if one is equipped only with textbook knowledge and no practical knowledge. Since the 3d Plenary Session of the 11th CPC Central Committee, in order to enhance the

quality of the greater part of cadres, the party has stressed the need for cadres to master knowledge. This is correct. Due to the grave consequences brought about by the "Cultural Revolution," we are more aware of the importance of mastering modern scientific knowledge. As for going deep into practice, relatively little has been spoken on the subject in recent years. In practical work, attention was not paid to stressing the two aspects simultaneously. They should be emphasized now; that is, it is necessary to climb upwards as well as to go deep down. It is imperative that the two aspects be very well integrated.

To build socialism with distinct Chinese characteristics and to realize the four modernizations in socialism is a glorious but arduous cause. In this great cause, what are our cadres short of? It should be said that they are lacking in both regards; they lack modern scientific knowledge, that is, the three features of knowledge mentioned above. In addition, they are also short of practical experience and knowledge as well as a profound understanding of the national situation. Is it not said that the "absence of one condition cannot be dispensed of"? Well, so much more so if two conditions are missing. Generally speaking, within our leading organs, the cadres, from the leading to the ordinary ones, usually have insufficient modern scientific knowledge. However, comrades who work in leading organs and who come into more contact with documents, materials, and books have, relatively speaking, even lesser understanding of actual conditions than of textbook knowledge. Comrade Mao Zedong said in his article "On Practice": "If you want to know the taste of a pear, you must taste the pear by eating it yourself." The relationship between the perceptual stage of cognition and the rational stage of cognition is dialectical. "After perceiving something, we cannot immediately understand it. Only by understanding something can we perceive it more profoundly." If we are to do a good job of the reforms and the construction and to open up a new prospect, it is necessary that the leading organs and leading comrades integrate well the two aspects of mastering knowledge and going deeper into practice, and use the understanding of Marxism to guide our ideology and action.

/6091  
CSO: 4004/52

## SEVERAL QUESTIONS CONCERNING THE STRENGTHENING OF THE STUDY OF SOCIAL SCIENCES

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 3-11

[Article by Hu Sheng [5170 4939]; capitalized passages published in boldface. This article is edited from parts of the two speeches delivered by the author at the Chinese Academy of Social Sciences in August and December 1985.]

### [Text] I. On the Question of Marxism as the Guide

The work of our country as a whole is carried out under the guidance of Marxism and our social sciences research work must also be carried out under the same guidance. This is the most fundamental principle for our research work.

The doubt as to "whether Marxism actually remains valid" and the idea that "Marxism has lost its validity" existed in society for some time following the conclusion of the "Great Cultural Revolution" and still exist now. This is not at all strange. During the 10 years of turmoil, Marxism was awfully ravaged. Therefore, it is hard for people to avoid having such doubts and ideas. In the history of the Chinese revolution led by our party, whenever the revolution suffered serious setbacks, such phenomena have emerged in society and even in the party. Marxism is a scientific truth. It has withstood repeated tests, including successes and setbacks or failures in practice and all this proves that it has a great vitality. Since the 3d Plenary Session of the 11th CPC Central Committee, the party has corrected its ideological line and correctly used Marxism-Leninism-Mao Zedong Thought in guiding our work, thus bringing about an upswing in all fields of work. The facts have proved that the argument asserting that "Marxism has lost its validity" does not hold water.

The task of reform lies ahead of us. One could well say that the reform of the economic structure and of other fields of endeavor is a deepgoing revolution. The reform is aimed at transforming the rigid patterns which are not in keeping with China's national condition. Since there is no existing experience to follow, in carrying out the reform, it is hard for us to avoid some complications and new problems of various kinds. During the process of replacement of the old economic structure by the new, it is hard to avoid some loopholes, and the people who are bent on seeking private gains will capitalize on them. The progress of the reform will affect people's life-style and concepts. For this reason, people are required to adapt their

concepts to the changed real life. In the process of this deepgoing revolution, some party members have lost the staunchness of communists and abused their power to seek private gains and moreover, have concentrated on personal interests to the neglect of the party's interests and even violated the law and disciplinary codes for that purpose. Instead of clamoring that Marxism has lost its validity, they have proved by their own deeds that they have abandoned Marxism, asserting that communist ideals are utterly meaningless. There is also nothing strange about the emergence of such a phenomenon. Our party is one with a membership 40 million strong. As far as a big party like ours being confronted with such a sophisticated situation is concerned, it is impossible that there will be no ideological confusion among some of its members and that no one will fall behind. Naturally, this is not a good thing. However, if we observe and study our party's history from the Marxist viewpoint, this is also a normal phenomenon. A big proletarian party can hardly be without contradictions. The "Great Cultural Revolution" which distorted inner-party contradiction and struggle was aimed at launching "a great revolution" within the party and indiscriminately overthrowing large numbers of cadres as so-called "capitalist roaders." This is completely wrong. We must scientifically understand inner-party problems from the Marxist viewpoint. Our party admits that there are contradictions within the party. Otherwise, why should we conduct party rectification? What is important here is what is the leading force of the party and what is its guiding force, whether or not we can check unhealthy trends by encouraging healthy ones and overcome the tendency to depart from Marxism by Marxism; whether or not we can correctly and clearly distinguish the nature of inner-party contradictions and use correct methods to solve them; and whether or not we can use both the methods of education and strictly enforce party discipline. We must have a Marxist understanding of the negative phenomena emerging within the party. We must be rock-firm, uphold the stand of the party, and wage a struggle against erroneous behaviors or criminal offenses. If, at the sight of some problems cropping up, we assert that the party is no good and Marxism has lost its validity, this in reality means drifting with erroneous trends.

As far as the social sciences front is concerned, a problem likely to be of particular importance is one of putting Marxism in simple and vulgar terms. During the democratic revolution when the "leftist" line occupied a dominant position, we committed the mistakes of putting Marxism in simple and vulgar terms, such as "all struggle and no alliance." Is this not simple? Subsequently, our party launched a struggle against dogmatism to curb the tendency of putting Marxism in simple and vulgar terms and to combine Marxism with the realities in the Chinese revolution to solve the complicated problems cropping up in the revolution. At the stage of socialism, there also emerged the tendency to put Marxism in simple and vulgar terms. During the "Great Cultural Revolution," this tendency was developed to the extreme. For example, the theory of class struggle is an important Marxist theory but after the socialist system was basically established, the notion of "taking class struggle as the key link" was wrong. Socialism needs to practice the system of public ownership but the formula of "the higher the level and the larger the scale of the public ownership, the better" was wrong. The reasons behind the oversimplification and vulgarization of Marxism are complicated. Here we only mention two among others. First, when we entered the period of building the

country from that of the revolution and basically completed the transformation of the ownership of means of production in 1956, we were confronted with the question of how to shift Marxism from chiefly guiding class struggle in the revolution period to guiding state construction. However, we failed to bring about this transformation successfully or failed to do so in real earnest, one might say. We failed to bring about the transformation in terms of the work of the country as a whole as well as that of the social sciences front. It was not until 1978 when the 3d Plenary Session of the 11th CPC Central Committee was convened that the transformation began to be seriously undertaken. Failure to bring about the transformation is the important cause for the oversimplification and vulgarization of Marxism. Second, in the new conditions following the founding of the PRC, large numbers of people joined the ranks of the revolution. Full of revolutionary enthusiasm and zeal, most of them had little schooling and did not have enough time to receive a systematic education in Marxism and therefore, they were liable to accept the practices of putting Marxism in simple and vulgar terms. It is very easy to memorize a quotation or a formula. As far as the social sciences front is concerned, large numbers of intellectuals have begun to accept and study Marxism. They have accepted it sincerely and earnestly and studied it conscientiously. However, to master Marxism is not an easy thing, in particular, to combine Marxism satisfactorily with the special fields of scientific research and really use it as the guide in such endeavor. Such being the case, it is difficult to avoid taking over someone else's ideas without discrimination, and easily accepting the practice of putting Marxism in simple and vulgar terms and the method of solving problems by relying on several quotations.

We must now overcome the tendency to put Marxism in simple and vulgar terms. So, what weapon can we use to overcome it? Of course, we can only use Marxism as a weapon in doing so. We can neither use one form of oversimplification and vulgarization to oppose another form of oversimplification and vulgarization nor use one form of one-sidedness to oppose another form of one-sidedness. For instance, our party has criticized the notion of "taking class struggle as the key link" which was prevalent during the "Great Cultural Revolution" because class struggle no longer constitutes the principal contradiction in the Chinese society. However, class struggle still exists within certain limits. Therefore, we still need to study the old society and its influence on society at present. In doing such a study, we must still use the Marxist method of class analysis and the Marxist viewpoint of class struggle. To implement the policy of opening up to the world, we have to face the world. There are both the bourgeoisie and the proletariat in the world. There can hardly be no struggle between capitalism and socialism but the struggle between the two proceeds in a complicated rather than simple manner. Ours is a socialist independent country. In carrying out diplomatic activities and trade, economic cooperation, and cultural exchanges with other countries, there are bound to be struggles. Some people intend to influence us with the bourgeois concept of value, lifestyle, and world outlook so as to make us deviate from the course of socialism. We must resist and oppose the corrosive influence of decadent bourgeois ideology. This is a protracted struggle. Some aspects of the struggle in these fields of endeavor are apparently bearing a class brand. When it comes to struggle, we must not adopt the views

and practices we did during the "Great Cultural Revolution." We must not use an infantile viewpoint in approaching the Marxist method of class analysis. We must gain a Marxist, comprehensive understanding of the relationship between the bourgeoisie and the proletariat and between capitalism and socialism. Seen from a historical point of view, the proletariat and the bourgeoisie are two classes with diametrically opposed interests. The capitalist society based on the bourgeois private ownership system and the socialist society based on the public ownership system are practicing two sharply contrasting social systems. Only through a proletarian revolution can a transition from the former to the latter be achieved. However, Marxism fully admits that the capitalist society has created a civilization higher than the civilization ever created by all previous societies. To build socialism, it is necessary to be good at inheriting and utilizing the civilization created by the capitalist society. For this purpose, it is even necessary to learn from the bourgeoisie.

It can thus be seen that the infantile and simplistic viewpoint of "fostering proletarian ideology and eliminating bourgeois ideology" must certainly be overcome. However, overcoming the extremely infantile and simplistic viewpoint does not mean that we should go to another extreme; that there is no longer any need to distinguish the proletariat from the bourgeoisie and socialism from capitalism; and that the Marxist theories on class analysis and class struggle no longer work and have become meaningless. We use the comprehensive Marxist theory to overcome erroneous ideas rather than using one form of one-sidedness to oppose another form of one-sidedness. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has opposed the "leftist" practices of distorting Marxism, restored the true features of Marxism-Leninism-Mao Zedong Thought, and applied its principles to the complicated situation in China today with a view to solving the question of how to push socialism forward in the light of China's unique conditions. The more complicated the situation, the more we need Marxism as our guide. Without Marxism as our guide, we would easily become confused in the face of the complicated phenomena in real life.

Marxism has always been developed significantly in a complicated situation. Lenin developed Marxism in the complicated situation in which World War I broke out. China witnessed a great development of Marxism-Leninism-Mao Zedong Thought in the period of the war of resistance against Japan. This is partly because the party had accumulated experiences over the years and was well positioned to sum up some of them and partly because the party was confronted with the complicated situation characterized by national struggle and class struggle. In a complicated situation various erroneous trends will emerge. Marxism is developed in the process of correcting various erroneous trends and of creatively solving many problems cropping up in real life. This has been the case in the past and it will remain so in the days ahead.

Marxism is not a stagnant and closed theoretical system. Marxism must be developed and adapted to the new situation, both domestic and international, to the contemporary world situation, to the contemporary world capitalist situation, to the situation of contemporary world scientific and technological

development, to the situation in which we participate in the world's political, economic, and cultural lives under the policy of opening up to the outside world, to our country's domestic situation of reform, and to the situation in the development of China's socialist cause. It is not an easy job but instead, requires strenuous efforts to find satisfactory solutions to the new problems cropping up in real life in view of the various ideological trends emerging in the developed domestic and world situation.

Upholding Marxism and developing it is one and the same thing. Without developing Marxism, we cannot genuinely uphold Marxism and without upholding Marxism, we cannot begin to talk about developing Marxism. If we talk about "development" in the absence of the Marxist basic stand, viewpoint, and method, this will lead to a complete deviation from Marxism rather than to development. If we dogmatically "uphold" Marxism, disregarding the world's present situation and the development of socialist practice in China and of modern science and technology, this can only do harm to the prestige of Marxism rather than really uphold it. To uphold Marxism, we must develop it. How should we develop it then? There are various requirements and standards for developing Marxism. To develop Marxism significantly is not easy. It requires the concerted efforts of many people. As far as people engaged in the social sciences front are concerned, among other things, they should face realities and work hard to genuinely solve one or two problems arising in real life and answer one or two questions raised by the masses of people by using the Marxist stand, viewpoint, and method. They should make fresh statements and contribute novel ideas and strive to avoid making an impression that what they have started is nothing more than the platitudes of an aged scholar. Every one of us can make contributions for the development of Marxism. If the development of Marxism is interpreted as hiding at home to cudgel one's brains to evolve a certain theoretical system, in reality one will be unable to develop Marxism. If we fail to integrate Marxism with the current concrete domestic and international situation and to find solutions to new problems, we will be in no position to really solve the question of whether Marxism has validity and to overcome the trend of putting Marxism in simple and vulgar terms and of negating the Marxist principles in the name of opposing the practice of putting Marxism in simple and vulgar terms. We must thoroughly discard the practices of dogmatically studying and propagating Marxist works. On no account must we confine our Marxist theoretical work to making explanatory notes on classical works and repeating the viewpoints on which conclusions have been reached in Marxist classical works. Linking ourselves with practical work, instead of evading practical problems or the knotty problems raised by the masses of people, we must forge ahead in defiance of difficulties and put forth novel ideas on difficult problems. This is what we mean by upholding and developing Marxism.

## II. On the Question of Implementing the Principle of "Letting a Hundred Schools of Thought Contend"

In academic research, we must implement the principle of "letting a hundred schools of thought contend." For this purpose, we must have a correct approach toward the erroneous theories and those who have made theoretical mistakes while making theoretical explorations. It is necessary to encourage

people to hold firmly to and obey the truth in the interests of the people and to encourage the notion that everybody is equal before the truth. It is also necessary to conscientiously implement the principle of unity.

Since our research workers are called upon to show courage in solving actual problems and to answer the knotty problems raised by the masses of people, then no one can ensure that his answers will be completely correct. Hence, there is the problem of making mistakes. Why are some people unwilling to find solutions to the most challenging problems? This is because it is easy to make mistakes in finding solutions to such problems. Some people say: In the question of alienation from reality, it is not serious even if we make a mistake but if we make a mistake in handling the most acute problems, it will become a political problem which will be a headache for us. Therefore, we must allow people to err and make detours in the process of exploration. Where there are mistakes, we must use the method of academic discussion and guidance to seek a solution. Of course, be it a mistake or not, we must have discussions and go through the test of practice. No one can prejudge a situation. Regarding any viewpoint, we should allow criticisms and also countercriticisms. We advocate obeying the truth and correcting mistakes in the interests of the people. This is a solemn scientific attitude. A person should not stick purely to his own views and have a narrow outlook on things. This is undesirable and contemptible. Everyone should discuss things on an equal footing. Where there is a real mistake or something is wrong, we should start all over again. So we set the rule as a prerequisite: A mistake is allowed; we cannot "deal a fatal blow at one stroke" where there is a mistake.

We advocate that a Marxist must have theoretical courage and dare to find solutions to knotty problems and to wage a struggle against anti-Marxist ideas. We must have the courage to explore the challenging and acute problems in real life and develop the fine tradition of being scientifically critical and militant rather than bypassing contradictions. In academic work, we should be critical and militant. It seems that we have had less courage to stress this notion in the last few years. The so-called "mass criticism" of the past confused political problems with academic ones and moreover, put politics in vulgar terms. It paid no attention to science and reality. We must avoid repeating this mistake. Marxism has always developed while competing or struggling with various schools of thought. Marxism is a weapon of criticism. It reasons things out by relying on the truth rather than on power and influence or by intimidating people by means of pinning political labels on them. It is necessary to promote a democratic spirit and encourage people to discuss problems on an equal footing and to make a clear distinction between right and wrong. So I am for this statement: I respect your right to speak but I am against your views. This does not mean that since we respect your right to speak, there is no need for us to make a distinction between right and wrong and since we are all correct, we are justified in doing things in a slapdash manner.

While encouraging unity, extensive unity among the people, we must reason things out. We should not freely elevate academic mistakes to the plane of political mistakes. Some problems in social sciences are likely to touch on political ones. Even problems of this kind cannot simply be treated as

political ones in our approach. In our opinion, we must adopt a principle of uniting with all academic workers both inside and outside the party who have lofty Marxist ideals. Here "lofty ideals" do not refer to one hundred percent Marxism. In the history of our party, Wang Ming and Wang Ming alone styled himself as a thorough Marxist. We are all determined to apply Marxism and in so doing, shortcomings and mistakes may crop up. Now that we are working together to explore the truth, we should use criticism and self-criticism as a weapon to overcome our mistakes. The assertion of "uniting with the purest Marxists" sounds good but will not serve the purpose in reality. The practice of writing off with one stroke and finishing off with one blow the comrades who have lofty Marxist ideals but have made some academic mistakes is undesirable and harmful. It is true that strict demands should be set on Marxist theoretical workers but it is in fact impossible to expect everybody to be completely correct. Many famous Marxists of the past made errors but we do not negate their contributions just because of their errors. Apart from academic workers with lofty Marxist ideals, there are also academic workers "without lofty ideals of Marxism." They intend to do some academic research. Politically, they support or are at least not opposed to the four basic principles and moreover, they are patriotic. We must also unite with these scholars because we share a common language with them. There is no reason whatsoever why we should implement the principle of unity among non-Marxist academic workers and not do so among the erring comrades within the ranks of the Marxists.

There are no forbidden zones in academic research. Anything that helps social and scientific development, and anything that is needed in the light of reality, should be made a subject of research. An academic worker can do independent research and bring out his own research results. Generally speaking, a scholar's individual research results do not represent the view of the party and the government. The responsibility rests with the researcher both academically and theoretically. Any research results of value should be allowed to be made public so long as they are not against the leadership of the party and against the socialist road. Those which are not suitable for being made known to the public at large can be published among a restricted number of units and people or sent to the parties and quarters concerned for reference.

The correct handling of the aforesaid relationships is very important to the implementation of the principle of "letting a hundred schools of thought contend."

### III. On the Question of Academic Freedom

Interrelated with the two questions mentioned above is the question of academic freedom. Many people are now talking about academic freedom, each airing his own views on it. How should a Marxist approach academic freedom?

This may raise a question: Does Marxism fetter people's thought? This should be no problem for Marxists. How can a Marxist think that Marxism presents an obstacle to his liberty? If a man who does not believe in the least in Marxism is forced to use some Marxist terminologies in making his

statements, he has to apply some quotations and terminologies so that what he said sounds Marxist. In such circumstances, it is only natural that he will feel less free. However, we, the Marxists, do not force people to use Marxist terminologies in making their statements and to believe in Marxism. If a person is forced to do so, he has to insert some Marxist terminologies into his statements or articles. Is this meaningful? As Marxists, we are also confronted with the fact that on the one hand, we study Marxism genuinely and sincerely and on the other we are still not mature Marxists. To be honest, we are not all mature Marxists. It is impossible for us to ensure that "we can do as we please without departing from the usual practice" and that what we said is in keeping with Marxist principles. As for whether our statements, views, and articles are correct and in keeping with Marxist principles, we must, for our own part, make repeated deliberations and read relevant books and ask people to discuss them and heed their opinions on them, and then make repeated revision on them if necessary. It seems that we have little freedom. Apparently, this involves the question of scientific inviolability rather than a question of freedom. If freedom is interpreted as unscrupulously saying what one wants to say, then Marxists do not hope for such freedom. In the face of new developments and deliberations, these same comrades who can be considered mature may make mistakes or cannot necessarily "do as they please without departing from the usual practice," if they fail to be prudent and to make repeated deliberations. This is a historical experience.

People cannot be forced to believe in Marxism. Marxism spreads itself by convincing people and not by coercion. Before liberation, how could people be forced to believe in Marxism? At that time, Marxism was suppressed and it could not be propagated freely. Moreover, those who believed in it would even have bad luck. Marxism has enjoyed massive trust and support as a result of its scientific truth and ability to best solve China's problems. It was not until the revolution was victorious and the Communist Party became a party in power that the problem of whether people were forced to believe in Marxism cropped up. If you say that a certain person is not forced to believe in Marxism, he will say that he feels pressed and compelled to do so. We must address this problem. Our experience has proved that any coercive forms will not help solve ideological problems. But this problem does exist in the current political course in schools. Students must take such courses. It is impermissible for students to fail in the examinations in Marxist theory. Is this not coercive in nature? What are the results? Many students are not interested in the courses in normal times but when an examination in the courses approaches, they just try to find and recite "standard" answers to the paper. The students should not be blamed for the state of affairs. It is necessary to examine why the courses in politics and Marxist theory do not appeal to the students. With its rich substance, Marxism should have attracted young people's interest. Therefore, it is necessary to reform the contents and teaching methods of political courses. It will not do to use political power and administrative means to compel people to accept an idea. What we can do is encourage study, provide people with the conditions to study, teach the courses in politics and Marxist theory well and reasonably, and convince people by reason. If some people admit that what the party and the state have done under the guidance of Marxism is correct but obstinately refuse to believe in Marxist dialectical

materialism and historical materialism, what should be done? We should allow them to do so and wait rather than force them to believe. If possible, we must hold discussions with them. We must not easily draw the conclusion that a person has violated the four basic principles just because some people say that he does not think in line with materialism and dialectics. This practice will not work at all. We must not use coercive methods to solve ideological problems. Violation of the law is another thing. Offenses against the law are naturally impermissible.

Will it help us be free from mistakes if we all willingly study Marxism and use it as a guide in our academic work? Practice has proved that it is not necessarily the case because there are still divergent views on one and the same question. Now that people hold different views on a question, there must be a question of right and wrong. People with different views must respect each other but not be vague on matters of right and wrong. To seek truth, we must pay close attention to academic democracy. As I have mentioned above, I respect your right to speak but I am against your views. This is advisable. The rights and wrongs of academic problems can be solved and tested only through free discussion and practice. In a research body of social sciences, a party organization must not make any decision on the rights and wrongs of controversial views on an academic issue.

