

338090

JPRS-CRF-86-018

24 SEPTEMBER 1986

ERRATUM: In JPRS-CRF-86-117 of
28 August 1986 subtitled RED FLAG
No 14, 6 July 1986, please renumber
cover and "a" page of Table of
Contents to read JPRS-CRF-86-017.

China Report

RED FLAG

No 15, 1 AUGUST 1986

20000128 097

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

DTIC QUALITY INSPECTED 3



FOREIGN BROADCAST INFORMATION SERVICE

**Reproduced From
Best Available Copy**

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

10
93
A05

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.

24 SEPTEMBER 1986

ERRATUM: In JPRS-CRF-86-117 of
28 August 1986 subtitled RED FLAG
No 14, 6 July 1986, please renumber
cover and "a" page of Table of
Contents to read JPRS-CRF-86-017.

CHINA REPORT

RED FLAG

No 15, 1 AUGUST 1986

[Translation of the semimonthly theoretical journal RED FLAG of
the Central Committee of the Communist Party of China published
in Beijing.]

CONTENTS

It Is Necessary To Study How To Further Reform the Political Structure (p 2).....	1
Treating the Powers in Our Hands in Accordance With the Principle of Party Spirit (pp 3-5) (Party committee of a certain group army of the Guangzhou Military Region).....	3
Ideals of the Contemporary Militarymen (pp 6-8) (Li Yaowen).....	9
Tentative Views on the Factory Director Responsibility System (pp 9-12) (Yuan Baohua).....	14
It Is Imperative To Cut Down Expenses (pp 13-15) (Jing Ping).....	22
Energetically Increase the Output of Small Commodities (pp 14-17) (Sun Dejun).....	25
The Question of Labor Productivity in Modern Construction (pp 18-23) (Zong Han).....	31
Space Technology and Economic Construction (pp 24-28) (Hang Zhongyi).....	41
On Achievements in One's Official Career (pp 29-30) (Fan Kang).....	50

Research in Social History and Achievements in the Natural Sciences (pp 31-34) (Jiang Dachun).....	54
Tentative Analysis on 'The Feeling of Being Constrained' (pp 35-36) (Yu Xinyan).....	61
The Sacred Duty of an Army Artist (pp 37-39) (Yin Peihua).....	64
In the Course of Reform, Consideration Must Be Given to Both Immediate Interests and Long-Term Interests, Partial Interests and Overall Interests (pp 40-44) (Wu Kaitai, Cheng Xiusheng).....	69
Is the Public Ownership Economy Strengthened or Weakened in the Course of Reforming the Economic Structure? (pp 44-45) (Wang Yongjiang).....	77
Why Do We Say That the Establishment of a New Social Security System Is an Important Aspect of the Reform of the Economic Structure? (pp 45-46) (Gao Zhenrong, et al.).....	80
Analyzing 'Conditions' (p 47) (Ma Hongtu).....	83
The New Character and Morals of Swimmers of the Times--Reading the Novel 'Turbulent Current' (p 48) (Wang Bisheng).....	85
Characteristics of the Book 'Legal System, Democracy, and Freedom' (inside back cover) (Li Maoguan).....	87

IT IS NECESSARY TO STUDY HOW TO FURTHER REFORM THE POLITICAL STRUCTURE

Beijing RED FLAG in Chinese No 15, 1 Aug 86 p 2

["Forum"]

[Text] The question of political structural reform was raised by the 3d Plenary Session of the 11th CPC Central Committee. Over the past few years, we have adopted a series of measures aimed at developing socialist democracy and strengthening the socialist legal system; we have reformed to some extent the system of leadership of the party and state and the system of cadres and personnel and have achieved some successes. It should be noted, however, that reforms in this field have only just started and are far from meeting the requirements of development. Carrying out further reforms in political structure is absolutely essential for speeding up reforms in the entire economic structure with the focus on cities.

Economy is the foundation while politics is the concentrated expression of the economy; the superstructure is determined by the economic base and in turn serves it. This is a basic Marxist viewpoint on the relationship between economy and politics. Political structural reforms and economic structural reforms depend on and dovetail with each other. Economic structural reforms cannot be successful unless political structural reforms are carried out. An important aspect of economic structural reform is to improve the state's methods of managing the national economy. It is therefore essential to solve the problems of separating party and government responsibilities and of overconcentration of power. It is essential to delegate powers and expand enterprise decisionmaking powers in order to invigorate the economy, yet some places are still taking powers back from the lower levels by means of companies and other forms. This cannot but have an impact on the enterprises' initiative. There is no doubt at all that we must uphold party leadership. The problem lies in whether or not we are skilled at providing leadership. Party leadership will actually be weakened if the party intervenes too much and without success. For instance, many problems within the scope of law and society should be handled by the state and the government and resolved by relying on the legal system and social education. If the party intervenes too much, and goes so far as to include within the scope of party style many problems concerning violations of law and discipline, this will not help in establishing the concept of legal system among the whole body of the people. All these are problems involving political structural

reform. Only by really solving these problems can we ensure the smooth progress of economic structural reforms and can the socialist legal system be strengthened.