Then should academic research not involving the conscious application of Marxism be allowed? Article 47 of China's Constitution says: "Citizens of the PRC have the freedom to engage in scientific research, literature and art creation, and other cultural pursuits. The state encourages and assists creative endeavors conducive to the interests of the people and human progress, by citizens engaged in education, science, technology, literature, art, and other cultural work." In other words, any scientific research work that helps in promoting the creativity of the people should be encouraged and supported. It is not a case of just supporting scientific research work that involves the conscious application of Marxism as a guide. The same applies to research in the social sciences. It should be admitted that some scholars are not consciously applying Marxism as a guide in academic research. But their research contributes toward enlivening socialist academic studies and is beneficial to the people. Is there any contradiction in this approach to things? While encouraging taking Marxism as a guide in our social sciences research work, we also allow some people not to use Marxism in doing their research. Is this approach to things not self-contradictory? It is not contradictory. This is precisely what is meant by taking Marxism as a guide. If we exclude any scholars who do not use Marxist research methods, then this is not taking Marxism as a guide. In the natural sciences community, we encourage the scientists to study Marxism and materialist dialectics. However, first, they are not compelled to do so and second, it must be admitted that research not involving conscious acceptance and application of dialectical materialism can also produce results of value. Things in the social sciences and the humanities are somewhat different. Research in this regard involves a wide range of endeavors. Research not involving conscious application of Marxism is also likely to produce positive results, even greater than research results achieved by the Marxists. Sometimes, a serious scholar is unintentionally applying dialectics and he is in fact a proponent of materialism. This is the case in both the natural and social sciences.

Academic freedom also deals with the problem of how to approach foreign ideological trends while implementing the policy of opening up to the outside world. Our scholars must have the courage and ability to participate in the worldwide contention of a hundred schools of thought. To participate, they must fully understand and conscientiously study various schools of thought in the world. Marxists will be tempered by having discussions with people who hold different schools of thought in the world. In our country, we must not brand the views of a certain person as non-Marxist and antisocialist in an oversimplified way, because such a practice will not help resolve any ideological problems. We must try to learn to argue things by reason. Naturally, we cannot take an oversimplified and crude approach in participating in the worldwide contention of a hundred schools of thought. This is just like the cases in which when the revolution was not yet victorious, in debating an idealist, Marxists could not just say: You are an idealist and have violated Marxism, because that would not serve the purpose. He said: I am an idealist and not for Marxism. You must state clearly why idealism is wrong and why it is wrong to violate Marxism and you have to come up with convincing arguments. Even if you cannot convince others, you must try to make the readers know what you said is reasonable. Putting labels on others in a summary fashion will only show one's superficial understanding of things. China will inevitably be involved in the worldwide contention of a hundred schools of thought. Marxists should be prepared to deal with this development in real earnest instead of checking or banning it. We must analyze and study the various schools of thought in the world. We must absorb useful things and resist and oppose harmful ones in this regard. If we extensively learn from the strong points of the masses by keeping firmly to Marxist stand, we will be able to enrich our scientific research greatly. As for those things which we should resist and oppose, we should also analyze and study them and state our reasons for doing so. This also serves as a test to Marxists. Marxism will make progress by having discussions with people who have different opinions and temper themselves in conducting exchanges with people who hold different schools of thought to absorb useful ideas and concrete research methods. We must not close ourselves to the different schools of thought abroad and instead, what we should do is to conscientiously discuss, study, and criticize them.

Therefore, generally speaking, Marxism favors academic freedom. A free academic discussion includes the discussion of various different views among the internal sections of the Marxist camp and the discussion between Marxism and other schools of thought. In this connection, we must encourage making serious academic comments, since we currently lack such a practice. By being serious, we meant that while knowing the arguments of others and ourselves, we must fully reason things out and thoroughly study them. We must make serious comments on what we have achieved and on various non-Marxist schools of thought.

#### IV. On Other Questions Concerning Academic Research

FIRST, THE QUESTION OF THE RAISING OF STANDARDS AND POPULARIZATION. What is the task confronting our social sciences front at present, raising standards or popularizing? Generally speaking, we stress the two. As far as the

social sciences research bodies are concerned, as I see it, their main task is to raise standards. Of course, this does not mean purposely turning simple things into mysteries or purposely making them abstruse. To raise standards, it is necessary to carry out creative research work. Of course, this does not mean that the work of popularization can be underestimated. No hard and fast line can be drawn between popularization and the raising of standards. The views of some erudite scholars are expressed in a relatively simple form. It goes without saying that we should attach importance to popular and creative works with a degree of depth and place them in an important position.

It must be our task to make the voice of China's social sciences community heard throughout the world. Now there is a view asserting that China is poor in the social sciences and compared with foreign countries, it still has several decades to go in terms of the social sciences and humanities. As I see it, this view lacks an analytical approach. It must be admitted that we are really weak in some aspects of social sciences and have several decades to go in this regard but taking a completely self-abased attitude toward the matter does not conform to reality. We still have strong points or superiority in some aspects of social sciences. Of course, we must exert ourselves in this regard.

SECOND, THE QUESTION OF THEORETICAL RESEARCH AND APPLICATION. Our general principle in this regard is to combine theory with practice. Each branch of learning has its own characteristics. Some branches of learning are closely related to practical work. In studying international issues, we must study the current international situation, because they are directly related to our country's diplomatic and foreign affairs work. Economic research can directly serve the current economic construction. However, relatively systematic theoretical research is indispensable to these branches of learning. Such theoretical research must explain reality and solve practical problems and not be divorced from reality. Some of our branches of learning are themselves theoretical research and therefore, they must attentively integrate with practice and serve practice with theoretical research. For example, philosophical research must serve reform in many ways, including providing philosophical theoretical basis for the methods of thought and work which are being reformed and the changes in people's concepts of value and morality resulting from the reform. Some people suggested that attention be paid to applied philosophy, such as legal philosophy and political philosophy. These philosophies are in fact still in the category of basic theoretical research. For example, legal philosophy provides theoretical basis for enacting laws instead of directly solving the wording of specific legal clauses. There are also some comrades who are engaged in historical research. Superficially, the study of past events cannot directly serve the current practical problems. It is necessary to study history and correctly use historical experience. Historical research may be divided into applied and basic research. To solve a practical problem, it is necessary to trace historical data. For example, to solve the questions of Hong Kong and Macao, we should study the histories of the two places. This can be considered applied research. Naturally, historical researchers are obliged to engage in this "applied research." However, we must not belittle "basic research" just because of this. In

carrying out basic research, we can also integrate it with reality in a wider sense. Without basic research as a foundation, applied research will lead nowhere.

Integration of theory with practice involves a wide range of endeavor. Therefore, we must not take a narrow view in this regard. In terms of our country, numerous problems concerning the building of socialist material and spiritual civilization, the reform in the economic structure and other fields of endeavor, our policy of opening up to the outside world, and our political life and ideological front should be solved in theory. We have a lot of things to do. We must consolidate and develop the Marxist theoretical front in various areas of endeavor. As far as our younger comrades are concerned, they should pay more attention to deepening their understanding of Marxist theory.

THIRD, THE QUESTION OF THE INDIVIDUAL AND THE COLLECTIVE. In research work, we must attach importance to the endeavors and creativity of individuals and at the same time, correctly understand and bring into play the role and strength of the collectives. Then what is actually the role of the collectives? We may create conditions for every individual to do research and encourage him to exert himself in his research. This is also a way of doing things. However, the collectives can do more than this. Under the organization and planning of the collectives, we must ensure that every individual can use his strength in the most appropriate place. Some research projects should be conducted by the collective effort and even by the cooperation between different branches of learning. However, to do a good job of collective research, it is necessary to rely on every individual's independent and creative work. The collectives have another role to play, that is, enabling people engaged in studying the same topic or different topics and even different branches of learning to hold academic discussions and exchanges among themselves, each inspiring the other. A good research collective must be a collective that can bring into full play every individual's enthusiasm and ability to work independently, organize forces to carry out specific research, and create an academic atmosphere characterized by discussion and criticism among researchers.

A research collective should conscientiously discuss divergent views, if any, arising among its members. It should neither use the views and propositions of a certain individual to discriminate against those who hold different views nor take a vague and elastic attitude toward this matter. Sometimes, we encounter this phenomenon: When a collective undertakes a thing, say, compiling a book, due to lack of consensus in views, it has to take the common divisor or average and includes only the commonly held views in the book, leaving different views aside. With regard to the book so compiled, can we still talk about creativity? This collective way of doing things may depress the creativity of the individuals and cannot produce anything of value. A research collective should not use an individual's views to exclude others' views, as mentioned above. However, we should also look at this matter dialectically. For example, when a person compiles a book, his views must be predominant. Of course, discussions are still necessary and differing views are bound to arise. Nevertheless, the chief compiler should make the final

decision. A good compiler should have definite views of his own and is capable of summing up others' sound ideas and making a clear and definite judgment. He should be responsible for the book he compiled. Those who totally disagree with the chief compiler's views are allowed not to participate in any discussions on the book. (If the book is a collection of theses containing various different views, naturally, it should be treated differently. A chief compiler must determine which different views are well worth recommending to the readers.)

FOURTH, THE QUESTION OF THE OLD AND THE YOUNG. Many of our old scholars have excellent records of schooling and are characterized by their meticulous scholarship. How they conduct themselves and how meticulously they do scholarly research deserve our attention. There are also many young comrades who are lively in thinking, eager to make progress, and readily receptive to new things. Between the old and the young there are middle-aged comrades who constitute the backbone of our current academic contingents. In many units there is a shortage of well qualified, young people capable of taking over the posts of their elders. It is thus necessary to let our young comrades grow more quickly and soundly, to help them make up for their deficiencies and overcome their shortcomings, and to bring their strong points and initiative into play.

The question of the relationship between the old and the young is related to the issue of assuming legacies and creative work in the academic sphere. To blaze new trails in academic work, it is necessary to assume the legacies, that is, the positive results, of our predecessors. People of each generation can surpass their predecessors only by making some fresh contributions on the basis of the cultural achievements scored by their predecessors. Creative work cannot be achieved by relying on a sudden inspiration or the use of some new terminologies. If we fail to embrace the academic achievements of the past and the sound ways of doing scholarly research by our predecessors, creative work will be out of the question. Therefore, from the relationship between assuming legacies and creative work, we can also learn many old scholars are of great value to us. Not resting content with their achievements, they are still working hard to upgrade their own knowledge and to blaze new trails in academic research. To really catch up with the older generation and to achieve greater successes, the younger generation must be good at accepting the positive results of their predecessors and study new problems quite assiduously.

/6091  
CSO: 4004/53

BRIEF DISCUSSION ON READJUSTING THE STRUCTURE OF FIXED ASSETS INVESTMENT

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 11-16

[Article by Wei Liqun [7614 4409 5028]]

[Text]

I

In his "Report on the Seventh 5-Year Plan," Premier Zhao Ziyang pointed out: "At present, not only is the scale of investment overextended, but the investment pattern is irrational." One of the important tasks for the Seventh 5-Year Plan period is to rationally readjust the investment pattern on the premise that the scale of overall fixed assets investment of the whole society is kept under control. From an investor's point of view, the speed and economic returns of the development of the national economy are conditional on both the overall investment scale and the investment pattern. While appropriately setting the overall scale of investment in fixed assets, we should allocate and use the investment fund in a rational way and thus ensure that the available limited construction funds will be used properly. This is an effective way to a benign circulation in the national economy.

The so-called pattern of fixed assets investment mainly denotes the destinations of the funds for fixed assets investment and the proportion of funds allocated to different destinations, including the proportions of funds invested in different sectors of the national economy, in productive and non-productive construction projects, in new projects and the technological transformation of old enterprises, in different localities, in large, medium, and small projects, and so on. The investment pattern not only has a direct bearing on the scale, proportion, and speed of social reproduction and determines the shaping and development of the industrial structure, product mix, consumption pattern, technological structure, and productive force distribution, but also affects to a great extent the utility and social and economic results of the fixed assets investments. Back in 1956, Comrade Zhou Enlai pointed out: "The scale of national construction is mainly determined by the quantity of the funds that we have accumulated and the way we allocate these funds. If we have accumulated more funds and allocated them properly, enlarged social reproduction will be going on more quickly and all the sectors of the national economy will be able to develop in proportion. Therefore, handling in a rational manner the problem of the accumulation and allocation of funds is very important." ("Documents of the Eighth CPC

National Congress," pp 201-202) In light of the history of China's economic development, we can see that, with other factors ignored, the national economy will develop steadily and the economic results will be good whenever a suitable investment scale and reasonable investment pattern are maintained; otherwise, the national economy will develop in a lopsided way or at a very low speed and the economic results will be very poor. Historical experience also shows that the most important means to transform the irrational economic structure is to speed up the development of some deficient sectors and correspondingly slow down the development of some overdeveloped sectors or even cut their investment scale. One of the important measures that we adopted in the economic readjustments in the early 1960's and in the past few years was to increase the investment in agriculture and light industry, keep investment in heavy industry under control, raise the investment in non-productive construction projects, and curtail the investment in productive construction projects, on the premise of a reduced overall investment scale. As a result, we managed to readjust the seriously disproportionate ratio between agriculture, light industry, and heavy industry and that between non-productive and productive construction projects, and thus scored rapid results.

The serious disproportions between the major sectors of the national economy have generally been changed once and for all as a result of the readjustments and reforms in the past few years, and the country has now been brought onto the track of continued and steady economic development. However, we have also been faced with some new circumstances and contradictions on our advance. The existing outstanding issues respecting the fixed asset investment pattern are: 1) With regard to the proportion of investments in different material production sectors, the amount of investment in infrastructure and basic industries such as energy, transport, telecommunications, and raw and semifinished materials has been too small. According to preliminary statistics, the proportion of investment in these sectors to the total investment in fixed assets of state enterprises decreased from the 36 percent recorded in the previous year to 31.4 percent in 1985, much lower than the average 44 percent recorded during the period from 1953 to 1980. The proportion would be further lowered to 21 percent if the investments made by collective enterprises, individuals, and other sectors were also taken into account. 2) The proportion of investment in equipment renewal and technological transformation projects has been too small, while that of investment in new projects has been too large. The Sixth 5-Year Plan stipulated that the proportion of investment in equipment renewal and technological transformation to the total fixed assets investment by state enterprises would reach 36 percent in 5 years, but the percentage that has actually been reached is 27.9 percent, and the portion that was actually used to renew equipment and run technological transformation accounted for merely 48 percent of the total investment in equipment renewal and technological transformation projects. 3) The proportion of investment in productive construction projects has been too small while the proportion of investment in nonproductive undertakings has been too large. During the period from 1953 to 1980, the investment in nonproductive undertakings accounted for 21 percent of the total investment in capital construction by state enterprises. The proportion rose to 43.4 percent in the Sixth 5-Year Plan period and to 45.6 percent in 1985. The investment in housing projects

accounted for 7.5 percent of the total investment in capital construction in the former 28 years and the proportion rose 21.2 percent in the recent 5 years. Of course, it is true that the proportion of investment in non-productive undertakings was low in the past and we were lagging far behind. Therefore it was necessary to appropriately raise the proportion in the past few years. It was also necessary to raise by a wide margin the investment in science, education, and cultural causes, and it will still be necessary to do so in the future. However, such a high proportion of the total investment in nonproductive undertakings is evidently unsuitable and can hardly be maintained any longer. The above situation in the fixed assets investment pattern has already exerted and is exerting a series of harmful influences on the development of the national economy.

First of all, it has affected the construction of infrastructure and basic industries such as energy, transport, telecommunications, and raw and semi-finished materials and the growth of the production capacity of these industries, and has led to the imbalanced relations between infrastructure and basic industries on the one hand and processing industries on the other and between the growth of transport and telecommunications and the development of the whole economy. The total investment in fixed assets by state enterprises actually fulfilled in the Sixth 5-Year Plan period was 48 percent higher than the original quota, an increase of 67 percent over the Fifth 5-Year Plan period. During the Sixth 5-Year Plan period, great successes were achieved in capital construction and the value of fixed assets increased considerably. However, as the overexpanded processing industries and non-productive undertakings drew too much construction funds and consumed too much building materials, the construction of many key projects launched by the state has been slowed. The completion dates of 61 key projects related to the energy industry have mostly been postponed. As for 35 key projects related to the energy industry which should be completed in 5 years according to the original plan, only 60 percent of the total investment has been completed by the end of the fourth year since they were started. As a result, the backward situation in the energy industry, transport, telecommunications, and the raw material industry has not been improved but aggravated. During the period from 1981 to 1985, China's industrial and agricultural output grew by 68.5 percent, of which the processing industries represented by the machine-building industry grew by 107 percent. During the same period, generated energy increased by only 35.5 percent, the rotation volume of freight transport of communication and transport departments increased by merely 44.7 percent, and the raw materials industries represented by the metallurgical, chemical, building material, and timber industries increased by merely 56.1 percent. The general shortage of electrical power, the lack of some important raw materials, and the serious shortage of transport capacity caused losses amounting to tens of billions of yuan in industrial output value every year.

Second, it has slowed down the process of technological transformation and development. During the Sixth 5-Year Plan period, the existing enterprises mended their pace in equipment renewal and technological transformation, while some trades and enterprises raised their technological standard. However, as too great a portion of the construction funds was used to launch new

projects and almost all of the limited funds invested in technological transformation were actually used to raise the productive capacity, we failed to attain the targeted standard of technological transformation. With regard to the investments in technological transformation projects in the past few years, the portion used to conserve energy and raw materials, to improve the quality and functions of products, and to develop new products accounted for only 19.2 percent of all the funds invested in equipment renewal and technological transformation. It is quite common for enterprises to still operate with backward technology, outmoded equipment, or worn-out equipment that should have been discarded. At the same time, due to a haphazard increase in investment in capital construction, much outmoded technology and many products that the government has ordered discarded are gaining ground again. Such being the case, the national economy has failed to modernize quickly, although the production output has increased.

Third, it has led to an expansion of the overall scale of fixed assets investment. Since the beginning of the Sixth 5-Year Plan, the state has increased in a planned way investment in the energy industry, transport, and other sectors that had long been lagging far behind social development. As an important measure to harmonize the balance between major sectors, this decision is definitely necessary. In order to keep the overall scale of investment under control, it is necessary to cut investments in other sectors accordingly. However, investment in general processing industries, especially the investment in processing industries that are not covered by the state plan, has increased drastically, while investment in nonproductive undertakings has remained high for many years. As a result, the overall investment scale has been expanded beyond the extent that the country's resources can afford. The growth in the investment in fixed assets of the whole society was particularly high in 1984 and 1985--in 1984 it increased by 33.9 percent over the previous year and in 1985 it increased by 35 percent over the previous year, both exceeding by far the 19.3 percent growth in the national income in 1984 and the 20.3 percent growth in 1985, both calculated with reference to the current price level.

Fourth, it has kept the investment returns and the social economic results from being improved. The fact that too great an amount of funds was invested in new projects and the scale of capital construction was overexpanded has led to low output at the cost of high input, a prolonged construction period, and poor results. The delivery rate of the fixed assets investment projects in the capital construction by state enterprises was 86.6 percent in 1981. It dropped to 71.8 percent in 1984 and further decreased in 1985. Meanwhile, the expansion of investment in the processing industries has given rise to many projects that were started at random and many duplicate projects that were not needed. Some projects cannot operate normally long after they were completed because of lack of support facilities. We must also note that we have failed to make full use of the currently available production capacity because those projects currently under construction have drawn too great an amount of funds at the expense of the budget for production and circulations operation. All the above practices have impaired the overall national economic returns. China has always had to invest more than others do to make an increase of 1 yuan in the national income--in the past few years the ratio

was around 4.4 to 1 while it was recorded at 2.8 to 1 in Japan. The ratio rose further in 1984. To be sure, these cases are due to many factors and are directly related to the irrational investment structure.

The above circumstances are very unfavorable to the steady development of the national economy during the Seventh 5-Year Plan period, very unfavorable to the efforts to prepare necessary material and technological conditions for the economic take-off and prosperity in the 1990's, and also very unfavorable to our attempt to introduce into the whole economy a benign cycle centering around the improvement of the economic results and based on technological progress. The readjustment of the investment pattern is imperative under the current circumstances.

## II

We should mainly devote our efforts to the following work in readjusting the structure and the direction of investment:

It is necessary to keep in line with the need to step up the construction of key projects; continue to increase investment in infrastructure and basic industries such as energy, transport, telecommunications, and raw and semi-finished material industry; moderately increase investment in agriculture, science, and education; and curtail investment in general processing industries correspondingly. Energy and raw materials are important materials to be consumed in large quantities in production, construction, and the people's daily life, while transport and telecommunications are the artery of the national economy. Economic development demands that the energy industry, transport, telecommunications, and the raw materials industry be developed before other production sectors. In many countries, the growth rate of infrastructure and basic industries is generally higher than that of the national economy as a whole in the process of industrialization and modernization. The case is such especially during a period of rapid economic growth. Due to various reasons, we have been lagging far behind in the development of infrastructure and basic industries. Such a state must now be changed. Increasing investment in the energy industry, transport, telecommunications, and the raw materials industry is not only an act to ease the existing social and economic contradictions but also an urgent need arising from the ever-developing modernization process. As the commodity economy is booming daily, production and construction develop on a larger and larger scale, and the people's livelihood is becoming better and better, there is a greater and greater demand for energy, raw materials, and transport and telecommunications networks which can reach every corner of the country. As China is going to implement the policy of opening up to the outside world on a large scale and in a deepgoing way, it is also necessary to develop the energy industry, transport, and telecommunications before other production sectors. All the above circumstances show that without stepping up the development of the energy industry, telecommunications, and the raw materials industry, we will hardly be able to achieve great economic development in the 1990's or later and do a good job in implementing the policy of opening up to the outside world. The development of these sectors requires a large amount of investment funds and the project construction period is comparatively long.

If we do not make preparations right away, the chance will be missed and these sectors will become a drag on the modernization program. At the same time, the modernization program has also set higher and higher requirements on agriculture as a basic production sector. Moderately increasing investment in agriculture, forestry, and water conservation and speeding up development of agriculture are of overall importance and far-reaching significance. In order to speed up the development of science, technology, and intellectual resources, we must also moderately increase investment in science, technology, and education. In order to increase investment in these sectors, we have to cut investment in the general processing industry, otherwise we will be faced with tremendous difficulties in our attempt to step up the construction of key projects.

In order to keep in line with the guideline of expansion of reproduction largely accomplished by intension, we must try hard to raise the proportion of the investment in the technological transformation, rebuilding, and expansion of existing enterprises, while reducing the investment in new projects. The technological transformation of existing enterprises can yield a high output and score rapid results with less input, therefore is an important way of improving social economic results and speeding up the modernization of the national economy. On the other hand, the solution to easing the shortage of energy and raw materials, in the final analysis, must also rely on technological transformation and the popularization of the production processes, equipment, and technology that consume less energy and raw materials. An essential point is that concentrating investment on the technological transformation, rebuilding, and expansion of the existing enterprises is a must and an important measure for accelerating technological development and for achieving economic growth on the basis of technological development. Without this measure, we can hardly raise our production technology standard substantially and the development of the national economy in China will lose strong support. Of course, in emphasizing that more investment should be made in the technological transformation, rebuilding, and expansion of the existing enterprises, we never mean to stop starting new projects. The well-planned and gradual construction of a number of modern backbone projects has an important bearing on the further development of China's economy and the fulfillment of the country's long-term goals. Therefore we still must take real action to ensure that these projects will be completed smoothly. Here lies the key to the necessity of conscientiously implementing the principle that has long been proved effective, namely, the principle of "first production and second capital construction; and first, tapping potential, introducing reform, and initiating transformation, and second, launching new projects." In any case, we can never invest too great an amount of funds in new projects.

In order to keep up with the necessity of raising the country's capacity for continued economic development, we must increase investment in production sectors, correspondingly curb overexpanded investment in nonproductive undertakings, and thus enable the same amount of investment to turn out more production and service capacity. The proportion of investment in non-productive undertakings has been high in recent years. On the other hand, too great an amount of funds has been spent as the scale of investment has

been overexpanded, especially in those building projects other than housing and tourism facilities where the building quality standard is set too high. If this trend is allowed to develop, not only will the expansion of the overall investment scale be hard to avoid, but the growth of investment in productive projects will fall through. Thus, the expansion of the scale of enlarged reproduction will inevitably be affected and we will lose the material conditions for the continued improvement of the people's living standard and the further development of other nonproductive undertakings. The experience of many countries in the world has proved that, under normal circumstances, the investment in projects of nonproductive undertakings, especially in consumptive fixed assets such as houses, can only be raised gradually along with the upgrading of the productive forces. For example, in 1960, Japan's per capita national income was \$460, its investment in housing projects accounted for 13 percent of its total investment, and the per capita living space was 7 square meters. In 1975, Japan's per capita national income rose to \$4,470, the proportion of the investment in housing projects was raised to 23 percent correspondingly, and its per capita living space increased to 12 square meters. China has a large population and its material conditions are poor--its per capita national income amounts to merely \$300 or so. Therefore we can never blindly expand investment in housing and other premise projects regardless of the production development standard. Of course, in emphasizing the necessity of curbing the precipitous increase in investment in nonproductive undertakings, we never mean to slip back into the old rut that overlooks improvement of the people's living standard, but demand that the investment in nonproductive undertakings be kept within the extent that our current productive forces can afford. The construction of new buildings, except some necessary tourism facilities, must be kept under strict control, and a moderate proportion must be maintained of investment in housing projects.

Moreover, in order to keep in line with the current distribution and development of productive forces in our country, we must locate different focal points of investment and fix a suitable investment ratio in light of the resources available and the actual conditions in the eastern, central, and western parts of the country. This will help us develop our strong points and discard our shortcomings, give full play to the advantages of different areas, and raise the social economic results substantially. It can also make the prosperity in the eastern part of the country more readily benefit the development of the central and western parts, step up the process of rationalization of the regional economic layout, and thus help to boost the economy of the country and to enrich the people.

### III

In the final analysis, in order to do a good job in readjusting the investment pattern, all of us in China from the leadership to the masses must firmly adopt the view demanding that "all the activities of the nation be coordinated like pieces in a chess game," try to reach a common understanding, take the whole situation into consideration, and act in unison. At the same time, we must vigorously expedite the reform of the economic structure, and adopt suitable measures and policies in light of new circumstances.

Conscientiously strengthening and obeying the guidance and administration of the macroeconomic plan is a prerequisite for the successful readjustment of the investment pattern. The socialist economy is a planned commodity economy based on the public ownership. As the investment in fixed assets plays a decisive role in the whole economy, the investment orientation, proportion, and pattern must serve the needs of the overall development of the national economy. Strengthening in an all-round way the state plan's guiding, regulating, and controlling role in the use of investment funds is an intrinsic need of the planned commodity economy and an important guarantee of a rational investment orientation and pattern. As the reform of the economic structure keeps on developing, a combination of investment by the state, the locality, the enterprise, and the individual is replacing investment by the state as the major form of investment, while investment funds are now obtained through various channels, including bank loans, self-raised funds, trust investment, and the use of foreign funds, besides financial appropriations which used to be the single major source of investment in the past. At present, the investment in capital construction covered by the state budget accounts for less than one-fifth while the investment in other sectors makes up more than four-fifths of the total investment of society. This change can help to invigorate the economy, and bring the adaptability and initiative of various sectors into play. Such being the case, we must not slacken but must intensify the unified planning of and guidance over investment in all sectors. Whether it is investment by departments, localities, or enterprises; or investment by state enterprises, collective enterprises, cooperative economic units, or individuals; whether the investment funds are in the form of budgetary appropriation, loans from banks, or foreign funds, or are raised by investors themselves; and whether it is investment in capital construction or investment in equipment renewal and technological transformation, the state must exercise macroeconomic regulation of and control over all these kinds of investment by different means and in different forms of planning, give the society overall guidance for investment, balance the proportion of different kinds of investment, and make every effort to ensure that different kinds of investment fit the needs of the overall development of the national economy. Therefore, our planning structure and various economic regulatory structure which mainly took care of investments directly made by the state and investments made by state enterprises are now required to take care of investments by the whole society. At the same time, all sectors must voluntarily submit to the guidance and administration of the state plan and rationally allocate and use investment funds in accordance with the state's principle and requirement on the readjustment of investment pattern. If we slacken or ignore the unified planning and unified control by the state, the readjustment of investment pattern will fail.

While trying to keep the overall scale of investment in fixed assets under control, we must conscientiously sort out the projects that are under construction and strictly examine new projects. This is the most important task of top priority in our efforts to readjust the investment pattern in a rational way. Both the overexpanded overall scale of investment and the irrational investment pattern have after all shown themselves in those ongoing projects. Therefore, we should sort out all the ongoing projects in an all-round way, line them up in an order of priority, and handle them

in light of different circumstances according to the state's guideline and requirements for the readjustment of investment. Unnecessary premises projects must be resolutely stopped. Long-term investments in processing industries and those projects which go short of funds, energy resources, transport facility, and raw materials should be suspended or postponed according to actual conditions. As for those key projects relating to the energy industry, transport, telecommunications, and raw material production and those technological transformation projects of key enterprises which should be carried on, we should do our utmost to see that they are finished as soon as possible. At the same time, all departments and all localities should rearrange, in order of priority, those projects which have been listed in the plan but have not yet been started, in light of their financial and material conditions and in accordance to the state's guideline for readjustment of the investment pattern; and, in particular, it is necessary to correctly identify and rigidly examine those medium- and large-sized projects which are about to be started, so that our limited construction funds will be used in a rational and efficient way.

Correctly delimiting the scope of investment at different levels and making full use of the state's role in direct investment are measures of basic importance in rationally readjusting the investment pattern. One of the important reasons for irrational development of the investment pattern in recent years is that after the decisionmaking power regarding investment was delegated to lower levels, neither an economic responsibility system has been established correspondingly nor scientific and reasonable regulations have been set forth to delimit the scope of investment at different levels. Many localities, departments, and enterprises are eager to contend for new projects and investment funds, or even go as far as to invest funds and start new projects at random. Since the price system has been distorted and undue emphasis has been placed on partial and short-term interests, attention has been concentrated on nonproductive projects such as general processing industries and the building of residential quarters and other premises. Investors other than the central government have paid less attention to or simply did not want to care about the construction of infrastructure and basic industries. In order to cope with the new situation featuring the in-depth development of the reform of the economic structure and to facilitate and keep up with the rationalization of the investment pattern, it is necessary to correctly delimit the scope of investment and draw up investment guidelines for the central authorities, the locality, and the enterprise, to set up an investment administrative structure under which the scope of investment and guidelines are suited to the investor, and to take different regulative measures toward different investors. Based on this consideration, we should not further delegate to the locality and the enterprise greater decisionmaking power regarding investment before a rational investment administrative structure is set up. Whereas an ideal internal and external environment for investment has not yet taken shape in our country at the moment, we should not vest the enterprise with too great a decision-making power regarding investment. At the same time, under the circumstances that the proportion of investment under the state's direct control, relatively speaking, has shrunk, in order to give fuller play to the role of the limited investments directly made by the state, we must not only

concentrate investments on a few key projects but must also set aside part of the budgeted investment funds and bank loans as pilot construction funds, and practice the principle of benefits for whoever makes the investment, so as to encourage localities, enterprises, and other investors to contribute funds to launch some engineering projects that the community badly needs. Besides, the state can also issue an appropriate amount of shares or bonds with a view to starting some major projects. The interest rate for the bonds should be higher than that for bank deposits and the government is to pay the discount. By taking these measures, we will be able not only to secure more funds to ensure that key projects will be completed in due course, but we will also prevent investment funds from flowing around without a fixed destination.

It is necessary to take suitable economic policies and give full play to the regulatory role of the economic means. Also, it is necessary to adopt more relaxed policies and continue to give all the circles a free hand to develop the energy industry, transport facilities, telecommunications, the raw materials industry, agriculture, science, education, and other facilities for which the community has an urgent need. At the same time, the state must formulate investment policies for different industries, trades, areas, and purposes to meet the requirements for the readjustment of the investment pattern as well as the needs of macroeconomic development. The state must also swiftly make use of such economic means as pricing, credit, taxation, tax rate, interest rate, and discount rate to guide localities, enterprises, and individuals in investment. For example, it is necessary to give preferential treatment in terms of loan quotas, pay-back period, interest rate, investment tax, and tax rate, to those projects related to the energy industry, transport, and the raw materials industry which are badly needed by society but are not highly profitable; or it is necessary to attract various circles to make investment by moderately raising the prices of their products or services. As for the projects related to processing industries that have a "surplus" of products and those building premises other than tourism facilities, it is necessary to strictly curb the extension of loans, impose new taxes on them, and substantially raise the interest rate for loans as well as the tax rate, with the aim of cutting investment in these fields. As for the technological transformation of enterprises, it is necessary to raise the depreciation rate and give preferential treatment in terms of pricing, taxation, and credit, so that the technological transformation projects' profit returns will be higher than that arising from new projects. The latter measure can arouse enterprises' interest and enthusiasm in technological transformation, and thus prevent them from launching new projects at random. In order to efficiently readjust the investment pattern, we must also resolutely make use of some effective administrative means to establish and perfect the laws and regulations on investment administration and to strengthen supervision of the implementation of the guidelines for investment.

The readjustment of the investment pattern is a very important and complicated task which may affect the overall situation in the national economy and have a bearing on the partial and short-term interests of the locality and the enterprises. In particular, the process of moderately curbing

investment in premises and some other fields may contradict to a certain extent the rise in the consumption standard in real life today. Therefore, we must carry out this pretty difficult task resolutely, in a moderate manner, and steadily and carefully. On the one hand we must take a clear-cut stand and be determined to work out a positive and foresighted plan for readjustment of the investment pattern in light of the objective requirements for the modernization of the national economy and adopt effective measures to implement the plan. On the other hand, making sure that we will not go beyond the appropriate limit and contort the fixed proportion, we must pay attention to maintaining a comprehensive balance and always keep the whole situation in mind. At the same time, in regard to the methods and the procedures, we should neither act with undue haste nor demand "uniformity," but should classify specific cases of different trades, localities, and enterprises into different categories, arrange them in order of priority, make comprehensive analyses, and deal with them in different ways so as to guarantee that the readjustment of the investment pattern will be carried on in a planned and orderly way and will score due results.

/6091  
CSO: 4004/52

## A NEW ATTEMPT AT INVIGORATING LARGE AND MEDIUM-SIZED ENTERPRISES

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 17-20

[Article by Li Changchun [2621 7022 2504], secretary of the Shenyang City CPC Committee]

[Text] Shenyang is one of the old industrial bases built during the First 5-Year Plan period, using key state investment funds. In Shenyang there are 151 key large and medium-sized enterprises under the system of ownership by the whole people. Although they constitute only 3 percent of the city's total number of industrial enterprises, the original value of their fixed assets comprise 72 percent, their output value, 49 percent, and the volume of profits and taxes they handed over to the state, 68 percent. These key large and medium-sized enterprises under the system of ownership by the whole people constitute the city's economic pillar and serve as the main representative of the socialist public ownership. To enliven the city's economy, first, it is necessary to invigorate these enterprises and to fully display the superiority of the socialist economy in which public ownership holds a leading position; among other things, it is necessary to bring into full play the tremendous superiority of these enterprises which are the main force of public ownership. However, for a certain period of time in the past, people have been worried about the development of large and medium-sized enterprises. Many large and medium-sized enterprises were inferior to small enterprises in terms of both growth rates and economic results. Why was it so? A fundamental reason behind this state of affairs is that large and medium-sized enterprises were more "rigidly" fettered by the ossified economic structure, and they thus lacked the proper decision-making power in their operations. The key to infusing fresh vitality and vigor into large and medium-sized enterprises lies in making breakthroughs in the ossified economic structure. In line with this understanding, while carrying out economic restructuring, we must boldly delegate more powers to large and medium-sized enterprises and relax policies on the one hand and guide them in concentrating on the development and reform of their internal departments and strive to explore new management and enterprise patterns commensurate with the socialist planned commodity economy on the other hand. We have made some progress in this regard.

## I. Further Intensify and Perfect the Enterprise Economic Responsibility System Characterized by the Combination of Responsibility, Authority, and Benefit by Making Smaller Units the Basis of Cost Accounting in Operation the Breakthrough Point

The superiority of large modern enterprises lies in their size. They are well positioned to use their rich technological and material resources to organize production and to attain marked economic results. However, they also have difficulties in being large. First, in the acute competition common in the commodity economy, they are weak in dealing with contingencies, as people say: "A large boat is difficult to turn." Second, the scope of their management is wide and their human, financial, and material resources are excessively concentrated. This easily leads to rigidity. How can we foster their strengths and circumvent their weaknesses? Inspired by the successful experience of the rural system of contracted responsibilities based on the household, while conducting reforms in their internal departments, some large enterprises in our city took the lead in attempting to make smaller units the basis of accounting costs in operation. The Shenyang Electric Cable Plant is a key large enterprise with more than 10,000 staff members and workers and an annual output value of over 300 million yuan. Previously, the plant practiced centralized management. Its workshops were merely production units "in which the plant authorities assign production quotas to them, supply them with materials, market their products, and handle their profits and losses in a unified way." In the process of production, it was a common phenomenon that the plant's director was up to his ears in work but the staff members and workers were indifferent to the performance of their plant's operation. In the course of reform, they have come to realize that the main reason the workshops showed no initiative in production and operation lies mainly in the fact that responsibility, authority, and benefit were not closely linked. "Without managing household affairs, one cannot value fuel and rice." Therefore, as the first step of reform, they divided their main productive workshops into 14 subfactories engaging in both production and operation, each having its own independent business accounting, assuming full responsibility for its profits and losses, and taking care of its financial affairs. They broke down and assigned the various quotas of the enterprise's operational activities, including funds, costs, profits and taxes, wages, and bonuses, right to the subfactories and delegated the powers in 10 areas, such as sale of above-quota products, assignment and dismissal of cadres, and rewards and penalties--powers which were previously in the hands of the plant authorities--to the subfactories and linked the income of each subfactory's staff members and workers with its profits and taxes as conditions permitted. Thus, the subfactory has become a relatively independent economic entity with its own responsibilities, authority, and benefits. On this basis, the subfactory delegated some power to its workshop sections and teams and groups and some even right down to the staff members and workers themselves. This has thus ensured that "every administrative level has its own authority, responsibility, and benefit," the subfactories do not eat from the enterprise's "same big pot," and the workshop sections and teams and groups do not eat from the subfactory's "same big pot," bringing into play the enthusiasm of the organizations at various levels and all staff members and workers. The

past practice under which only a few people, including the plant's director and party secretary, assumed responsibility has been turned into one under which the cadres at various levels and staff members and workers of the whole plant are masters of their own plant. In the past the plant managed its financial affairs in a unified way and spent money, if any, in an egalitarian way. No one ever felt sorry about losses and waste. After the subfactory was encouraged to "take care of its financial affairs," it strengthened its business accounting, "used its funds sparingly," and turned all waste material into a treasure. The enterprise has thus become unprecedentedly invigorated. In 1984 when the practice of making smaller units the basis of cost accounting in operation was introduced, the plant's output value registered an increase of 19.7 percent over the previous year and its profits increased by 98 percent. The plant ranked first throughout the city in terms of total volume of profits and taxes handed over to the state and six of its economic and technological indexes leapt to first place in trade all over the country. In addition, some key large enterprises which have made smaller units the basis of the cost accounting in operations have also scored conspicuous achievements.

Practice has indicated that pumping vitality into enterprises by starting with invigorating the internal "cells" of enterprises is a major change in invigorating large and medium-sized enterprises. First, making small units the basis of cost accounting in operations is the extension of the economic contract responsibility system and also is in itself a more perfect responsibility system. The subfactory (previously, a workshop or department) has its own cost accounting and is directly responsible for delivery of profits and taxes to the state and therefore, it is better positioned to link its performance with the income of its individual staff members and workers and the latter's interests with their labor performance, thus more effectively embodying the socialist principle of distribution according to work done. Second, the practice of making smaller units the basis of cost accounting in operation has further enhanced the awareness of the cadres and staff members and workers on the commodity economy, accelerating the replacement of the old enterprise pattern by the new one. In the past, the relationship between different workshops in a large enterprise was a relationship of exclusive cooperation between different technologies and different working procedures. A workshop was accountable to the enterprise's planning and not to the market. After the workshop was turned into a subfactory which was a relatively independent economic entity, the relationship between different subfactories was not only a relationship of cooperation in production but also a relationship of commodity exchange between the internal departments of the general factory. Accounts in the economic dealings between different subfactories are settled in the form of currency. This will be conducive to putting the subfactory's economic activities on the basis of business accounting, helping its cadres and managerial personnel attentively follow the law of value, learn to study, analyze, and solve problems from the commodity economic point of view, and to raising the enterprise managerial level and the managerial expertise of cadres. Third, the practice of making smaller units the basis of cost accounting in operation and of introducing a graded management based on power sharing between different administrative levels has relatively reduced the scope of decisionmaking and management,

helped the managers gain a clearer vision, and put this huge control system--large enterprises--on the basis of effective management by each administrative level and system. This is also an objective requirement for organizing modern mass production in the situation in which production is becoming more and more socialized and specialized.

In early 1985, Zhao Ziyang came to Shenyang to inspect work. He fully affirmed the reform measures taken by the Shenyang Electric Cable Plant. Making the best use of the situation, we promptly spread the plant's experience. The reform was thus rapidly popularized in the city. Of the city's 151 large and medium-sized enterprises, 77 have made smaller units the basis of cost accounting in operations. In carrying out the reform, first, we have persistently proceeded from the actual conditions of every trade or enterprise and not demanded uniformity in solving different problems. A productive workshop is generally turned into an accounting unit within the enterprise, a unit which assumes full responsibility for its own profits and losses. Auxiliary units and logistics departments are generally turned into units with independent management and the status of legal persons. Second, we have persistently followed the principle of combining unified management with separate management. Those units which ought to be under unified or separate management have been so arranged. By doing away with disadvantages and retaining advantages, we have combined the large enterprises' superiority of "being big" and the advantage of "being small" of the various units operated under flexible management into a new and bigger integral superiority. Third, we have correctly handled the relationship between the employees, the subfactory, the general factory, and the state and instituted and intensified a system under which enterprises are put under the control of key cities. Meanwhile, we have also worked out policy measures to constantly improve the methods for making smaller units the basis of cost accounting in operation, thus invigorating enterprises. The output value and taxes and profits of the 77 large and medium-sized enterprises in 1985 were 5.1 percent and 20.6 percent respectively higher than those of the 74 enterprises not involved in the practice of making smaller units the basis of cost accounting in operation.

## II. Smash the Old Closed Pattern, Develop Various Forms of Lateral Economic and Technological Association, and Establish an Open-Type Enterprise Pattern Commensurate With the Requirements of the Socialist Modern Mass Production

The old enterprise pattern is characterized by closed and semiclosed management. Its manifestations are as follows: First, efforts are concentrated on making the internal departments of an enterprise either "big and complete" or "small but complete" and on setting up an all-purpose production organizational structure. This mode of production is incongruous with the requirements of modern large-scale industrial production. Second, the lateral ties between enterprises are artificially cut off. Every enterprise is attached to a certain department in charge of economic management. More often than not, enterprises of the same department and trade are grouped by the competent administrative departments by using administrative means rather in accordance with economic and technological internal relations. The formation of these different departments and regions and of the affiliation

relationship very often presents an obstacle to the lateral relations of enterprises. If the closed and semiclosed old pattern is not smashed, enterprises will not be able to really become relatively independent commodity producers and handlers and become highly invigorated. Therefore, while invigorating large and medium-sized enterprises, we must pay close attention to the development of various forms of lateral association, set up a new enterprise organizational structure in line with the requirements of economic development, and form a new combination of enterprises.

The Shenyang City Small Tractor Plant is the first enterprise in the city to break away from the all-purpose pattern and to organize lateral associations with other units to develop products in accordance with the internal relations of product development and the principle of specialization and coordination in production. They have broken down the barriers between different departments, between city and countryside, and between different ownership forms and formed a hand-held tractor production and development association on the basis of tens of enterprises in both urban and rural areas. This association is a combine voluntarily formed in accordance with the principle of mutual benefit, equality, and consultation and of specialization and coordination in production. For a dozen or so years in succession since the formation of the association, its output of hand-held tractors has shown an annual average rate of 20.1 percent, its economic results steadily increased, and its products have been given gold medals by the state for their quality. Subsequently, we summed up and popularized the plant's experience, stressing it as a strategic measure to develop lateral associations between enterprises. Since the beginning of 1986, more than 120 large and medium-sized enterprises in the city have established various forms of association and cooperation.

As the first step, we have done away with closed management and taken the path of forming associations. More important is the second step, namely, what form the association should take so that it will become relatively stable. Since the old combination of enterprises which was achieved by using administrative means no longer works, what is the new form then? It is the new-type transdepartmental and trantrade enterprise cluster and enterprise group with top-quality brandnames and state key products as the center, large and medium-sized enterprises as the backing, and with technology, funds, and production cooperation as the link. They are also characterized by multi-channel and closer economic relations. At present, the city has formed lateral associations at different levels with the countryside, the city clusters in the central region of Liaoning, and with provinces and municipalities throughout the country. There has thus emerged an association cluster of various types ranging from complete-set equipment supply, cooperative production, production on a general-and-sub-factory basis, licensed trade, raw and semifinished materials production bases, and combination of scientific research and production, a cluster joined by some 5,800 enterprises from 23 provinces and municipalities all over the country. These new-type enterprise associated organizations have displayed their tremendous superiority and significantly increased enterprises' ability to develop products, to offer comprehensive services, and to make their products more competitive, and raised the economic results of enterprises and society at large.

Practice has proved that the emergence of enterprise clusters and enterprise groups complies with the objective requirements of the development of social productive forces and is an important way to invigorate large and medium-sized enterprises and to boost their economic and technological strengths. First, it will help rationally use the productive forces and form an optimum combination of enterprise structure and essential production factors. If several enterprises attached to the same industrial department or to different industrial departments form a relatively stable economic combination to develop the same product or to achieve the same operational target, they will be able to turn their strong points into an integral superiority and combine their forces, to carry out society's production on the basis of a scientific division of work and effective cooperation, and to more rationally exploit and utilize funds, technology, equipment, and other resources so as to achieve better economic results. Second, the emergence of enterprise clusters and enterprise groups will help enterprises make their products more competitive both in domestic and foreign markets and create conditions for large and medium-sized enterprises to enter the international market and participate in global market competition. Along with the accelerated pace of opening up to the outside world and the rapid economic expansion, enterprises, in particular, large and medium-sized enterprises, will have more and more opportunities to participate in the competition in international markets. However, in the situation in which the capitalist economy is highly socialized and the main economic sectors are in the hands of some monopoly groups, to have a foothold in the world economy, our enterprises must have an ability strong enough to develop new products and have ample economic and technological strengths. By forming large groups of enterprise clusters and enterprise groups through association, our enterprises can augment their strengths. Third, the emergence of enterprise clusters and enterprise groups will help smash the old closed structure characterized by administrative compartmentalization, reduce administrative levels, and speed up the separation of the functions of the government from those of the enterprise so that enterprises can really become relatively independent commodity producers and handlers. By mainly relying on large and medium-sized enterprises, these enterprise clusters form lateral economic combines mainly through economic contracts and cooperation agreements and therefore, they need not establish any unwieldy administrative organizations. Hence, this will expedite the reform in the structures of enterprise organization and ownership and in the government organs managing the economy and lay a foundation for thoroughly doing away with the previous management pattern characterized by administrative compartmentalization and closed enterprise management, a pattern under which no distinction was made between government and enterprise functions, and for establishing a new economic pattern.

### III. Do Away With the "Unitary" Modes of Production and Operation and Increase Enterprises' Ability To Deal With Contingencies

In the past, large and medium-sized enterprises were accountable merely for state plans and not for the market. Therefore, their product mix was unitary and their production was "consistently growthless" for several decades. The development of the commodity economy and increasingly intense market competition have greatly buffeted the "unitary" modes of production

and operation followed by large and medium-sized enterprises for years. Faced with this new situation, some large and medium-sized enterprises in our city took an active attitude toward the changed situation and effected a gradual shift in the strategy for their operations. While developing their own main products, they fully utilized their own superiority in human, financial, and material resources, changed their operations from being single-item-based to trade-based, and developed diversified undertakings. The Shenyang Heavy-Duty Machinebuilding Plant is a large enterprise with 22,000 employees or more and 240 million yuan of fixed assets, mainly producing large mining, forging, pressing, and steel rolling equipment. Being used to fulfilling the quotas for major products covered by mandatory planning, the plant has been indifferent to the market for quite some time. In 1981 when readjustments were made in the national economy, state mandatory plans were sharply reduced. As a consequence, the plant's production dropped and it became an enterprise operating in the red, suffering from the "unitary" mode of operation. In recent years, they have discarded the burdensome practice of "eating" mainly from mandatory planning and begun exploring the path of developing diversified undertakings with a trade as the basis. It has initially undertaken some 30 business projects through 5 newly opened channels so far. First, it fully utilized its own superiority in technology and management and conducted technical consultancy services and various forms of software export. It has signed 450 contracts on technical consultancy services with transactions amounting to 7 million yuan or more within 2 years. Second, it offered installation services and technical training to the users. It has earned an additional income of over 200,000 yuan from such business activities within 2 years. Third, it undertook construction projects. After ensuring their own smooth production and operation, they organized the superfluous personnel to contract for construction projects inside and outside the plant. They have completed dormitories with a floor space of 61,000 square meters to date, saving a lot of funds. Fourth, it opened businesses in the commercial, catering, repair, and service sectors. They have successively set up two trading companies handling all sorts of commodities, one shopping center, and seven cooperatives, and also run a large hotel capable of receiving foreign guests. Fifth, it developed transport services. They have set up a subfactory in charge of transportation, rationally used their motor vehicles, and conducted business activities open to the public while ensuring the fulfillment of the production quotas of the enterprise's internal departments. By developing a diversified economy, the plant's passive position in production and operation has rapidly changed. The profits it created in 1984 and 1985 increased by 69 percent and 47 percent respectively over the previous year.

Developing a diversified economy has become the inexorable trend of the development of a considerable number of large and medium-sized enterprises. Among other things, as the inevitable outcome of the development of the commodity economy, it can meet the urgent needs of market competition. It must be noticed that every product has a certain circle of utility and every business has its own limitations in scope. In the face of market competition, if enterprises concentrate on developing a single product or carry out one-product operations as they did in the past, the risks they face are too serious. To be in an impregnable position in market competition,

enterprises should define a strategy for developing a diversified economy in line with the characteristics of the commodity economy and the ever changing market, open up new avenues of operation in the light of market demand and society's needs, and find avenues of prosperity through economic invigoration so that they can both meet the multiple needs of the market and society and attain better economic results. At the same time, generally speaking, large and medium-sized enterprises have the capability to develop diversified undertakings. They have rich human, financial, and material resources and huge potential for further development. Developing a diversified economy with a trade as the basis will enable large and medium-sized enterprises to put their multiple functions to good use in more extensive fields of endeavor and to use their potential in various ways more fully and it will also enable enterprises' surplus personnel to display their abilities and to make fuller use of their superfluous equipment.

The above-mentioned three links of invigorating large and medium-sized enterprises are interrelated, each promoting the other. By making smaller units the basis of cost accounting, enterprises will have a dynamic force inside. By expanding lateral relations, we can infuse vitality and vigor into enterprises and create external conditions for enterprises to develop a trade-based diversified economy. Moreover, only by developing a diversified economy can enterprises' potential be tapped more extensively and lateral relations be consolidated and developed.

Invigorating large and medium-sized enterprises and establishing a new pattern for socialist state-owned large and medium-sized enterprises, a pattern with Chinese characteristics, are an important task of the economic structural reform as a whole. Many problems in this respect still need solutions. As a city carrying out comprehensive experiments in restructuring the economy, we will constantly make new explorations both in theory and practice in line with the direction charted by the central authorities.

/6091  
CSO: 4004/53

DISCUSSING METHODOLOGY FOR THE STUDY OF THE SCIENCE OF LEADERSHIP--PREFACE TO  
'THE SCIENCE OF LEADERSHIP'

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 21-24

[Article by Xiong Fu [3574 1788]]

[Text] The book "The Science of Leadership" compiled by some comrades of the Philosophy Research Institute of the Academy of Social Sciences of Henan Province is to be published by the RED FLAG Publishing House. I have been asked to write the preface to the book. So I would like to take this opportunity to give some views on establishing the Marxist science of leadership, which has Chinese characteristics and conforms with the needs of the construction of the socialist modernization.

Leadership is a school of art and a science. The reason that we call it a science is because no leaders will be able to achieve successes if they have not grasped the law of social development, the laws of the objective world and the law of leadership behavior. Over the past 65 years, our party has many times suffered setbacks and made mistakes in the activities of its leadership not only in the new democratic revolution but also in the socialist revolution and the socialist construction, but it has accumulated a wealth of leadership experiences. In the historical documents of our party and in the works written by the veteran proletarian revolutionaries of our party, we can clearly see that our party has not only continuously summed up the experiences and practices of its leadership but also formulated systematic and scientific principles and regulations (including political, ideological and organizational principles and regulations) which have already been embodied in the traditional style of our party's leadership. This is an undeniable fact of history.

No doubt, the science of leadership is to raise our party's rich leadership experiences which have been proved correct in practice due to a theoretical attitude or in another word, to promote them from their perceptual formation to their rational formation, to bring to light the law of leadership behavior and to rearrange, sum up and synthesize the summarized leadership experiences so as to systematize and theorize them. Deviating from the experiences gained in the historical practice and realistic practice of our party's entire leadership work will be impossible for us to establish any science of leadership, let alone the Marxist science of leadership, which

has the Chinese characteristics and conforms with the needs of the construction of the socialist modernization. When talking about the science of leadership, we should not abandon or negate our party's leadership experiences accumulated over the past decades.

No doubt, to sum up our party's leadership experiences and raise them to a theoretical level is an important topic to which our social scientific field should pay great attention and carefully study. And in order to do this, we must have a correct stand, viewpoint and method. And only Marxism can provide us with the correct stand, viewpoint and method. If we kept to the nonproletarian stand and applied the historical idealism and metaphysical method in summing up our party's leadership experiences, it would be impossible for us to come to a correct conclusion. The science of leadership we are talking about should be and must be in essence the Marxist science of leadership or the science of leadership with Marxism as its guiding ideology. When talking about the science of leadership, we should not indiscriminately copy Western bourgeois theories and adopt a cold and negative attitude toward or even cast doubt upon and lose confidence in Marxism's guiding position in the science of leadership.

Marxism has not only in a general sense pointed out the correct orientation and laid a solid foundation for the establishment of the science of leadership but has also decided in a specific way the theories, principles and methods for the science of leadership because Marxism has always treated the leadership of the proletariat and the leadership of the proletariat's political parties as a science. So, in order to establish the Marxist science of leadership, on the one hand, we must completely and correctly grasp and understand the expositions on the science of leadership in the Marxist classics. On the other hand, we must apply the Marxist stand, viewpoint and method to theoretically summarize the experiences of our party's leadership. Only by organically combining the two aspects of work will we be able to enable the science of leadership to become a true science. If we put aside the guidance of Marxism and ignore our party's practical experiences but only copy some Western book knowledge or just accumulate a large number of experiences but do not sum them up in a theoretical way, it will be difficult for us to establish a true science of leadership.

However, the scientific nature of the science of leadership is also shown in the fact that the science of leadership needs to absorb the relevant achievements of the contemporary social sciences, natural sciences, intersected sciences and peripheral sciences and so on. This conforms with the demand of sticking to and developing Marxism. If Marxism was originally established on the basis of absorbing the achievements of all the progressive cultures of mankind, then the positive achievements of contemporary cultures of mankind (including the new worldwide technological revolution) will no doubt become an important basis for pushing forward Marxism in our times. However, just as Marxism which is a scientific ideological system is not the summation of individual inferences and conclusions, when absorbing the achievements of contemporary sciences, the Marxist science of leadership does not mechanically add all the scientific knowledge together, but instead, analyzes, distinguishes and absorbs through selection the rational parts

of various kinds of knowledge, and then combines them into a comprehensive science which conforms with the demands of dialectical materialism and historical materialism. So we should not see the science of leadership as a simple collection of natural sciences, use the achievements of natural science to negate the contents of social sciences in the natural sciences, and especially negate the important position and role of Marxism in the science of leadership.

The science of leadership should be developed along with the development of people's social life and social practice. In order to bring to light the law of leadership behavior, absorb beneficial leadership experiences and carry forward the original ideological achievements, it is necessary for us to theoretically sum up our party's past leadership experiences, collect and sort out the various existing inferences and viewpoints. However, this is still not enough because the historical leadership experiences and their theoretical summation are specific products under the relevant historical conditions and do not wholly conform with the situation and needs of the present leadership work. Our country's modern social life and social practice are developing with giant strides and numerous new situations and new questions are emerging in an endless stream, so the leaders are required to make timely and correct decisions. This requires a new development in decisionmaking theory and principle and the formulation of new regulations. And at the same time, we need to adopt modernized methods and measures. In order to meet this new development, the leadership structure needs to be further reformed and perfected, and the quality of leaders also need to be improved so as to reach a higher standard. Therefore, we cannot always depend on our old experiences in doing things, but instead, we need to create new experiences; we cannot just repeat our old conclusions, but instead, we should establish new principles; we cannot just rely on our old leadership structure, but instead, we need to reform our leadership structure; we can no longer pose as "rough and ready fellows," but instead, we should learn and use new cultural knowledge and scientific and technological knowledge.

Our science of leadership must conform with the needs of our country's construction of socialist modernization at present. As an ideological system, socialism refers to the Marxist scientific socialism. Our science of leadership should first of all become a component part of scientific socialism or be based upon it. Only on this basis can the science of leadership cast away the influence of bourgeois ideology, stick to the correct orientation, maintain its quality as a component part of scientific socialism so as not to publicize some Western bourgeois ideological trends as prodigies. Socialism as a kind of social system refers to the social system under which public ownership of the means of production has been realized, distribution according to work is carried out, all the members of the whole society can enjoy common prosperity, the working people are the masters of the society, and the socialist material civilization and the socialist spiritual civilization have greatly developed. Our science of leadership should suit the socialist system, and we should not indiscriminately copy and use all those things which suit the capitalist social system. Comrade Deng Xiaoping once said that we should learn the methods

of the Western capitalist countries, but not the Western capitalist system and ideology. From this, we know that the modern science of leadership guided by Marxism and suited to the socialist system fundamentally differs from the modern science of leadership guided by the capitalist ideological system and suited to the capitalist social system, so we cannot lump the two together.

No doubt, it is necessary for us to learn and refer to the Western modern theory of leadership and administrative science according to the principle of "making foreign things serve China." However, we must proceed from the stand of dialectical materialism and historical materialism to carry out specific analysis of them and should not blindly copy them. First of all, we should absorb their reasonable essence, digest it and make it serve us. Second, we should try to find enlightenment from some general expositions, but should be on guard against the class prejudices behind those abstract concepts so as not to be influenced by the class prejudices. Finally, we must negate those completely wrong and even reactionary ideological contents. We must be particularly on guard against the influence of capitalist liberal ideology on our science of leadership and must not turn our science of leadership into a dependency on the Western bourgeois ideological trends which are decadent, unscientific and full of class prejudices.

Our science of leadership should fully embody the Chinese characteristics. We should know that the activities of leadership are a kind of social behavior which mainly act on the superstructure and the relations of production and have such functions as making decisions, giving guidance, organizing, directing, administering, supervising and so on in the superstructure and the relations of production. The quality, role and consequence of these functions vary from class to class, from country to country, and from nation to nation. This is because these functions are closely linked with the wills of different classes, countries and nations and the powers that originate from them. That is to say that the leadership behavior is the centralized manifestation of the wills and powers of different classes, countries and nations. So, in the superstructure and the production relations, the leadership behavior not only shows its general characteristics but also shows its special characteristics. We will not only bring to light the special law of the leadership behavior in the contemporary capitalist countries, the special law of the leadership behavior in the contemporary socialist countries but also bring to light the more special law of the leadership behavior in China which is also a socialist country. Having brought to light the law of the leadership behavior in the contemporary capitalist countries does not mean that we have brought to light the special law of leadership behavior in the contemporary socialist countries. That we have understood the general law of the leadership behavior in the socialist countries does not mean that we have understood the special law of leadership behavior in socialist China. That we have understood the past law of leadership behavior in China does not mean that we have understood the more special law of leadership behavior in China during the new period of socialist construction. So we need to sum up the rich experiences, art and methods of leadership of the Communist Party of China over the past decades, and especially those since the 3d Plenary Session of the 11th CPC Central Committee, and on this basis, to establish the science of leadership with Chinese characteristics.

The science of leadership with Chinese characteristics should stress summing up our party's experience of leadership at the present stage. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has implemented the policy of opening up, invigorating the domestic economy and reform, led the people of all nationalities of our country to carry out the construction of socialist modernization, created and accumulated numerous fresh experiences of leadership and carried out a series of theoretical summations concerning the work of leadership and the methods of leadership. All these have been written in the "Selected Works of Deng Xiaoping" and some other important documents. A lot of important decisions made by our party have had a great influence at home and abroad. These decisions made by our party show that our party has created new theories, used new decisionmaking methods and applied modern scientific and technological achievements and methods. We must particularly collect, analyze and study these new developments.

Generally speaking, only by considering the characteristics of China and using the stand, viewpoint and method which have the characteristics of the Chinese Communists to theoretically sum up the practical experiences of a series of leadership behavior created exclusively by China can we find out the law of leadership behavior of China and establish the science of leadership with Chinese characteristics. China is basically a big, poor and populous country in which the majority of the population live in rural areas. China has been transformed from a semicolonial and semifeudal society into a socialist country. China has experienced ups and downs in its development and finally entered a new period of building the socialist modernization. At present, China is experiencing a profound change which touches relations concerning the interests among the people and traditional ideas. Internationally, China has become an important factor in safeguarding the peace, safety and progress of mankind. China has taken the four cardinal principles as the basis of its founding. All these characteristics have not only explained the peculiarity of contradictions between the leadership behavior and the function of the leadership behavior in China but have also determined the peculiarity of the law of China's leadership experiences and leadership behavior. The CPC Central Committee's "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" points out that the Mao Zedong Thought characterized by the integration of the general principles of Marxism and Leninism with the specific practices of the Chinese revolution and the stand, viewpoint and method of Mao Zedong Thought possess the characteristics of the Chinese Communists. If we use the stand, viewpoint and method which possess the characteristics of the Chinese Communists to sum up the creative experiences of China's leadership work, we will surely establish the Marxist science of leadership which possesses the Chinese characteristics and conforms with the needs of the construction of the socialist modernization.

The Chinese nation has many fine historical traditions and excellent ideological and cultural heritages which we should absorb in establishing the Marxist science of leadership according to the principle of "making the past serve the present." We should pay particular attention to absorbing our party's fine traditions formed during the past decades and the rich leadership experiences accumulated over the past decades and their

crystallization in establishing the science of leadership. Comrade Mao Zedong once said that "besides striving hard, setting a good example and performing official duties, the leading comrades of our party should also commend the honest and ban corruption. This is one of the characteristics of the liberated areas of China." ("Selected Works of Mao Zedong," Vol 3, p 997) These fine traditions established by our party's leading cadres in the liberated areas yielded positive results everywhere in the whole country after liberation and have become the fine traditions of the majority of the leading cadres. Our party's three important styles of work are the outstanding characteristics of the leading cadres of the Chinese Communist Party. In their works, Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, Deng Xiaoping, Chen Yun and other veteran proletarian revolutionaries have given brilliant expositions on the work, art and methods of leadership. The science of leadership which reflects our party's fine traditions and rich leading experiences formed over the past decades will surely embody Chinese characteristics.

It is true that the feudal society which had existed for several thousand years and the semifeudal and semicolonial society that once existed in the modern history of China have left us a deep-rooted concept of small-scale production and the pernicious bureaucratic habits. Modern leaders must struggle against these pernicious forces of habit and outworn concepts. In the meantime, since our country is now implementing the policy of opening up the country and opening up to the world, the decadent bourgeois ideology and bourgeois living style will inevitably influence people's minds for a long time. Modern leaders must carry out struggle against such all-pervasive corrosive phenomenon. These two aspects of struggle are closely linked with our ongoing reform of the party and state leadership structure and the cadre system. This situation is also one of the characteristics of the science of leadership in China when being embodied in the science of leadership of China.

In order to establish the Marxist science of leadership which possesses Chinese characteristics and conforms with the needs of the construction of the socialist modernization, the theoretical workers of our country have made a lot of useful attempts and written some monographs. "The Science of Leadership" compiled by the Philosophy Research Institute of the Academy of Social Sciences of Henan Province is one of these monographs. I hope that more theoretical workers will take part in this important and creative work of exploration and research.

/6091  
CSO: 4004/53

CONSCIENTIOUSLY STUDY MARXIST THEORY ON RELIGION AND THE PARTY POLICY FOR  
RELIGION

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 25-30

[Article by Jiang Ping [3068 1627]]

[Text] During the socialist historical period, how should we correctly understand and treat religion? This is an important problem which should not be neglected. In 1982, the CPC Central Committee summed up both positive and negative experience in dealing with religious problems and proposed basic viewpoints and policy for religion during the socialist period in our country. It has been greatly successful in handling religious problems and has created a new situation in religious work. At present, the entire party has attached importance to the study of the policy for religion, and academic and religious circles as well as religious workers are greatly interested in the study of religious theories. Ideologically, they are unprecedentedly active. People support the basic viewpoints and policies of the CPC Central Committee. In the meantime, some people have a different understanding of them, and have aired some different views on the new problems occurring in practice. In this article, I would like to talk about my personal understanding and express my views.

I

Religion is a kind of historical phenomenon in human society; it follows a pattern of beginning, developing and elimination. A history of religious development has shown that religion did not occur with the appearance of mankind. It occurred after social productive forces had expanded to a certain stage, and the thinking ability and ideology of mankind considerably developed. The early occurrence of religion reflected primitive man's mystery of natural phenomenon when the level of productive forces was very low. Engels pointed out: "Religion arose in very primitive times from erroneous, primitive conceptions of men about their own nature and natural forces surrounding them." ("Selected Works of Marx and Engels," Vol 4, p 250) After mankind entered a class society, the deepest social roots attributed to the existence and development of religion was that being unable to understand and free themselves from oppression by an exploitative system and exploiting classes, people erroneously attributed such oppression to certain alien and blind forces; being in intense fear and despair due to

the great suffering imposed on them by the exploiting classes and class oppression, people intended to use certain supernatural forces to get rid of the sufferings, and the exploiting classes used religion as a spiritual means to poison and control the masses in order to safeguard their rule. In a class society, it is precisely because of the utilization of the exploiting classes that religions extensively develop.

Religion produces its influence over human society immediately after its occurrence. How should we understand its essence and role? Engels said: "Now all religion is nothing but the fantastic reflection in men's minds of those external forces which dominate their daily life, a reflection in which terrestrial forces assume the form of supernatural ones." ("Selected Works of Marx and Engels," Vol 3, p 354) Marx pointed out: "Man created religion, and not vice versa... However, man is not an abstract thing living outside the world. Man belongs to the world of man, that is, the state and society. The state and society give rise to religion, namely a reverse world outlook. It is because the state and the society themselves are a reverse world." ("Selected Works of Marx and Engels," Vol 1, p 1) Here, Marx profoundly brought to light the cognitive and social roots of the occurrence of religion, and the essence of religion in terms of its distinguishing feature and its relations with the society. In other words, religion meant a "reflection of illusion" and a "reverse world outlook," namely, a "general theory" and "all-embracing guiding principle" on the "reverse world." With regard to the social role of religion, Marx pointed out: "The suffering in religion is a manifestation of the suffering in the real world, and also a protest against the suffering in the real world. Religion is the sigh of the oppressed people, and a feeling in the ruthless world. Like a spirit in spiritless world, religion is an opium of the people." ("Selected Works of Marx and Engels," Vol 1, p 2) Lenin highly praised this famous remark of Marx, saying that it "is the cornerstone of all Marxist world outlook on the religious problem." ("Selected Works of Lenin," Vol 2, p 375)

In recent years, some comrades have put forward an idea that regarding religion as opium was not a creation and invention of Marx. Therefore, they negate the idea. It was true that while using materialist viewpoints to study religion, many bourgeois scholars in Europe before Marx pointed out the role of religion in poisoning the people. Heine said: "The relations between religion and opium are much more closer than most people have imagined." ("A Talk With (Adolf Starr) and (Fanny Leo)") With regard to the problem of criticizing religion, Marx and bourgeois scholars, who used materialism to study religion, had common ground. However, we should not negate the poisonous role of religion over the people simply because the remark that religion was opium was not first uttered by Marx. We should not negate the remark "religion is the opium of the people."

Unlike bourgeois scholars, Marx and Engels never remained at the level of merely using materialism to understand and explain religion. Instead they used dialectical materialism and historical materialism to systematically study religion, and explain the correct attitude and policy adopted by the working-class political parties toward religious problem. All this formed

the entire Marxist world outlook on religious problem, namely scientific and comprehensive theory on religion. This theory included objective law governing the occurrence, development and elimination of religion, basic viewpoints on the social nature of religion, its essence and role, and relations between religion and culture as well as the guiding principles and policy of the Marxist political parties toward religious problem. Therefore, we should not limit the Marxist outlook on religion merely to "religion is an opium of the people." However, this remark is an important component part and "cornerstone" of the Marxist outlook on religion. It should never be shaken. If we negate the remark "religion is an opium of the people," there will be no comprehensive Marxist outlook on religion.

It should be pointed out that at present there are truly some people who understand the remark "religion is an opium of the people" in an oversimplified and lopsided way. They know nothing about the cognitive and social roots attributed to the occurrence of religion, and about its complicated social nature which develops in the course of expansion. They believe that the Marxist outlook on religion is only limited to the remark that religion is an opium of the people and that religion can only play its poisonous role. Of course, the idea should be overcome. We should profoundly study, and comprehensively and correctly give publicity to the Marxist theory on religion. In history, revolutionary people and classes made use of religion. We should make a specific analysis of the role of religion. For example, the bourgeoisie in Western Europe launched three big uprisings to oppose the feudal system. They staged their uprising twice under the cloak of religion to direct their spearhead of attack against the great international center of feudal system--the Roman Catholic Church. The first time was the so-called religious reform carried out by Martin Luther (in 1523 and 1525). The second time was the revolution in Britain which found out theory readily available for reference in Calvinism. Engels said: "While the Lutheran reformation in Germany degenerated and reduced the country to rack and ruin, the Calvinist reformation served as a banner for the republicans in Geneva, in Holland and in Scotland, freed Holland from Spain and from the German Empire and provided the ideological costume for the second act of the bourgeois revolution, which was taking place in England. Here Calvinism justified itself as the true religious disguise of the interests of the bourgeoisie of that time." ("Selected Works of Marx and Engels," Vol 4, p 252) The Taiping Revolution, the Yihetuan Movement and the uprising of the people of Hui nationality made use of religion as a banner and basis for their uprisings. It was because the "sentiments of the masses were fed with religion to the exclusion of all else; it was therefore necessary to put forward their own interests in a religious guise in order to produce an impetuous movement." ("Selected Works of Marx and Engels," Vol 4, p 251) All this showed that under complicated social and special conditions, religion could play its special role. Although revolutionary people and classes made use of religion, the remark that "religion is an opium of the people" should not be negated. Even when they were making use of religion, they could not avoid the influence of the negative role of religion. All this has been proved by the European and Chinese history.

With regard to the problem of exploiting classes making use of religion, we should start our analysis from their attitude toward religion after becoming ruling classes. Only thus can we deepen our understanding of the poisonous role of religion. According to the Marxist dialectical materialist viewpoints, religion is an ideology, and a reflection of the economic base. It cannot but change with the changing of the economic base. Marx and Engels said: "It was very obvious that with great historical changes of the social system, the viewpoints and outlooks of the people also changed. In other words, people's religious outlooks would also undergo changes." ("Complete Works of Marx and Engels," Vol 7, p 240) Let us take Christianity as an example. Engels said: At the beginning it was a religion of slaves, but later became a stronghold of the feudal system. After winning their victory in revolution by making use of religion, the British bourgeois class again utilized religion to rule the broad masses of people. "His religion had supplied the standard under which he had fought the king and the lords; he was not long in discovering the opportunities this same religion offered him for working upon the minds of his natural inferiors, and making them submissive to the behests of the masters it had pleased God to place over them." ("Selected Works of Marx and Engels," Vol 3, pp 393-394) Here, the problem is already very clear. The reason why religion can be used to "work upon the minds of his natural inferiors," and making the lower classes submissive is that it is a "spiritual opium" which can play a poisonous role. It is precisely because of this role that different exploiting classes or groups make use of religions or religious sects which they think suitable. It is not at all important whether they themselves believe in these religions. As far as China is concerned, we know that feudal landlord classes controlled and utilized Buddhism for a long time since it had spread to the country during the Han Dynasty. While utilizing Buddhism, the rules of the Yuan, Ming and Qing Dynasties also made use of its Lamaism sect and Islam as a spiritual mainstay to rule the minority nationalities concerned. In modern times, Catholicism and Christianity were manipulated and utilized by the imperialists to invade and oppress China. Therefore, we say that the main social role of religion as "opium of the people" is to poison people.

## II

During the socialist period, exploiting classes as a class have been eliminated. Class roots attributed to the existence of religion has been basically abolished. It is not necessary for a socialist society to make use of and develop religion. Under such circumstances, does it mean that the conclusion "religion is an opium of the people" has been outmoded? The answer is no. It is because religion still exists. Due to the fact that the development of people's consciousness always lags behind social development, the old ideology and habits left over from the old society and religious concepts formed over a long time in the past cannot be thoroughly eradicated in a short period of time. It needs a long process of struggle to greatly enhance social productive forces, extensively enrich material wealth, establish a high degree of socialist democracy, and highly develop education, culture, science and technology. It is impossible to completely get rid of within a short period of time various kinds of difficulties and hardships brought about by natural and man-made calamities. Class struggle

still exists within a certain scope, and the international environments are complicated. Religion as a kind of ideological system and world outlook is still characterized by its adaptability and conservativeness. Therefore, it is unavoidable that the influence of religion over some parts of people in the socialist society will exist for a long time. Such being the case, the poisonous role of religion has still existed.

However, the poisonous role of religion under socialist conditions is different from its role in a class society in which it is used by the exploiting classes to rule the people. This is because religion cannot but be restricted by social system, and undergo changes with the changes of the social system. After the liberation, with the profound reform of the socialist economic structure and great changes of religious system, there was a complete change in the religious conditions in our country. Feudal privileges and exploitative and oppressive elements in the religion have been abolished. Religion has been separated from politics, law and education. The religious belief of the masses is only a problem of ideological understanding in the ideological field, and a private matter of individual citizens. Most people in the religious circle and professional religious personage are patriotic. They observe law and support socialism. The number of those counterrevolutionary elements and bad elements who oppose the constitution and socialism, or even have illicit relations with foreign countries is very small. Religion has become an undertaking run by the masses who believe in religion. The negative role of religion has been restricted, whereas its good tradition has been carried forward. Religion is undergoing changes in a direction which is more adaptable and coordinated with socialism. The broad masses of people who believe in religion are taking an active part in the construction of a socialist society. Many of them have made a greater contribution. To put it briefly, all this has shown that the relations between religion and other things in the society are undergoing changes. Political thinking and the outlook of religious believers and their organizations have also changed. However, the essence of the ideology and world outlook of religion remains unchanged. The social role of religion, which is determined by its own nature, has not changed despite the restrictions imposed on it by the objective environment. Religion is still a "reverse world outlook," that is, idealism in the garb of religion. Such a world outlook directly conflicts with the world outlook of materialism and atheism. Therefore, the poisonous role of religion in ideology should not be negated. Of course, due to the fact that socialist ideology, which is guided by Marxism, is occupying a predominant position, the poisonous role of religion cannot but be restricted to a certain level.

Communists are materialists who do not believe in religion. They firmly believe that religion will eventually wither away. They understand that in socialist society conditions for eliminating religion have not yet been ripe. It is only when mankind has eliminated classes and acquired the ability of controlling natural forces through long-term development of socialism and communism, and when the social and cognitive roots attributed to the existence of religion have been abolished that religion will wither away. Just as Marx pointed out: "It is only when relations in practical daily life have become rational relations between men on the one hand, and between

men and nature on the other that the reflection of religion in the practical world will disappear." ("Complete Works of Marx and Engels," Vol 23, pp 96-97) Therefore, communists should not take the acceleration of the elimination of religion as a practical task of a socialist society, still less use administrative order, or other oversimplified and impetuous methods to interfere in and prohibit some masses from believing in religion. The resolution adopted by the 6th Plenary Session of the 11th CPC Central Committee points out: "Upholding the four basic principles does not mean that religious believers should give up their religious belief. They are only asked not to carry out propaganda of opposing Marxism-Leninism-Mao Zedong Thought." In both theory and practice, we should not force people in the religious circles and the masses who believe in religion to accept the viewpoint that "religion is an opium of the people," and the Marxist world outlook. With regard to the essence and role of religion, people in the religious circles and the masses who believe in religion may have their own study and explanation. However, we cannot accept the viewpoint which maintains that the conclusion "religion is an opium of the people" is obsolete. Although some people apply Marxism to the study of religion, they haphazardly adapt Marxism to the religious belief of religious followers in order to satisfy their demand. Some people use religious viewpoints to explain Marxism. These are also methods which we do not favor. Academic circles should respect the ideological beliefs of religious circles, whereas religious circles should also respect academic circles' Marxist study of the religious theory and propaganda activities. Of course, this does not mean that we should publicize the viewpoint "religion is an opium of the people" everywhere regardless of specific conditions. We should not propagate the viewpoint in religious places, or among the masses who believe in religion, especially in areas inhabited by people of minority nationalities, who all believe in religion. However, with regard to those religious things which severely hamper production and people's life, or even jeopardize people's lives, it is necessary to gradually reform them. Such reform should be carried out by people in the religious circles and the masses who believe in religion.

### III

The CPC has correctly applied the Marxist theory on religion to the practical reality of the religious problems in China, formulated the policy of the party and government toward religion, and defined the basic tasks of religious work. Correctly understanding the policy and conscientiously implementing it is an important guarantee for doing religious work well, and uniting with the people in the religious circles and the masses who believe in religion to carry out the four modernizations program.

During the socialist period, we should respect and protect freedom of religious belief. This is our party's long-term basic policy which should be implemented until the natural death of religion. As long as there are people who still believe in religion, we should unswervingly implement the policy which protects freedom of religious belief. The policy is all-embracing. While emphasizing the necessity of protecting freedom of religious belief, it also stresses people's freedom in not believing in any

religion. While protecting freedom of religious belief, we should not hamper the popularization of scientific education, including propaganda about atheism. On the contrary, we should strengthen it. It is precisely because of protecting freedom of religious belief that we should make a strict distinction between religious belief and feudal superstition. Feudal superstition is banned by the state and law, whereas freedom of religious belief is a citizen's right stipulated in the Constitution. On the one hand, freedom of religious belief is protected by the law. On the other hand, it is restricted by the law. This restriction has two main implications:

1) Freedom in religious belief as citizens' right, it is restricted by citizens' duties; 2) as religious belief is a right stipulated by the law, it is only natural that the right can be enjoyed only within the scope defined by law. The essence of the policy, which protects freedom of religious belief, is to truly ensure that religious belief is a matter of choice of individual citizens, and their own private matter. Religion as a belief is completely subject to people's free choice. People are allowed to believe in, or not to believe in religion. No organizations and individuals, including people in the religious circles, are allowed to interfere, or adopt other methods in disguised form to put pressure on them. The state power of our socialist country can never be used to promote or ban certain religions. Religion is likewise not allowed to interfere in the state affairs such as administration, jurisdiction, education, and so on. Of course, nobody is allowed to use religion to oppose the party leadership and socialist system, and to sabotage the unification of the state and national unity. The party policy, which ensures people's freedom of religious belief, is not determined by the number of religious believers. The policy should be implemented whether the number of religious believers is large or small. Under no circumstances are we allowed to use the method of issuing administrative order to force people to abandon their religious belief, or reduce the number of religious believers. Of course, the policy can never be used to force people to follow religious beliefs or as a pretext for developing religion.

According to the basic spirit of the policy for freedom of religion, our party and government have worked out a number of stipulations on protecting freedom in religion and normal religious activities. In the meantime, they have also worked out several necessary stipulations restricting abnormal religious activities. The main points of these stipulations are: All religious activities can only be conducted in places set for religious activities, and are not allowed to go beyond the scope permitted by the state law and government policy. Professional religious personages should love the country and observe law. Religious organizations should stick to the principle of independence and running their churches by relying on their own efforts. No foreign church or religious figure is allowed to interfere in China's religious affairs. In other words, we should protect normal religious activities, and restrict the abnormal ones. The purpose in restricting abnormal activities is to protect normal religious activities and ensure normalization of religious activities. Therefore, the religious circles should proceed from the overall interest of the whole society, exercise self-discipline, maintain normal social order, and the sequence of production and work, and resist abnormal religious activities.

Our purpose in implementing the policy for protecting freedom of religious belief is to unite with the broad masses of people, who believe in religion, and religious figures, and promote the unity between all religious believers and the masses who do not believe in religion so that they will exert their common effort and strive for the realization of the three main tasks. Therefore, while implementing the policy of protecting freedom of religious belief, we should guide the orientation of religious activities. To put it briefly, we should gradually discard those things which are detrimental to the socialist system, the four modernizations program and the building of socialist spiritual civilization. In the meantime, we should carry forward the good tradition in religious activities to do more good things for socialism. For example, religious circles should run various social welfare and service undertakings. Buddhism attaches importance to academic study and Lamaism pays attention to medicine. Buddhism and Taoism are noted for their martial arts and skills for maintaining good health. All these should be advocated and carried forward so that they will be beneficial to the building of socialist spiritual civilization.

Resolutely and correctly implementing the policy for protecting freedom in religious belief includes the following aspects: We should freely spread scientific knowledge, give publicity to atheism, and provide the broad masses of people, youngsters in particular, with education in a dialectical materialist and historical materialist scientific world outlook to enhance their understanding of the law governing natural development, social development and their own development, so that they will gradually develop scientific and communist world outlook and outlook on life, correctly understand and handle the relations between man and nature, correctly understand and treat various kinds of social contradictions, and some difficulties and setbacks encountered by individuals in practical society, and strive for the building of socialism and communism. All this is an important task for the building of socialist spiritual civilization. It is an erroneous understanding of the party policy for protecting freedom in religious belief to think that giving publicity to atheism means sticking to the "leftist" ideology, and offending religious feeling, and not to allow people to raise the slogan of atheism and to publicize it. Actually, implementing the policy for protecting freedom of religious belief does not conflict with publicizing science and atheism. Publicizing atheism and opposing religion are two completely different matters. Marxists hold that declaring a war on religion is a stupid act. "Announcing that the political task of a workers' political party is to launch war against religion is no more than empty talk of anarchism." ("Selected Works of Lenin," Vol 2, p 376) Our party has never favored using rude methods and issuing administrative orders to interfere in the religious belief of the masses, or using abstract and slogan-type propaganda to directly attack religion. We never employ coarse language to offend the feelings of the masses who believe in religion. We never think that such acts may help the propaganda of atheism. On the contrary, they encourage the development of religion and religious fanaticism. Therefore, in the course of publicizing atheism and religious problems concerned, we should observe the party's existing policy, and draw lines of demarcation in policy.

To implement the policy for protecting freedom of religious belief, we should make a distinction between normal religious activities and feudal superstitious activities, and we should protect the former and deal with the latter in light of the seriousness of the cases concerned. With regard to all reactionary secret societies, sorcerers and witches whose activities have been banned, they are not allowed to restore their activities. As for those who take fortune-telling, physiognomy, fortune-telling by analyzing the component parts of Chinese characters, geomancy and so on as their occupation, we should educate and give well-meaning advice to them and help them make a living with their own labor so that they will give up all these superstitious and deceitful activities. If they refuse to do so, we should ban their activities according to law. Building ancestral halls, compiling charts of family trees, associating with other clans and others are illegal activities of remaining patriarchal forces of the feudal society, which should be proscribed and banned by formal decrees.

At present, giving publicity to materialism (including atheism), and Marxist theory on religion, and eliminating feudal superstitious ideology among the masses are still a fairly weak link in our work. Therefore, we should strengthen work in these respects. Otherwise, our efforts to uphold the four basic principles and carry out the building of the two civilizations will be adversely influenced. Comrades in charge of religious work should guard against the rightist influence in this regard. With regard to professional religious personage and the masses who believe in religion, we should truly implement the religious policy for them. We must let them have places for their normal religious activities. In this regard, we should continue to eliminate the "leftist" stuff. Neither should be overemphasized at the expense of the other. In the future, we should continue to do several things in a planned way: 1) We should considerably provide the people, youngsters in particular, with education in dialectical materialism and historical materialism, and Marxist concepts on religion. We should organize people to write articles on the law governing the origin, development and elimination of religion, and articles on the party's policy for religion, and publish books on atheism so that the broad masses of people will have a correct understanding of religion. 2) We should vigorously popularize and spread scientific knowledge to do away with feudal superstition. 3) We should conscientiously implement the spirit of the summary of a national forum on the building of civilized villages (townships). In particular, in places where religious influence is comparatively great, we should exert greater efforts to grasp the building of the socialist spiritual civilization, and conscientiously implement the party policy for religion to do well our work at the grass-roots level.

/6091  
CSO: 4004/52

THE ROAD TO HEALTHY GROWTH THAT YOUNG INTELLECTUALS MUST TAKE

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 31-33

[Commentator's article]

[Text] Not long ago, some university students went to the front [as published] to practice or to receive on-the-job training with the units stationed there. Some others went to the border areas, rural areas, and industrial and mining enterprises to receive training or to conduct surveys there. Summing up their accomplishments on their return, they all said that through their contact with the people and by going deep into the realities of life, they had been able to widen their field of vision and to improve their understanding of things. They deeply feel that to go deep into the realities of life, to mix with the people, and to integrate with the masses of workers and peasants is a correct road that must be taken by young people who want to make themselves useful. This is very encouraging.

It is the glorious revolutionary tradition of Chinese intellectuals to go deep into the realities of life, to mix with the people, and to integrate with the masses of workers and peasants. Around the "4 May Movement," when Marxism was wedded to labor movements, intellectuals began playing the important role of a bridge. Applying revolutionary theories, they organized the masses of workers and peasants and mobilized them into magnificent revolutionary movements. In the 1930's, in the face of a national crisis, many young students marched out of their classrooms and joined workers and peasants in their march toward the front, where they fought the Japanese to save the country. They had made immortal contributions to the country. Many of these young students later became important figures and leaders on many fronts in new China. Since the founding of this country, the masses of intellectuals studying and working on various fronts have scored great success and benefited themselves by going deep into the realities of life and by mixing with the masses of workers and peasants. Unfortunately, in the late 1950's, because of the influence of the "leftist" guiding ideology, defects began to impair the country's policy regarding intellectuals. During the "Cultural Revolution," these defects were the most serious. In those years, the slogan of unity between intellectuals and the masses of workers and peasants was used as a pretext for introducing antagonism between intellectuals on the one hand and workers and peasants on the other, for negating the role of intellectuals, and for torturing and persecuting intellectuals. This slogan was seriously twisted and its positive influence ruined.

Today, in correcting past mistakes, we should adopt a scientific analytical approach, distinguish between extreme "leftist" things and those correct things that have been twisted, discard the former, clarify the latter, and continue to stick to the correct line. Obviously, the wrong things done against intellectuals during the "Cultural Revolution" are not measures for implementing the principle that intellectuals should go deep into the realities of life and integrate with the masses of workers and peasants. The wrong things were done not to help intellectuals approach and integrate with the masses of workers and peasants, but to bring about division. All this has seriously harmed the intellectuals and impaired their work. Fundamentally speaking, this runs counter to the interests of the masses of workers and peasants. Only by correcting the "leftist" mistakes and by scientifically analyzing and evaluating the status and role of intellectuals in the new historical period can we correctly implement and apply the principle that intellectuals should go deep into the realities of life, mix with the masses, and integrate with the masses of workers and peasants.

Since the 3d Plenary Session of the 11th CPC Central Committee, as far as the issue of intellectuals is concerned, the party has done much to set things to rights. In addition, we have clearly expounded the theory that intellectuals are part of the working class. We encourage the whole community to respect both knowledge and intellectuals, to earnestly implement the policy regarding intellectuals, and to dignify our intellectuals' social status. At the same time, the party, which cherishes intellectuals, hopes that they will be steadfast politically and that their style will be such that they always go deep into the realities of life and mix with the masses. This requires our intellectuals, young intellectuals in particular, to participate in practical mass activities and take the road toward unity with the masses of workers and peasants.

Young intellectuals, including currently enrolled senior secondary school students, undergraduates, and graduate students, should value the chance to study given by the party and the people by trying their best to scale new heights in knowledge. They must never rest content with book knowledge. In order to be able to play a role in the cause of socialist construction, in addition to acquiring the relevant professional knowledge, they should also study the basic tenets of Marxism and the party's principles and policies and resolve to devote their efforts to practical work. Subjectively, some young comrades want very much to contribute to the four modernizations; however, they are unwilling to go down to grass-roots units to receive training among the masses of workers and peasants. They simply want to remain with large organizations in large cities and join "brain trusts." It never occurs to them that if one always remains with large organizations in large cities without visiting the rural areas and industrial and mining enterprises, without being aware of new situations, new problems, new experiences, and people's views on the reforms, but just with some secondhand knowledge of all this, one cannot penetratingly and appropriately analyze practical problems and arrive at truly scientific conclusions. The socialist cause is characterized by the active participation of millions upon millions of people. Without mass practice and mass creation, its great vitality will diminish and its development and progress will be without basis. All organs,

including high-level leadership organs, should be in close contact with the masses and be well aware of the realities of life. Otherwise they cannot correctly guide and organize practical mass activities but will be apt to encourage bureaucracy. Thus, the state's employees, researchers, and professional cultural, educational, and medical workers should go deep into the realities of life and mix with the masses. This is an important issue that warrants our unremitting attention.

Both young people and intellectuals want to be useful people. Similarly, our party and the people also hope that the masses of young people and intellectuals will be able to become pillars of the country and to contribute to the country, the people, and mankind. Whether or not one can become a pillar of the country depends on whether or not one has comprehensive knowledge, including book knowledge, practical knowledge, professional knowledge, and knowledge of Marxism-Leninism. In order to acquire comprehensive knowledge, one must make efforts in two respects. On the one hand, one should go up, that is, acquire scientific and theoretical knowledge. On the other hand, one should go down, that is, mix with the masses of workers and peasants to gain practical experience. These two things are inseparable from each other. The purpose of acquiring scientific and theoretical knowledge is precisely to solve practical problems, and the purpose of gaining practical experience is to consolidate one's practical knowledge. Book knowledge is both important and indispensable. However, if it is not integrated with the actual circumstances and not used to solve the practical problems arising from production, scientific and technological work, and life, its potential will be wasted and it will be devoid of content. Today, if the younger generation of intellectuals want to make themselves useful and accomplishing people, they should voluntarily mix with the masses of workers and peasants, go deep into the realities of the structural reform, economic construction, and scientific experiments, integrate book knowledge with the country's construction efforts, be good at using this knowledge to study and solve various practical problems, be good at studying and summing up practical experience, and be good at constructing theories on the basis of practical experience. One who is divorced from reality and who has received no practical training is apt to be fastidious and yet incompetent and to exaggerate. How can such a person achieve anything?

One may indeed ask why people continue talking about the integration of intellectuals with the masses of workers and peasants at a time when intellectuals are already recognized as part of the working class. It is true that as far as the possession of the means of production and the intellectuals' historical mission are concerned, intellectuals are an inalienable part of the working class. However, we should be able to see that in today's China, there is still a difference between workers and peasants, between urban and rural areas, and between manual and mental labor. Intellectuals have their special working conditions and work methods. Thus, in addition to sharing some common characteristics with the rest of the working class, intellectuals have their own special characteristics. For example, peculiar to intellectuals is their better scientific and cultural knowledge. This is one of their strong points. However, they also have weaknesses. For example, many young intellectuals are preoccupied with book learning at school. Most

books, textbooks in particular, tell us about the results of the research and creative work done by scholars and scientists and about constructed theories and discovered laws. They rarely touch on how these theories and laws were constructed and discovered or on the social circumstances under which these theories and laws were constructed and discovered. Thus, young students tend to focus their attention on the contributions made by scholars and scientists as individuals (of course, this is inevitable) and to overlook the relationship between these theories and laws on the one hand and social development and production on the other. Thus, they are apt to underestimate the importance of the masses and of practice. Of course, one should attach importance to knowledge and affirm the contributions of eminent scholars. However, one must not go on from this to worshipping famous people and overlooking the role of the masses. This weakness is not innate in young intellectuals, but is a result of the influence of their circumstances. Intellectuals who want to make the best use of their strong points and overcome their weaknesses should be careful not to be divorced from reality and should study and receive training in the grand classroom of mass practice.

Unlike the past, today when we stress the need to go deep into the realities of life and to mix with the masses, our purpose is not to be "reeducated." However, if we understand how the masses of workers and peasants, as the masters of their own affairs, fight for the four modernizations and how hard they are working for the motherland's prosperity and the people's well-being without being afraid of sacrifice, we will be able to correctly and thoroughly understand ourselves, understand historical trends and the pulse of the times, and profoundly understand the heavy responsibilities we are shouldering. In this way, we can free ourselves from our "selves," voluntarily participate in the masses' great endeavor to transform society, to remold nature, and to build socialism, and contribute our wisdom and talent to the country. Our recognition that intellectuals are part of the working class does not imply that there is no longer the need for intellectuals to integrate with the masses of workers and peasants. It simply makes conditions even more favorable for the unity between intellectuals on the one hand and the masses of workers and peasants on the other. Given this, intellectuals and the masses of workers and peasants can learn from each other and advance together on an equal basis. There will not be the abnormal situation where one party unilaterally transforms and educates the other.

Why, at a time when science and technology are rapidly developing and when production absorbs more and more intellectual power, is there still the need to advocate the unity between intellectuals and the masses of workers and peasants? To be sure, it can be seen from the trends of the development of science and technology that mental labor is becoming increasingly important. However, the manufacturing of any product requires both manual and mental labor and is impossible without either of them. Under the present circumstances in China, knowledge-intensive production is not well developed and industrial and agricultural production requires much manual labor. The importance of mental labor precisely consists in the fact that it is capable of steadily transforming manual labor and of lightening the workload of manual workers. Efficiency can thus be raised by combining manual with

mental labor. High efficiency is out of the question without first-hand knowledge of manual labor. We must also realize that an intellectual who mixes with workers and peasants and learns from them mainly learns from their fine qualities and practical experience. He does not learn a specific skill from them. The practical experience of the masses of workers and peasants is an inexhaustible source of wisdom and creativity. Only by making ourselves good at drawing intellectual nourishment and distilling wisdom from this can we put our intellectual power to better use.

The combination of intellectuals and the masses of workers and peasants should be a bilateral endeavor. Workers and peasants face the problem of correcting their understanding of intellectuals and voluntarily approaching them. In recent years the masses of workers and peasants have increasingly realized from their personal experience the great importance of science, technology, and cultural knowledge to socialist modernization and that without intellectuals and knowledge, socialist construction is out of the question. With the development of the socialist cause and the progress in the reforms, more and more workers and peasants have regarded intellectuals as their teachers or made friends with them. This is very encouraging. As far as intellectuals and the masses of workers and peasants are concerned, the general tendency now is to respect each other, learn from each other, and approach each other. In the past, under the party's leadership, the masses of workers and peasants joined intellectuals in applying the basic tenets of Marxism to the actual conditions in China, with the result that we were able to find a road leading to the victory of the revolution. Today, under the new circumstances, we are confident that the combination of intellectuals and the masses of workers and peasants will give great impetus to the cause of building socialism with Chinese characteristics.

It is a general principle that intellectuals should go deep into the realities of life, mix with the people, and integrate with the masses of workers and peasants. However, because of the differences in the nature of their jobs, intellectuals in different professions should adopt different specific ways to implement this principle. The way party, government, trade union, and CYL cadres implement this principle should be different from the way scientific, cultural, and educational workers do it. Furthermore, the way natural scientists do it should be different from the way social scientists, people involved in applied studies or research into development strategies and patterns, technological workers on the production front, employees of research units, and people working at school or after their graduation do it. In adopting a specific measure, one must take the actual circumstances into account and try one's best to help the intellectuals improve their professional competence and to help intellectuals and the masses of workers and peasants approach each other, understand each other, and learn from each other. Mere formalities must be discarded. In addition, one must neither repeat past mistakes nor, using the past mistakes as an excuse, unduly undermine our cause by paying no attention to implementing the policy regarding intellectuals.

/6091  
CSO: 4004/52

## THE TIMES ARE BECKONING THE NEW PEOPLE

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 34-37

[Article by Zhong Peizhang [6988 3099 3864]; capitalized passages published in boldface]

[Text] WE CAN PREDICT THAT AS SOON AS A SINGLE PERSON OF TALENT COMES FORTH, A GLITTERING NEW AGE WILL CERTAINLY SOON ARRIVE.--DENG XIAOPING

Our party and our society have always paid attention to youth. This is because young people are truly our future and hope.

The questions of youth are often questions which elicit controversy. This is because people often cannot follow the changes of the times and cannot use new vision in examining and making decisions on the youth of a different age. Also, age after age of young people explore how to look at society and how to look at themselves in ways which are different from those of the previous generation.

This year is the 67th anniversary of the "4 May" Movement and is the 10th anniversary of the "5 April" incident. The new generation of youth matured in an environment of order being brought out of chaos, of reform, and of construction. What do these young people think about and what do they seek? How shall we view them? What road should they select?

One question which elicits controversy is how we are to look at the way in which some university students commemorated "18 September" last year. Some people say that it was good, while other people are worried. People think that in an environment where a commodity economy is developing, young people change to stressing material benefits, look only for money, and concern themselves only with themselves. Thus, we should be happy to see from the commemorative activities that this generation of young people is continuing the outstanding traditions of our youth since the 4 May Movement, concerning themselves with important affairs of the state and with the affairs of the world. In their blood the zeal of patriotism continues to surge. After the event, some of the students stuck up large character posters reading "Long Live Comprehension" and "Long Live Trust." Clearly, if we do not understand this patriotic feeling of the young people, then it will be difficult to have real trust in them, and we will be unable to truly see their aspirations.

However, we must also soberly realize that some students who consider themselves to be supporting the party and positively advancing reform, actually express opinions which go against their own desires and which deviate from the reforms. They also show a great lack of understanding of the policies of opening to the outside world and of reform. They believe that as long as one's subjective motivation is patriotism, then all actions are beyond reproach. They do not realize that "national humiliation" was long ago washed away, that the task of "saving the nation" was completed long ago, and that at present the people of our nation, under the leadership of the party, are making great progress in invigorating China and in realizing the four modernizations. As changes have occurred in the tasks, the modes and methods of action have also had to change accordingly. These modes and methods are naturally not the same as those of "4 May" and are also different from those of "5 April." We have already shifted from the mode of fierce opposition to reliance on the normal methods of democracy and law. As stability and unity are guarantees for carrying out reform and the four modernizations, maintaining stability and unity has become the task of every young person who holds in his heart the patriotic ideal of invigorating China.

As a mother loves her child, so the party has adhered to the principle of providing positive guidance for young people. Many of the leading comrades of the party and the government have personally gone to the grass-roots level to have heart-to-heart talks with the young people. They have talked freely of family matters, state matters, and international matters. They spoke on the situation and answered questions. The young people were both touched and ashamed. They said: Before, we were unclear on many matters. If we knew this before, we would not have said those mistaken words or done those stupid things. Later, many students went to the frontline at Laoshan, the oilfields, and construction sites to investigate and visit. They used their winter holidays to carry out social investigations in their own villages. They got in touch with the real situation, expanded their minds, and raised their understanding, obtaining a deeper realization of the tasks and road to maturity for young intellectuals of the 1980's.

From this, we learn two things: First, our young people are truly likable and trustworthy. Second, trust is not the same as worshipping spontaneity. The healthy growth of young people still requires our guidance in many areas. We must help young people to understand that we cannot directly draw an equal sign between university students and social hero or pillar of the state. Much less can they think that because they have entered a university, all the masses are muddled and only they are wise. Real knowledge comes from practice and a deep understanding of reality. While book knowledge is important, a patriotic heart is more valuable. However, if one is divorced from reality, a good heart can give rise to stupid actions. Today, that which most deeply understands China's actual situation is our great party. This is not only because the leading comrades of our party Central Committee earnestly practice what they preach, go deep into reality, and have a deep understanding of the people's feelings, but also because the party Central Committee guides the whole party and adheres to the ideological line of dialectical materialism and seeking truth from facts and the work line of coming from the masses and going to the masses. It is because of this that

our party is able to lead the people of the whole country in linking the universal truths of Marxism with the realities of China and can continually push forward the cause of socialism with Chinese characteristics. Only under the leadership of the party can the young people bring into play their various vanguard roles and really become social heroes and pillars of the state. The party has confidence in youth and youth follow the party--this is the most basic experience in the youth movement of our nation over the last 60 years.

Apart from being concerned with China, modern youth have another matter to which they pay great attention, and this is their own growth and maturity. Studying knowledge and climbing to the high peaks of science has been an unstoppable tide among modern youth. In our nation's intellectual contingent, which is continually growing stronger, a very large youth group has already been formed. A department has conducted a survey among 1,111 young intellectuals in Beijing on the topic "The Things Which Stimulate Young Intellectuals." The result was that 758, or 68 percent of the total, noted that it was "fulfilling a function, seeing speedy results, and striving to become a top-notch talented person." Comrade Deng Xiaoping has affirmed: "The future of science lies in youth. The growth of the young generation is where our hopes lie for definitely achieving the prosperous development of our cause." Growth and maturation is the requirement of youth and is also a demand made on youth by the party and society.

However, why they should grow and mature and how they are to grow and mature are among the most debated questions at present. Parents do everything possible so that their children can get into key middle schools and go on to a university. The aim of many students is to pass the research students' examination, become doctoral candidates, and go abroad to study, as if this were the only way to grow and mature. The tag of the "stinking ninth" has already been cast away, but another extremity has appeared. At this extremity it seems that intellectuals should be a strata higher than all the other strata in society. It is as if combining with the workers and peasants has already become outdated. They do not realize that the reason China's intellectuals are valuable and can play a great role in China's revolution lies in the fact that when they combine with the workers, they can bring into play various vanguard roles and linking roles and can use revolutionary ideology to arouse hundreds of millions of the masses. In today's four modernizations, only if the intellectuals combine with the workers and peasants and use their knowledge in the reality of the systems reforms, economic construction, and scientific experimentation, will it be possible for them to bring into play their great role in the new historical period. If they divorce themselves from reality and divorce themselves from the workers and peasants, then nothing will get done. From this it can be seen that in the issue of young people growing and maturing, there are two sides, one which elicits happiness and one which causes worry.

Being determines consciousness. Thus, we should carry out analysis from the standpoint of social development and the standpoint of history. Only thus will we be able to judge the right and wrong in the issue of young people growing and maturing. Since the founding of the PRC, we have already trained two generations of young intellectuals. Now we are in the process of training

the third generation. The different social characteristics of different periods has determined the outlook on life and the values of the young intellectuals at different times.

Our nation's first generation of young intellectuals experienced the contrasts of the new and the old societies and new China's thriving days. The directional goals of their values lay in the overall interests of society and in ideals about society's future. They directly merged individual existence with the interests of the overall society. We should say that the values in life sought by this generation of young intellectuals were noble and extremely praiseworthy. However, these values can easily be set in contrast to individual development. One-sidedly stressing acting as a docile tool is an example of this.

The experiences of our nation's second generation of young intellectuals was winding and complex. At the beginning of the 1960's, they unconditionally took over the same views on life and values as held by the earlier generation of intellectuals. However, in the 10-year catastrophe, they tasted great grief and deceit to the full and also experienced the pain of the sudden disintegration of their values and goals. In the pain, they discovered their own shortcomings and wretchedness and they sought their own dignity and real happiness. This generation harbored a "strong sense of historical duty that the backward China must be invigorated anew by the generation which is the victim of this backwardness" and threw themselves into reform. They actively sought values they could share with society, and thirsted to explore "the best point at which to integrate with society." This generation of young people used their own experiences of twists and turns to open a road for the next generation of young people. The high level scaled by this generation of young people in their outlook on life and their values provided a starting point from which the next generation of young people could continue to climb.

If we start from ancient times, people's overall development is something which progressive thinkers have always looked hazily toward. Cicero used the word "humanitas" to describe an education which would enable an individual's abilities to develop to the greatest degree possible. In the Renaissance, the humanists proposed a "versatile, all-round" ideology to confront feudal autocracy. However, "the degree to which a single person is liberated is equal to the degree to which history in general is world history." ("Selected Works of Marx and Engels," Vol 1, p 42) Communism is a social form which has as its basic principle the overall and free development of each individual. The establishment of the People's Republic and the elimination of the exploiting class has opened a road for every person's free development and, by bringing order out of chaos in socialist construction, the great ship of the Republic has corrected its course and the flourishing age where people can create new lives is already with us. This is an age which requires great people and which will produce great people. The new age is beckoning to the new generation.

This new generation should inherit the superiorities of the previous two generations, and in their thinking capacity, enthusiasm, and disposition,

in their versatility, and in their learning they must surpass those who have gone before. This generation of new people must have a firm and correct political orientation and must be able to use a scientific socialist viewpoint and correctly master the trends and patterns of social development. They must have a noble spirit of devotion and to this end must use all their intelligence and wisdom and must continually improve their assiduous study of their vocation. They must have wide fields of vision and great minds and be good at studying and using as reference all the sciences and all the advanced things of the world. They must have both the spirit of doing concrete work in an earnest and down-to-earth way and the creative enthusiasm to develop and forge ahead. They must voluntarily observe discipline, concern themselves with the overall situation, understand the cardinal principles, and, in handling matters, stress efficiency and results. They must have all sorts of abilities, for example, the ability for scientific thought, the ability to go deep into practice, the ability to study by oneself, the abilities to organize and administer, and so on. This is the new person summed up by Comrade Deng Xiaoping in 12 characters--"having ideals, having morality, having culture, and having discipline."

Looking at the maturing generation of young people from the angle of the requirements of the times, we can see many of their superiorities and strong points, but can also see their weak points and shortcomings. They have a strong sense of mission to participate in society and they know that youth are not just a part of the future but are also part of today. They have a strong interest in new knowledge, new ideologies, and new science and technology. Their minds have been liberated, their vision expanded, and they yearn for the future. They stress bringing into play the subjective initiative of individuals, and demand that "one designs oneself," travel one's own road, regularly show one's distaste for authority, and disregard one's predecessors. They stress personal, real, tangible happiness, look forward to a beautiful life, and often see noble ideas as illusory or at least greatly remote. In the process by which young people grow and mature, these things show some superiorities and strong points, but also contain some weak points and biases. At present there is one tendency which has caused people to worry. That is that there are some young people who are gradually shifting the significance of life toward narrow personal and immediate interests. This has given rise to the tendency of individual values which are divorced from social and collective interests.

When compared to the young people of various developed countries, the young people in our country at present have two obvious weaknesses--their dependence and their lack of concern for reality. In various countries in Europe and the Americas, a social practice was established long ago whereby when young people reach 18 years old they become independent. University students work as attendants or dishwashers and so on, and by being hard-working and thrifty both in their work and their study they make enough money to pay their way through university. In the society of the United States, there are the expressions "self-made man" and "do it yourself." These require young people to develop a social consciousness of standing on their own two feet, which is of great benefit to the growth and maturity of young people. Although many young people in our nation have strong demands for an

independent life, our China has a different tradition. In the endless years of feudal society, all the demands by young people for independence were suppressed. After liberation, we mistakenly understood "the big pot" to be socialism. Thus young people were "dependent on their parents at home" and everything was provided by their parents. They "depended on the state outside the home," whereby from the time they entered school to when they were allocated jobs, everything was arranged by the state. This formed a deep ideology of dependence. It even led to where some people, after starting work, getting married, and having children, still depended on their parents, thinking that this was an unalterable principle. "If you do not eat, it is your loss, and something is there and you don't take advantage of it, that is also your loss." Many of the younger university students now are single children. In order to guarantee that they will be able to get into a university, the family carries out a "key protection policy" and does not let their child do any housework. In middle school, most of them receive spoon-fed education on a force-feeding basis. In some universities, there exists the tendency to stress scientific research while paying little attention to production, stress theory while paying little attention to practice, and stress noted figures while paying little attention to ordinary laborers. This has resulted in some students having a lopsided idea of qualified people. Many students have learned but do not know, and they can talk but they cannot do. Their capacity for independent thought, their creative abilities, their capacity to act, and even their capacity for life are all weak. In their minds exists the serious tendency to look lightly on practice. When they get to their work posts, many people need a lot of time before they are able to fit in. If we wish to change the above situation and create a generation of new people who are rich in the spirit of development and creation, then we need to be brave in challenging the outworn traditional concepts and dare to study those advanced experiences from abroad which are useful to us.

Here I will provide a short introduction to the experiences of Shenzhen University, which may provide some inspiration to those comrades engaged in education work and youth work. Since Shenzhen University was opened, it has never provided grants-in-aid. Rather, it has arranged for the 2,000 resident students of the university to be hardworking and thrifty in both study and work and to make money in order to support their own studies. In regard to ideological and political work, above there is the party committee secretary who is concurrently the head of the student work guidance committee, while below there are 300 students who have not been released from their work who form the backbone force in the work of providing political guidance to the students. Also, a student tribunal has been established (it is also called a student self-discipline committee) to handle disputes among students. This method used by the school in actively training students in having a sense of independence, self-discipline, and self-rule has achieved very good results. When the students went to Hong Kong to investigate the activities of students in being frugal and diligent in study and work in the universities of a capitalist society, they found that their own university did things better than they were done in Hong Kong, where there was no organization and no leadership and it was purely a matter of earning a living. Their own university, however, put the stress on education which trained the students, and thus

they gained a deeper knowledge of the superiorities of socialism. Of course, the experiences of Shenzhen University are only initial experiences, not mature ones. However, their efforts and orientation should be affirmed. As long as the orientation is correct, an immature thing can be continually perfected and developed and can continually mature through practice.

As the superiorities and weaknesses of each generation of young people are related to certain social and historical conditions, the appearance of a generation of new people requires the social environment and conditions to create new people. The reform of the economic structure has promoted the liberation of the productive forces. The liberation of the productive forces is, in the end, the liberation of people. At present our great motherland is progressing through the wind and waves toward the goal of socialism with Chinese characteristics. The world is watching the results achieved by China, waiting to see if the Chinese people who achieved such outstanding achievements in man's ancient culture can today, in the new technological revolution, radiate new glory. Following the reforms and opening up, new ideas, new qualities, and new moral characteristics which accord with the realization of socialist modernization are being formed in our nation's younger generation. Our young people are in the process of "breaking out of Asia and into the world," and have already achieved victories in some areas. In order to create brilliant skilled personnel, we must urge young people to "have soaring aspirations and not be shamed by their predecessors." They must be brave in scaling the peaks and be brave in comparing themselves with and vying with the young people in all regions and all countries of the world. We must help them to overcome the weaknesses they find in themselves and those things which are not in accord with the new times, as well as the influence of outworn ideas. We must strengthen ideological education, but more importantly, we must strive to create an environment beneficial to the maturity of persons of ability and actively promote the reform of the economic structure, the education system, the scientific and technological system, and the personnel administration system. Experience has shown that the reform of a system and the implementation of a policy leaves an impression on young people and these are things with which empty preaching cannot compare. Creating a generation of new people is a great project of the socialist system. It requires that families, schools, and society are coordinated and requires the collective wisdom of educationalists, artists, sociologists, entrepreneurs, and ideological and political workers. "I urge the ruler of heaven to again rouse himself and send down talented men of all types!" One hundred years ago, when the great guns of the imperialists were aimed at the great doors of ancient China the poet Gong Zizhen made this call. Now, as the great lever which is shaking the world--the new technological revolution--has thrown down the challenge to us, will we be able to redouble our efforts?

/6091  
CSO: 4004/53

## PURSUIT, SUSTAINED PURSUIT

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 38-40

[Article by Lang Ping [6745 1627]; first paragraph is RED FLAG introduction]

[Text] This is a very touching article. From great experience, the writer notes, "many beautiful things are obtained only through struggle and sacrifice." The article lets us see how hard the Chinese women's volleyball team had to train and how much discipline they had to experience in order to obtain victory. Every young comrades should draw from the article the strength to realize the great cause of the four modernizations and to overcome every difficult obstacle.

Looking back over the road traveled in the last few years, I realize this: A person who realized a goal through arduous struggle should then time and again set himself new goals and continually pursue them. Of course, this is not easy and requires subjection to painful discipline and the payment of a high price.

In 1981, we, the Chinese women's volleyball team, won the World Cup championship for the first time. Through further struggle, 9 months later we also won the world championship. After this, Coach Yuan Weimin decided to change five of the veteran members of the team (these included three top players, including Sun Jingfang, the world's top setter, and two highly experienced major replacements). Of course, the new superseding the old is an inevitable pattern in the development of things, but for a world championship team to greatly change the lineup after scoring victory had rarely been seen in the history of world volleyball. Our major opponents, the Japanese and U.S. women's teams, were wild with joy and placed their hopes of winning the world championship on our great changes in lineup. Many volleyball fans throughout the nation sent us letters, breathless with tension, about whether the Chinese women's volleyball team could win the world championship again. As team captains, Zhang Rongfang and I then also felt that Coach Yuan's decision was too bold and too risky.

As expected, several months later, the anxieties were realized. In 1983 at the Asian Women's Volleyball Championships held in Japan, we were disastrously defeated 0-3 by the Japanese women's team. For some time after this, an atmosphere of defeat shrouded us and the morale of the whole team

fell to the "freezing point." When summing up, nobody spoke, as no one could refrain from tears. This was not only related to the Asian championship, which we had already lost, but more importantly we felt uncertain about the future and we lost faith that we could obtain victory at the Olympic Games.

At meeting after meeting, Coach Yuan repeatedly told us: Real world champions need the trials of glory, but also need the tempering of setbacks. The thing most to be feared is the loss of faith! As long as we are brave in facing reality and undergo hardships to strengthen our resolve, winning the "championship hat trick" is not impossible.

A person who engages in pursuit in a favorable situation is able to bear repeated hardships. However, in adversity it is extremely agonizing to repeatedly pursue without being able to see what is being sought. In the winter of 1983, we did winter training in Chenzhou, Hunan. Whether we could take the Olympic crown depended on whether there was any improvement or any breakthrough in the winter training. Thus, several of we veteran players placed strict demands upon ourselves and in all respects paid attention to setting an example. In 1983, Mao Mao (Zhang Rongfang's nickname) suffered acute pancreatitis and after tough training she often had pains in her abdomen. She could not eat properly and this exacerbated the problem, with the result that she began to get pins and needles in her legs. Also, at that time I suffered from chronic appendicitis and during training my belly was always painful and my two knee joints were swollen like lumps of steamed bread. There was no alternative but to bind them up. In this situation, we gritted our teeth and reluctantly persisted with the training. Even so, Coach Yuan was still not satisfied with our performance. The thing with which he was most dissatisfied was our morale, that we had not really put ourselves off from the defeat we suffered and that we were not filled with confidence in leading the new team in struggling to realize the new goals.

If one wants to triumph over oneself on the spiritual plane, it is vastly more difficult than triumphing over oneself on the physical plane. We can bear suffering, tiredness, injury, and sickness, but when there are things in our mind on which we are not convinced, it is really very difficult to convince ourselves. At that time, when the new team was not training well the coach would first criticize us. There was once a problem in a practice match in two new team members coordinating and their morale was not high. After the session, the coach criticized me and Mao Mao for not doing our work well and not spurring everyone along. We felt greatly wronged. In the evening, Coach Yuan sought us out for separate heart-to-heart talks. We really could not bear it and blurted out the wrong we felt in our hearts. I said: I am a veteran team member and while I should set an example, volleyball is a team activity, and it should rely on the efforts of every member of the team. The new team members, both on the ideological and technical levels, lacked the skills of the veteran team members--this is an objective fact. However, would we be able to take the Olympic crown on this basis? I did not have much faith that we could!

After I and Mao Mao fully bared our minds in front of Coach Yuan, he and Coach Deng zeroed in on our problem and repeatedly did work for us. Coach

Yuan said: At present, the only road in front of us is a road with no retreat, and we must make a firm decision to take the championships. He felt that if we do not leave ourselves an avenue of escape, we would be able to tap the potential which in ordinary situations would be very difficult to tap. He required that in victory we should not see ourselves as giants and in defeat we should not see ourselves as dwarfs. If we really trusted in the renewal of the team through a period of great efforts, then the new people would indeed give us new techniques and provide new strengths. If we lost faith, it would be the same as admitting defeat. Such persons are not strong and would have to apologize to the people of the whole nation. With the enlightenment of Coach Yuan, we gradually came to realize that this view was logical and that we should lead the new team to wipe away as quickly as possible the gloomy shadow of defeat and struggle to unswervingly realize the new goals.

If ideas are to be clarified, a unity of actions needs to be maintained. This is not easy. In that year, on the lunar New Year's Eve, we were still training the whole day. As it got later in the day, the holiday mood got stronger and from the streets could be heard the sound of firecrackers. The team members all looked forward to finishing the class and wanted to go and have New Year's dinner and let off firecrackers. As they looked forward to finishing class, Coach Yuan suddenly announced that there was to be a final exercise--several individual team members would be selected to carry out individual maximum defense exercises. This exercise is the most difficult and most arduous and is also the exercise the whole team fears most. This was especially so of the new team members who, on hearing the words "maximum defense," were filled with apprehension. In general, it was mostly the new members who did the exercises and the veterans, as they had suffered many injuries, generally did not do this training. Everybody pricked up their ears to hear who Coach Yuan would name. I thought that I would not hear my name, so I was not worried. Who could have expected that of the two team members who went to the training ground, one would be me. I immediately realized that this training would cause me problems as my appendicitis was coming on again and every day I have to take medicine and have injections to continue with my training. The coach knew this, so why... I did not think any more about this, and then suddenly thought about the new team members, who were all watching me. I knew what I had to do. I gritted my teeth and with great reluctance went into maximum defense training. After the training was finished, two team members helped me off the training ground. In the evening, I did not go with my fellow players to let off firecrackers, play games, and greet the new year. Rather, I lay on my bed and passed an unusual New Year's Eve thus.

Many beautiful things are obtained only through struggle and sacrifice. Whenever there is exceptional pursuit, there is hope for success. During the solid winter training, in the daytime we continued with physical training and in the evening, when we did not have meetings or heart-to-heart talks, we watched videotapes, studied tactics, and put all our hearts into realizing the new targets. In this process, I slowly came to realize this principle: Adversity has a special value for people. An intelligent and strong person cannot abandon the study of setbacks.

Marvels finally appear through disciplining oneself. On 7 August 1984, at the Olympic Games in Los Angeles, after we had realized the long-cherished dream to take the "championship hat trick," we embraced each other tightly and burst into tears. In this year we had traveled an unusual and arduous road we had not traveled before, and we bore suffering that ordinary people would find difficult to bear. These tears were tears of happiness resulting from the sweetness that comes after pain.

For a time after realizing the "championship hat trick," I was filled with excitement. After we returned from Los Angeles, the whole team took vacations. I went into the hospital for an appendix operation. As I lay on the hospital bed, I felt that my life had value. I felt glad that I was able to be a major force in taking the "championship hat trick" and personally bringing back three championship gold cups for the nation. At the same time, the idea of "seeing the results, then retiring" quietly sprouted in my brain.

With the departure of old Coach Yuan Weimin and other veteran members of the team, I became the "senior" of the team. I truly admired them for being able to leave at such a glorious time. The future of the Chinese women's volleyball team was an "unknown quantity" and perhaps in the future when I left the team, I would be more "pitiful" than all the veteran players. Participation in the three world championships and the stress of intense struggle had truly worn me out. I was afraid that if I again had to go through such pressure, I would collapse one day, and simply decided to retire after the operation. However, finally, I thought of reality. Success in the undertakings of the world has no end. My love of the volleyball cause resulted in me deciding that as long as I have strength, I must contribute. The cause requires that I continue to make efforts to clinch more world championships. The party and the people also still wanted me to continue to strive for the glory of the motherland. A really intrepid person should not stop on his route upwards and should not easily give up in the face of any high plane that can be conquered.

After the Olympics, the Japanese and U.S. teams carried out readjustment and their strength was reduced. Whether we could take the fourth world championship depended to a large degree on whether we could resolve our new problems. At that time, the greatest problem I had was how correctly to handle the pressure. The pressure came from outside as well as from within our team. Many of the masses, in the letters they sent to me, said: Lang Ping, whether we can take another world championship depends on you. Also, all the team members "placed their bets" for taking the championship on me. It was as if as long as I played well there would be hope and if I played badly we would lose the championship! I had a way to handle the pressure from outside. As long as I truly got rid of the distracting thoughts and personal gains and losses I was able to master myself. The injured abdominal muscles were also internal pressure. If I wanted to resolve this problem well, I had, together with the coach, to help the team members to end this feeling of reliance on me, and establish confidence in themselves and the whole team.

New team member Yang Xiaojun had some problems in training that could not be resolved quickly and this produced doubt in her about whether her skills could be improved. Thus, on the one hand I helped her resolve her technical difficulties and on the other hand paid attention to giving her much encouragement and in building her confidence. Very soon after, smiles began appearing on Xiaojun's face, Yang Xilan is a good-hearted but stubborn girl. When she saw some problems among team members she was awfully impatient, and this was sometimes revealed in morale. I sought her out and had a close chat with her. I said: Yangzi, in future whenever you meet something unsatisfactory, or you are angry, first tell me about it. Do not reveal it in front of the new team members. If you do, nobody will train well and nobody will have any confidence. I also wrote two sentences for her. One was: "The final success is sometimes damaged by impetuousness and rashness." The second was: "Patience is the basis of success." She still keeps this piece of paper.

In the fourth world cup competition in 1985, in facing the Cuban and Soviet women's teams, which were very good both technically and tactically, the whole team united in struggle and finally took the world championship stronghold. This allowed the 5-starred flag of red again to be raised on the world volleyball stage.

As I and the team members together mount a new higher plane, I firmly believe in my heart that real happiness lies in continued seeking. A person who dares continually to struggle is a person who will be doubly rewarded for his toil, and is also the richest and happiest person.

Now, I understand more what a Japanese volleyball coach once said to me: Taking the championship is not our real aim. Our aim is, after obtaining victory, to look back on the difficult road traversed and from it realize some principles and further understand the value of life.

/6091  
CSO: 4004/53

IMPORTANT TEACHING MATERIALS FOR CARRYING OUT EDUCATION ON THE SITUATION AND POLICIES IN A DEEPMANER

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 41-42

[Short commentary]

[Text] Since the National Conference of Party Delegates last year, the whole party has seriously carried out education on the situation and on policies and has obtained clear results. Now the Fourth Session of the Sixth NPC has discussed and approved our nation's Seventh 5-Year Plan for national economic and social development and Premier Zhao Ziyang's report on the Seventh 5-Year Plan. These two documents provide a magnificent blueprint for our nation's socialist modernization, and are a program of action for motivating the people of the whole nation to put their hearts and minds into carrying out reform and building the two civilizations. We must take these two documents as important teaching materials to carry out education on the situation and on policies in a deepgoing way and seriously study and propagate them.

If we are to study the documents well and carry out education on the situation and on policies in a deepgoing way, we must firmly grasp the topic of reform. Reform is not only the key to realizing the Seventh 5-Year Plan, but will also have a decisive role and influence in achieving economic invigoration and prosperity in the 1990's, in reaching the great goals set for the end of the century, and in catching up and overtaking the economic and technological levels of advanced countries in the first 50 years of the next century. In study, we must look back at the achievements during the Sixth 5-Year Plan, correctly understand the relationship between construction and reform, raise our understanding of reform and strengthen our faith in reform. We must fully understand that the Seventh 5-Year Plan is a key period in our nation's economic development strategy and in further switching from the old economic system to the new. We must also fully understand the basic tasks of the Seventh 5-Year Plan and the guiding principles of major construction, the goals of economic development and the structural reforms and the major policy measures. In particular, we must deeply understand the major contents of the reform of the economic structure during the Seventh 5-Year Plan as well as the general goals and basic direction to be adhered to in reform. In order to complete the tasks of the reform of the economic structure during the Seventh 5-Year Plan: We must proceed from integrating theory and practice, and fully recognizing that the reform of the economic structure must accord

with the needs of the development of the socialist commodity economy; we must fully recognize the difficulty and complexity of the process of shifting from the old system to the new system; we must fully recognize the necessity of concerning ourselves with both immediate and long-term interests during the reforms and with both partial and overall interests during the reforms; we must fully recognize the strict demands placed on enterprises by the new situation of reform; we must fully recognize the importance of government organs changing their management functions and improving their work styles; and we must fully recognize the promotional role and the guaranteeing role that the strengthening of the legal system will play in the reforms.

The Seventh 5-Year Plan is a plan under which socialist material civilization and spiritual civilization will be built at the same time. In study, we must fully understand that in order to fully realize the Seventh 5-Year Plan, we must firmly and unswervingly implement the policy of grasping the "two civilizations" together. Ideological and political work must accord with the demands of the new situation, enrich and readjust work, create new forms and methods and bring its role into greater play. In addition, we must further understand the major contents and basic principles of the peaceful foreign policy followed by our nation which is independent and in which we retain the initiative in our own hands.

Our nation is at a great turning point in history and carrying out education in the situation and in policies has very great significance. Since the 3d Plenary Session of the 11th CPC Central Committee, the Central Committee has formulated and implemented a series of principles and policies for building socialism with Chinese characteristics. This has promoted the change from the sealed or semisealed situation which existed for a long time to a situation of unprecedented opening up both domestically and to the outside world. From a natural or seminatural economy, we have moved toward a planned commodity economy. The overall reform of the economic structure extensively and deeply shakes up some of the original patterns, the traditional concepts and the benefit relationships between people. This requires cadres of the whole party to seriously study and comprehend the party's principles and policies, keep pace with the situation, and stand at the forefront of these changes. At the same time, reform is a process of continued exploration and experiment. Accordingly, people must gradually suit themselves to, and understand these changes. This determines that education in the situation and in policies is a regular and long-term task in our party's ideological and political work.

Education in the situation and in policies, and the study of the basic principles of Marxism promote each other and should be tightly combined. In order to raise our theoretical understanding of the reform and the party's principles and policies, cadres at all levels must study the basic principles of Marxism and the theory of socialist modernization, and must research the principles and policies of, and actual problems in, our nation's construction and reform. It is more important that the cadres at county level and above sit down, bury themselves in study, put their efforts into studying more deeply and take the lead in developing the fine study style of linking up theory and reality.

## ON THE ROLE OF THE SPIRITUAL MAINSTAY

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 42-44

[Article by Qu Xiao [2575 0876]; capitalized passages published in boldface]

[Text] Fostering people who will struggle for communism is an important thread which runs through all our ideological and political education work and is an unswerving aim of this work. People who will struggle for communism must first be equipped with communist ideals and faith. Thus, although our work units are not the same and their education targets are different, as far as the aim of their ideological and political education work is concerned, they should be identical. Comrade Deng Xiaoping has pointed out that we should train a generation of new socialist people who have ideals, morality, education, and discipline. The reason "having ideals" is placed in the most important position of these "four haves" is because communist ideals and faith are a person's spiritual mainstay, and it is through the support of this spiritual mainstay that people engage in their various activities. Specifically, the spiritual mainstay has the following important roles:

FIRST, THE SPIRITUAL MAINSTAY CAN ELICIT A STRONG DRIVE. In psychology, a strong drive is called an internal drive. This internal drive can push a person to carry out an arduous struggle toward the noble and long-range goals which he has set and allow him to overcome difficult obstacles in order to reach the other shore. Psychological theory tells us: The more long-range and firm the goals a person sets, the stronger the psychological drive called forth. Likewise, the more short-term and more petty a goal chosen by a person, the weaker his psychological drive. The communist society for which we struggle is the most notable goal of man's social development. Communist ideals and faith are the most able to stimulate the firmest will of revolutionaries. In the harsh environment which the Red Army soldiers experienced on the 25,000 li Long March, innumerable revolutionary martyrs faced the enemy's cruel torture, gun muzzles, traps, and imprisonment, but they remained firm and unyielding and faced death unflinchingly. This was because in their hearts they held the long-range aims of overturning the three big mountains, realizing the liberation of the whole nation and the establishment of socialism so that communism could be realized in the future. Their innermost strength was great and they could face all sorts of difficulties and obstacles without fear.

As for individuals, there was the young worker Wang Zhanjun [3769 0594 6571] who suffered over many years due to a spinal fracture. He was a paraplegic and there was no way he could be cured. Still, facing the threat of death, he did not draw back and was not dejected, dispirited, or in despair. He dared to challenge death and wrote more than 10 medium-length and long novels. His growth shows that struggle can ignite the fire of life and can spread the wings by which one can fly to long-range goals. Only if a person has this desire to struggle ever upwards can he struggle without rest in realizing his great goals. All of this shows the value of the spiritual mainstay in producing a strong drive within people.

SECOND, THE SPIRITUAL MAINSTAY CAN BECOME A CENTRIPETAL AND CONDENSING FORCE IN THE COMPLETION OF GREAT UNDERTAKINGS. If individual units or collectives all progress toward a common goal, then these units and collectives will have a condensing force. Conversely, if everybody's goals are different and there are no common ideals or convictions, it will be just like a tray of loose sand and there will be no vitality or fighting capacity. Because of the restrictions of their class nature, the bourgeoisie cannot propose the great long-range aims of communism. However, proceeding from their private interests, they place stress on developing a group condensing force. For example, the Japanese Toyota Company takes being "a Toyota person" as the goal of struggle for each worker and staff member. In order to realize communism, we must study and resolve this issue even more. This is because, regardless of how superior the socialist system is or how fine communist society is, in present life, because people's consciousness, interests, and personalities differ, there are actually some areas of incomplete identity between what individuals seek and their life aims and what is collectively sought and common aims. The key to ensuring that the goals of individual units and individual collectives are uniform lies in the leaders being good at using their leadership skills to merge individual aims with overall aims.

The reason the spiritual mainstay can bring into play the role of the condensing force is because it can produce a common feeling about the common goals (common feeling refers to recognition, approval, and endorsement). This common feeling can bring forth a sense of responsibility and obligation. A popular saying goes: "If everyone works with one heart, the yellow earth will turn to gold." Having a common feeling is the link for truly holding together the collective. If there is no common feeling, then there will be no friendship between one person and another and it will not be possible to form a strong collective. Before becoming a Communist Party member, a person must study the party Constitution. This is because you must accept the party Constitution so that all comrades of the party have a common long-term goal of communist struggle. If the goals are the same, it will elicit a feeling of obligation and responsibility to struggle until the end of one's life for communism. At the present stage, if everybody's goals are aligned toward the four modernizations, a centripetal force will be generated. Under the guidance of this great goal of achieving the four modernizations, having everybody putting their efforts into the direction of progress is where the centripetal and condensing force produced by the spiritual mainstay lies.

THIRD, THE SPIRITUAL MAINSTAY CAN BE A BINDING FORCE ON ALL ACTIONS. A noble and firm spiritual mainstay plays a self-disciplining role and acts as a binding force in all aspects of an individual's moral qualities and actions. The source of this binding force is a result of internally changing, social demands into subjective demands on individuals through education. When an individual takes the moral standards of society as his own subjective and unconscious actions, then ideals, convictions, and morality will play a self-disciplining role in binding all the actions he engages in. This type of binding force must be fostered firmly and unremittingly. The ancients said: "A 1,000-li journey can only be completed by the accumulation of single steps." Only by firm adherence to regularly carrying out education and conscientiously resolving problems of understanding will it be possible for there to be a true binding force. We should try to see that every person, whether in front of others or behind and whether there are leaders present or not, is able to consciously control himself in accordance with the standards of noble moral sentiments. This not only requires that we strengthen ideological and political education, but that we also pay attention to educational methods. In my investigation, I found the following two types of enterprises. In both, the cadres wanted the young people to strengthen their own binding forces through work. However, their methods were different and their results were greatly different. One, a knitting factory, spoke little to the young people about principles and only used the methods of "checking," "grasping," "penalizing," and "discharging." This resulted in a disobedient mentality among them, and over a year the crime rate for young staff workers reached four per thousand. The other factory was a weaving mill where education was a part of the daily life. It also arranged "I will vie gloriously for the league banner" activities to inspire and educate the young people to restrict themselves from within, so that they speak as masters, act as masters, and work as masters, and all people vie to be the advanced. The ideology of all the young people in the factory was enlivened and their work was improved. The crime rate for the young people was only 0.16 per thousand. The facts show us that a binding force comes from a noble, ideological plane and is developed through continued patient training. If work is done well in this respect among the staff and workers, there will appear an admirable, noble quality. If not, there will appear distressing situations of one kind or another.

FOURTH, A SPIRITUAL MAINSTAY IS A GREAT MOLDING FORCE IN THE FORMATION OF A PERSON'S CHARACTER AND MORALS. Everything in the world can be dressed up; everything, that is, except a person's character and morals. In the process by which a person's moral character is formed, conviction plays a decisive role. In the vast torrents of men's lives, there is the convergence of two streams--the material and the spiritual. In the relationship between the two, the material forms the base while the spiritual life is the commander. The core of spiritual life is ideals and conviction. If one has communist ideals and conviction, then it is possible in life for there to be noble goals and one will be equipped with the courage and strength to push forward indomitably. Also, one's personality and qualities are continually perfected. In his youth, Comrade Zhou Enlai established the ideal "to soar and struggle for China." He decided to contribute his life to the revolutionary cause of the Chinese proletariat. Noble ideals and firm convictions enabled

this proletarian revolutionary to hack his way through the difficulties and advance bravely during the practice of the Chinese revolution and become one of the founders of new China. He himself became a personal model for proletarian revolutionaries.

The source of this molding force's role lies in seriously studying Marxist theory and in the study of socialist revolution and socialist construction. Comrade Stalin once said: "Theory which departs from revolutionary practice is empty theory, while practice which does not take revolutionary theory as guidance is blind practice." ("Complete Works of Stalin," Vol 6, p 79) This absolutely cannot be overlooked by those comrades engaged in ideological and political work. We must proceed from practice and organize them to tightly link with the current practice of the four modernizations and economic structural reforms, read the works of Marx and Lenin, and study the party Central Committee's directives and central leaders' important speeches. They should also continually raise their consciousness and comprehension abilities so that they can have long-range goals in their hearts, so that in the complex struggle they do not lose direction, and so that they contribute their strengths to building socialism with Chinese characteristics.

/6091  
CSO: 4004/53

WHY IS IT NECESSARY TO PROCEED FROM THE DEVELOPMENT OF SERVICES FOR THE WHOLE SOCIETY IN PERFECTING THE RURAL COOPERATION SYSTEM?

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 44-45

[Article by Lu Wenqiang [7120 2429 1730]]

[Text] Exploring the path of development of the rural cooperative economy is an important job in building socialism with Chinese characteristics. "On the Strategy for Rural Work in 1986," a document issued by the CPC Central Committee and the State Council, states: "The development of production of commodities in the countryside calls for the socialization of productive services. Therefore, perfecting the cooperation system must start from services." This is an important guiding principle concerning developing and perfecting the cooperation system. It is of great significance in guiding socialist practice in the countryside.

First, proceeding from developing socialized services in perfecting and developing the rural cooperation system is essential to the development of the rural productive forces and the rural commodity economy. This development will certainly promote the further specialization and socialization of rural production. With the implementation of the system of responsibility for task completion whereby remuneration is linked to output, peasant households have become producers of commodities. This has promoted the socialization of rural production, which is markedly reflected in the wide range of socialized services provided. Socialized services integrate the peasant households' production and operation activities with socialized production, so that not only are the positive factors advantageous to household operation preserved, but the limitations of household operation are overcome as well. Therefore, in perfecting the cooperation system, we must first grasp the link of socializing productive services if the cooperation system and the commodity economy are to develop simultaneously.

The most basic defect of and error in our cooperation movement of the 1950's was that it was divorced from the actual development of China's rural productive forces. It was not realized that socialism amounts to a planned commodity economy; consequently, we could not grasp the factors that could invigorate the cooperative economy. Therefore, the development of productive forces was adversely affected and some difficulties affecting the subsequent development of cooperation were created. Now, we stress

proceeding from services and developing cooperation in the light of the needs of the commodity economy, with the assuming of responsibility for task completion by households as the basis; this completely accords with an objective law: Production relations must be compatible with requirements for the development of productive forces.

Currently, there is considerable imbalance among various localities and among various occupations in the development of the rural productive forces and rural commodity economy. Therefore, peasants demand many categories of services, and various cooperative organizations differing in nature, form, scale, and extent of cooperation will continue to coexist. Every category of services and every form of cooperation must comply with the peasants' wants if smooth development of the rural commodity economy is to be ensured. Developing the cooperative economy is possible only when various unorganized producers and operators, who find their own strength inadequate in their economic activities, want cooperation; the cooperative economy can be consolidated only when cooperative organizations economically benefit their members. Therefore, in developing and perfecting the rural cooperative economy, we must proceed from the reality of rural economic development, adhere to the principle of voluntary action and mutual benefit, and provide various categories of guidance and services.

Second, developing socialized services is conducive to the development and perfecting of specialized cooperative organizations. As the rural commodity economy develops, division of labor and diversification of occupations begin to proceed from the household to society, and the extent of specialization in production also continues to increase. This development of specialization and division of labor in the countryside is extremely important to improving economic results and promoting the development of productive forces. However, we should note that this kind of specialization and division of labor is often practiced on a household basis; its development objectively requires society to provide more and more services. For example, a household specialized in chicken raising can improve its extent of specialization and economic results only if society can solve the problems of supply of feed, hatching, prevention and cure of diseases, processing of eggs, packaging, transportation, marketing, and so on. Therefore, if the peasants' demand for services can be satisfied, new specialized cooperative organizations can be gradually established and existing ones consolidated in accordance with the requirements for the development of rural production.

From the very start, specialized rural cooperative organizations have had close links with the commodity economy. Their organizational scale, management methods, and distribution system are determined solely according to the objective requirements of commodity production. They are not restricted by locality or occupation, or affected by the degree of diversity of production factors. They have many varied and flexible organizational forms, like a horizontal integration of certain categories of production or operation, or a vertical integration of production, supply, and marketing, with certain products as the center, or cooperative integration involving many parties, with certain products as the initial link of a chain. Therefore, they have broad prospects of development if services are satisfactorily provided.

Third, developing socialized services helps further perfect local cooperative economic organizations that integrate centralization with decentralization. The form of operation that integrates centralization with decentralization is an ingenious innovation of Chinese peasants. Suited to the features of China's countryside and with wide-ranging applicability and strong viability, it is a new form of activity in our socialist cooperative economy. Therefore, the assuming of responsibility for task completion by households amounts to a long-term policy of our party which must not be arbitrarily changed against the aspirations of the masses. However, this does not mean that the specific meaning of centralization or decentralization must never change. As the development of the commodity and the reform of our economic system proceed in greater depth, the status of the household as a producer of commodities is continuously raised; under this condition, the specific meaning of "centralization" among local cooperative economic organizations will also correspondingly change. For example, with the implementation of assuming of responsibility for task completion with remuneration linked to output, agricultural labor productivity has greatly increased, the variety of products sold on the market by the peasants has continually increased, and specialization in agricultural production has developed; therefore, peasant households want the cooperative organizations to opportunely provide various kinds of effective services to help them before, during, and after production, like services connected with improving the variety of crops, mechanization of farming, irrigation, crop protection, marketing, technology, information, management, and so on. Therefore, the local cooperative economic organizations must strengthen their work in these areas of "centralization." However, "centralization" does not mean reverting to the beaten path of centralized labor and centralized operation. The essential meaning of "centralization" is that it must be compatible with the development of the rural commodity economy and help provide various categories of satisfactory services to peasants. Thus, it is clear that centralization will further perfect, and not weaken, the two-tiered system of operation whereby centralized operation is integrated with decentralized operation.

/6091  
CSO: 4004/53

## WHY DO WE SAY THE FOREIGN EXCHANGE RATE IS ALSO AN ECONOMIC LEVER?

Beijing RED FLAG in Chinese No 9, 1 May 86 pp 45-46

[Article by Li Shiqiao [2621 2885 2890]]

[Text] The foreign exchange rate is a product of international exchange and a necessity in the settlement of international accounts. In dealings between various enterprises in a country, the same currency is used in settling accounts and making payments and receipts, and the question of conversion does not arise. International settling of accounts is different. Various countries' currencies differ in name and value. International settling of accounts must necessarily involve the question of currency conversion. Exchange rate is a rate of conversion between a unit of the currency of one country and that of another. It is also called the foreign exchange price because it is the price of a unit of a country's currency in terms of units of another country's currency. In conversions involving two countries' currencies, one must first determine which country's currency is to be taken as the standard of measure. This leads to two methods of pricing: Direct pricing is to express the value of 1 or 100 units of a foreign currency in terms of the domestic currency; this method is currently adopted by most countries in the world, including China; indirect pricing is to express the value of 1 or 100 units of the domestic currency in terms of a foreign currency. The exchange, buying, and selling of currencies are generally effected through banks. Therefore, exchange between currencies involves a buying price and a selling price. For example, on 5 March 1986, the exchange rate between the U.S. dollar and renminbi, as announced by China's State Foreign Exchange Management Bureau, was U.S.\$100 to 319.99/321.56 yuan. The first figure is the price at which banks buy, and the second that at which they sell, U.S. dollars. Their difference is the banks' operational income.

The foreign exchange rate is not only a standard for calculation, but is also a link between the domestic and foreign economies. Changes in the exchange rate affect the economy in many ways. A rise in the exchange rate means that the value of the domestic currency relative to that of foreign currencies rises; a fall in the exchange rate means the opposite. With a fall in the exchange rate, the prices of domestic exports in terms of foreign currencies will fall, exports will increase because they can now have stronger competitive ability on the international market; moreover, imports

can be reduced because their prices in terms of the domestic currency will rise. The opposite will occur with a rise in the exchange rate. These are the initial effects of exchange rate changes on prices. In the longer term, exchange rate changes can further affect a country's resource allocation and cause changes in its economic structure. When the exchange rate is appropriately lowered, enterprises that produce or deal in exports will be benefited to some extent in the settlement of their foreign exchange earnings accounts; this will help mobilize enthusiasm in producing exports and promote the gradual flourishing of those economic sectors closely connected with foreign trade. Using the regulatory role of the exchange rate to appropriately restrict imports also benefits the domestic production of competitive products or import substitutes. The exchange rate and commodity prices are interrelated and each of them limits the other; changes in one will cause changes in the other. The exchange rate is part of the entire economic mechanism and is also an economic lever which, by virtue of its role in external economic relations, affects the national economy in certain ways. A full use of this economic lever can help our country attain its economic goals.

In China, the exchange rate is also a necessary link in the economic accounting work of enterprises doing export business. How well an enterprise is operated, and whether it is earning a profit or incurring losses, can be reflected only after its foreign exchange receipts or payments have been converted through the use of the exchange rate. In the past, the system of "eating out of the big rice pot" governed China's foreign trade work, profits or losses in import and export business were absorbed by the foreign trade departments themselves, the exchange rate was viewed merely as a technical standard used in statistical and accounting work, and its role in regulating the economy was ignored; consequently, the flow of commodities between China and the outside world was not facilitated by a good link, and the development of external relations was affected. Now, with the in-depth development of the overall reform of our economic system, the exchange rate of the renminbi has become closely connected with the economic accounting work and results of operation of many localities and enterprises, and fully paying attention to and developing the role of the exchange rate as an economic lever has become an objective need in our system reform and in opening China to the outside world.

The exchange rate is a means of economic regulation, but does not play a role all by itself. Its role is subordinate to the overall reform of the economic system, and it must be combined with other economic measures or requisite administrative measures to form a complete regulatory system. For example, the reform of the pricing system is the basis of that of the exchange rate system. If domestic prices are not straightened out, and if prices neither reflect value nor reflect demand and supply relations, then it is impossible to determine the reasonable level of the exchange rate, and developing its role in regulating the economy will more certainly be out of the question. Moreover, regulation by the exchange rate is mainly geared to macroeconomic phenomena even though it is to some extent effective in the microeconomic arena as in the case where it encourages enterprises to reduce production costs and improve economic results. There are tens of thousands of

categories of import and export commodities and numerous differences in export costs, so that it is impossible for a country to set tens of thousands of exchange rates. A uniform exchange rate cannot perfectly reflect and suit the characteristics of various categories of import and export commodities, however rigorous the calculations used in its determination. Only if it is closely integrated with various economic measures like customs duties, credits, necessary financial subsidies, and so on, can it effectively promote the rapid development of external economic relations.

Adjusting the exchange rate is an economic measure that is to a very great extent a matter of policy. It calls for respect for objective economic laws, particularly the law of value. In real life, foreign exchange is regarded as a special commodity, and exchange rate is the price of this special commodity; that is, a ratio of the prices of various countries' currencies. As the prices of other commodities fluctuate around their value owing to changes in market demand or supply relations, so should exchange rates fluctuate within certain limits around the values of, or the values represented by, the currencies of various countries. Price changes on the domestic market or the international market indicate changes in the ratios between the values of various countries' currencies. If the exchange rate is not then correspondingly adjusted, errors of overestimating or underestimating the value of the domestic currency will arise, adversely affecting the domestic economy, particularly import and export trade.

/6091  
CSO: 4004/53

**ON 'BEING MORE SERIOUS'**

Beijing RED FLAG in Chinese No 9, 1 May 86 p 47

[Article by Li Gengchen [2621 1649 6591]]

[Text] The CPC Central Committee has resolved to correct unhealthy tendencies and has dealt with and announced several major or serious cases, winning popular support and to the immense satisfaction of the people. Many people joyfully say: "Very good! This time they are more serious!"

Things like vigorously indulging in unhealthy tendencies and illegal or criminal activities have always been deeply resented by the masses and are not tolerated by party discipline or state law. However, some people just persist in their old ways, paying no heed to all this. Isn't it strange? This is not so strange after all, if we consider the most important reason behind this; namely, being not sufficiently serious in dealing with that kind of people or things. When those indulging in dishonest practices become "knowledgeable," they also become perverse and glib, so that whatever you may say, they will do what they like, without care for party discipline or state law. Now, in resolving to overcome all kinds of resistance and obstacles, to correct the party's style of work and the general mood of society, and to safeguard the prestige of our socialist legal system, the CPC Central Committee requires people at all levels to take a more serious attitude.

In doing any job or implementing any policy or guiding principle, we must be more serious if we want genuine fulfillment. This has been repeatedly stressed by the CPC Central Committee. If our policies are not carried out, if our law enforcement personnel are not strict and impartial, or if we deal with different people according to different criteria, being lenient to some and strict to others as we like and performing our duties perfunctorily, so that obedience is unnecessary and credence is useless, the authority of law and discipline will surely be undermined.

The important thing about "being more serious" is the necessity of "genuine measurement." Policies and decrees are like a gauge. They should be used for "measurement" and judgment in every case. Actions should be taken as the results of measurement call for, without toleration, accommodation, being perfunctory, or pardon. If one pretends to "measure," paying attention

to some facts but deliberately ignoring others, and falsely brandishing the cudgel for a moment before relinquishing all investigations, then naturally nothing can be "measured" at all. Or, even if through actual "measurement" one finds that there is a case to investigate, when one discovers that the case has a "complicated background" and the suspect has strong "backing," one will steadfastly remain silent and keep oneself clear of the case. This is merely "false measurement," which will inevitably undermine the party's prestige and disappoint the masses. If no one is upright enough to act in the interests of the party, the nation, and the people alone, courageous enough to enforce the law impartially and brave the displeasure of those in power, or energetic enough to hack one's way indomitably through all sorts of difficulties, then how difficult it will be to "be more serious"! Precisely because of this, "being more serious" is highly valued, the masses particularly applaud "being more serious," and they particularly support people distinguished for "being more serious." Nowadays, television continues to show plays about Baogong [government official in Song Dynasty noted for personal integrity, strictness and impartiality in law enforcement, and fearlessness in dealing with those in power]. Do not people like to watch "Baogong" precisely because he dared to "be more serious" and because in real life some units are sometimes not sufficiently serious? In discussing how to run the state, Zhou Tan of the Tang Dynasty wrote the following verse: "Running the state is as easy as managing an army. It is most important that military rules be observed. In meting out punishment one must not mind that the culprit is the emperor's favorite. Your phalanxes are consolidated the moment the sword of execution falls as you casually smile." This verse advocates "being more serious." According to its argument, whoever violates discipline must be punished resolutely according to discipline, and whoever breaks the law must be apprehended or punished as he should be. "Being more serious" should be applicable at all levels, not confined to some particular level. In this way, the party's style of work and the general mood of society can basically improve.

Comrade Mao Zedong said: "'Seriousness' is a fearful force in the world. The Communist Party pays greatest attention to 'seriousness.'" We can say that daring to "be more serious" and being unambiguous on matters of principle amount to a fine style of work of our party. In the past, with the help of this style of work, we upheld the truth and corrected mistakes, both in the interests of the people, achieving one great success after another in the practice of transforming the world. Today, if the whole party continues to carry forward this style of work, and if leading cadres at all levels take the lead to set good examples and practice what our party advocates, basically correcting the party's style of work and the general mood of society will undoubtedly be successful.

Actually, the urgent need for the spirit of "being more serious" is not confined to the question of correcting the party's style of work. At present, advocating the spirit of "being more serious" is necessary to various sectors and occupations and various categories of work.

/6091  
CSO: 4004/53

WE HAVE SOMETHING BRIGHTER THAN FLASHES OF LIGHT PRECEDING AN EARTHQUAKE--  
READING 'SERIOUS EARTHQUAKE IN TANGSHAN'

Beijing RED FLAG in Chinese No 9, 1 May 86 p 48

[Article by Ding Chen [0002 1820]; "Serious Earthquake in Tangshan" carried in JIEFANGJUN WENYI [PLA LITERATURE], March 1986 issue]

[Text] "Serious Earthquake in Tangshan" by Qian Gang is a very outstanding work of reportage. It both considerably realistically reflects this catastrophe which shocked the world, and portrays concretely and in depth the brilliant spirit and style of the Chinese people under the trial of a rare catastrophic earthquake.

Using the method of dealing separately with various parts of a bird's-eye view of the entire situation, the writer passes on to later generations a complete picture of the fight against the earthquake and the rescue work undertaken. A wonderful feature of his work is that it is long but not boring, elaborate but not disorderly. After the great earthquake had razed Tangshan to the ground, "Zhongnanhai was rocked," as was the whole nation. Then, "all roads leading to Tangshan were full of flying dust" as large numbers of rescuers and large quantities of relief materials rapidly rushed in "from the ground and from above." A fight to rescue lives immediately started in "the city in agony." Although this earthquake of 1976 happened in a time of great political turbulence, when our motherland and the people were still encompassed by the calamity and disaster caused by the "gang of four," there were still a kind of steadfast strength and firm and reliable conviction, which we can detect from the work. These fine spiritual qualities, engendered by the socialist system and many years of education in communist ideology, turned at the moment into epic, lofty deeds and stories of heroes. The 100,000 officers and soldiers, under the threat of aftershocks, intense heat of summer, and epidemics, endeavored to rescue the victims. More than a dozen provinces in our country received and treated casualties and accommodated children. This very large-scale coordinated rescue effort is seldom seen in the world.

The readers will not forget those survivors who, having just emerged from the ruins, "went to rescue their screaming neighbors instead of retrieving their own relative," those who took care of each other in daily life though they were not family members, the silvery hair, streaming in the autumn

wind, of old people among the crowds at the Tangshan railway station that bid farewell to 3,000 orphans, and the scene in the streets of Shijiazhuang where the orphans of Tangshan were received "like heads of foreign governments." How can the deep love and virtues permeating through the descriptions fail to move the reader to tears and cause him to think deeply?

Another outstanding feature of the work is that its structural method of "complete bearing" goes from form deep into content. The writer does not make his work a report about good people doing good things in the fight against the earthquake and in the rescue work done. He scales a deep slope toward a higher summit. He wants to depict the behavior of all creatures from his unique angle. Of course, there were those soldiers and workers who forgot themselves and rescued others, the blind man who comforted others in the ruins by playing his three-stringed plucked musical instrument, and even prisoners who requested permission to join the rescue work. However, the writer also mercilessly fixes his sight on the frantic surge of robberies, the fellow who grabbed watches from the dead bodies.... His description of the organization and disintegration of the "big family" in the "ark," and his ensuing penetrating remarks, greatly enhance the capacity and depth of the work. Does this method of expression, which candidly depicts various facets of people's souls at the time of the disaster, tarnish or distort "the soul of children of the Hua mountains and River Xia," of which we have always been so proud? No. It is precisely these real life scenes of people and facts that jolt the reader and make him feel the vivid existence of the nation and perceive its really vigorous viability. This work really is not a honeyed complimentary article that pleases all. It is its unique acrid, peppery, and bitter taste that enables people to more clearly understand that special period. People will for a long time remember its lingering and profound charm.... The writer's deliberations on the unprecedented criminal situation of "political 1976" amount to an execration of that absurd period: "Would those crimes have occurred if the great earthquake of Tangshan happened in 1956 or 1965?"

The work also to a definite extent gives an artistic reflection and philosophical examination of our scientific standard which was being tested by the great earthquake. Of considerable value as historical data is the full and accurate information in the work; for example, the "Xingtai-Haicheng-Tangshan-Wuqia" route, along which battles were waged against the demons, told of the utmost efforts of those workers fighting against the earthquake, and of the footprints we have left behind as we gradually advance from the "realm of necessity" to the "realm of freedom." Moreover, the work makes us seriously think about our initiative in understanding nature. While regretting that we are not yet giants "whose vision extends as far as several hundred miles and whose insight penetrates earth and heaven," the writer firmly believes that the riddle of earthquakes will be resolved and the laws governing earthquakes will one day be mastered by man; because man is great after all and the light of hope will never be extinguished! Man's light of hope, wisdom, and spiritual strength are much brighter than the blue light preceding an earthquake!

On this eve of the 10th anniversary of the "July 28" catastrophe, while implementation of the Seventh 5-Year Plan is beginning, reading this report, in which the blood and tears of several hundred thousand dead or injured compatriots have congealed, is of significance to a better understanding of ourselves and nature by us Chinese or even by all mankind, and is even more surely conducive to the further carrying forward of our fine traditions, enhancing our national spirit, and arousing our drive to constantly strive to advance.

/6091

CSO: 4004/53

A NEW BOOK DISCUSSING INVESTIGATION AND STUDY--INTRODUCING 'AN INTRODUCTION TO INVESTIGATION AND STUDY'

Beijing RED FLAG in Chinese No 9, 1 May 86 inside back cover

[Article by Wen Sheng [2429 3932] and Wei Zhang [0251 4545]]

[Text] "One who does not investigate has no right to speak." This dictum of Comrade Mao Zedong fully illustrates the importance of investigation. In the current historical period, we must certainly continue to adhere to the work style of relying on investigation and study. How can we satisfactorily conduct investigation and study? What problems, ranging from ideological to practical ones, must we pay attention to solving? Some useful enlightenment can be gained from the book "An Introduction to Investigation and Study" written by Comrade Zhu Ping and published by the Shaanxi Renmin Publishing House.

"An Introduction to Investigation and Study" is a treatise whose writer takes classical Marxists' expositions on investigation and study as the basis on which he adds useful modern scientific methods. The book has 12 chapters. The first three chapters discuss the great significance of strengthening the work of investigation and study in connection with the Marxist theory of knowledge, the carrying forward of our party's fine tradition, and the historical mission of building socialism with Chinese characteristics. The next three chapters discuss the three principles to which we must adhere in investigation and study; namely, we must proceed from objectively existing facts, we must strengthen scientific analysis and comprehensive study, and we must seek truth from among the masses. The last six chapters relatively thoroughly expound certain questions related to the satisfactory performance of investigation and study work; for example, what specific methods must be mastered in investigation and study, how to choose good subjects for investigation and study, how to write good investigation reports, how to apply and popularize the use of results of investigation and study, what kind of training investigation and study personnel should have, and so on.

A feature of this book is that it adheres to linking theory to practice and it pays attention to integrating theory with practice in its analysis and examination of various questions. The work of investigation and study is in itself "an important bridge that brings the subjective realm in line with the objective realm," "the central link in the integration of theory with

practice," and "the specific manifestation of the dialectical unity of perceptual and rational knowledge." In discussing this and other questions, the writer pays attention to using theory as a guide in reviewing and analyzing practical experience and quotes a wide range of interesting examples, including past, present, Chinese, and foreign ones, in order to illustrate the theory, method, and importance of investigation and study. The writer strives to closely integrate the tenets in the Marxist theory of knowledge with specific factual examples, embedding principles in factual examples and blending theoretical reasoning with materials of interest, so that the book is not boring.

Another feature of this book is that it exhibits a high degree of modernity, the writer taking care to assimilate new and modern achievements in science. In discussing the modernization of methods and means of investigation, he takes care to analyze the significance and role of new information technology and systems methods as represented by computers, and he points out the relationship between modern scientific methods and materialistic dialectical principles. He also stresses that in investigation and study, the use of modern scientific methods and means must be integrated with traditional methods and means; we must proceed from reality and gradually attain our goals, instead of departing from reality and being overly eager for success. These points are of practical significance to improving our current investigation and study.

This book is a tentative treatise and has certain shortcomings; for example, some chapters are not sufficiently thorough, and some chapters are too lengthy. Nevertheless, it is after all a relatively satisfactory reference book on investigation and study.

/6091

CSO: 4004/53

END