Naturally, the reform of the political structure is not limited to these problems; there are also the problems of unwieldy organs, overstaffing, bureaucratism, buck-passing, procrastination, and so on. For many years we have carried out the work of streamlining the administrative structure but the number of organs has not reduced but increased. With more organs and more staff, our spending has increased. This is a very big burden. Because we have more hands than needed, practices of engaging in idle or empty talk, "passing the buck," and so on have emerged. How can we improve efficiency in this regard? Many people lie idle or try to find something to do. Unwilling to relinquish their powers, they have in truth become an obstacle to the reform. In solving these problems, we cannot just focus our attention on improving our ideological style; more important, we must eliminate the defects existing in the specific systems.

Ours is an overall reform. It includes not only the reform of the political structure but also reforms in other fields. It can be said that whether or not the reforms in other fields are successful will ultimately be determined by the reform of the political structure. It is necessary to adopt a positive and cautious approach to political structural reform, carry out detailed investigation and study, listen to a broad selection of views of experts and of the masses, seriously sum up historical and current experiences, act when our minds are made up, and avoid rash action. If we succeed in carrying out this work well, our modern socialist undertaking will receive more powerful driving force and forge ahead soundly and steadily.

/6091

CSO: 4004/64

TREATING THE POWERS IN OUR HANDS IN ACCORDANCE WITH THE PRINCIPLE OF PARTY SPIRIT

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 3-5

[Article by the party committee of a certain group army of the Guangzhou Military Region]

[Text] The members of the party committee of our group army are young and middle-aged cadres just promoted in the last few years. Since the new leading body was formed, it has faced various kinds of tests. We have learned from experience in our practice that the greatest test is how to treat the substantial powers in our hands in accordance with the principle of party spirit. This is an issue of fundamental importance which has a bearing on an improved party style.

What do the powers in the hands of our leading cadres mean? How should we weight them up? We should understand this issue in accordance with the principle of party spirit--wholehearted service to the people. With this understanding, we deeply feel that "with great power in our hands, we feel as if we are shouldering an exceptionally heavy load." Revolutionary power is an instrument for achieving the historical mission of the proletariat. Power presupposes responsibility. They are indivisible. The greater the power in our hands, the heavier our responsibility will become. The party and people have entrusted us with the important task of leading a group army. We are required to fulfill our task at this post to build a modern revolutionary army rather than to act like overlords. As party leading cadres, we should draw a strict distinction between ourselves and the government officials of the exploiting classes, "be willing servants of the people and feel ashamed to act like overlords," better combine authority with responsibility, and serve the people with the power entrusted to us by the party. Whenever we discuss the issue of power, among other things, we should always think of the responsibility which is indispensable with power. At present army building is in a period of strategic change. We are confronted with numerous new developments and new problems. For instance, how should we lead troops and train soldiers in peacetime? How should we conduct education, training, and reform in the army in accordance with the needs of future wars? How should we strengthen ideological and political work in the army in line with the characteristics of the new period? How should we carry forward the party's fine traditions and take the lead in improving

party style? In particular, how should our leading cadres adapt their thinking, work style, and work to the changed strategy for army building as quickly as possible? In the face of these questions, all members of the party committee feel more than willing but are lacking in power. They can hardly afford to slack off in the least in regard to the heavy tasks they are shouldering. They are determined to do their best to bring about an upswing in army building.

Members of our party committee which was formed in 1983 are young in average age and limited in qualifications and record of service as well as in experience. Their average age is less than 46. The older members joined the army in the 1960's. This naturally poses a pertinent question for us: What should the new leading body rely on in leading troops well and bringing about an upswing in army building? The best way to lead troops is for the leadership to set an example in thinking, work style, behavior, and other respects and acquire real prestige. The party committee is aware that power and prestige are not an equal thing. Power, which is of a mandatory character, means submission of the lower level to the higher level. The same is particularly true of the army. It should lay greater stress on this point. However, as a leader, one must not issue orders merely by relying on the power entrusted to one by the party and people and on the organizational submission of subordinates. The real prestige of a leader should be based on his exemplary deeds. If the leadership does well in this regard, the policy decisions it makes will be highly authoritative. Otherwise, even if our leaders hold great power, they can hardly play their role properly and gain prestige as leaders. Since the new leading body has limited experience, it may make some errors in its work. This is understandable. If party style among its members is unsound and they abuse their powers, not only will they be shorn of their prestige but they will also damage the sound style of the army. Therefore, after the new leading body was formed, the first decision we made was to strengthen the building of the party committee itself. The decision clearly states: The leadership of the group army should take the lead in improving party style and persistently act in accordance with the "Rules of Conduct for Inner-Party Political Life." We also defined specific rules and regulations concerning housing, use of motor vehicles, reception of guests, use of orderlies, and education of the troops' family members and their children. The rules and regulations have been printed and distributed to units at and above the regimental level, which are responsible for supervising their enforcement. Since 1983 the army commander and political commissar who have held office twice have taken the lead in acting in accordance with the rules and regulations. Members of the party committee have set an example in setting strict demands on themselves and being honest in performing their official duties; in being strict with their family members and refraining from becoming "special figures"; and in being bold in firmly grasping and handling matters concerning the army and strictly and impartially enforcing law and discipline in the army. Hence, they have gained the initiative in running the army soundly and become better qualified to educate others.

To play an exemplary role, most important, leading cadres must have a correct approach toward the powers in their hands. On no account must they regard

power as a tool for seeking personal gain. The powers in the hands of the communists can only be used to serve the people rather than private interests. If one uses his power out of selfish motives rather than in the service of public interests, he is bound to seek privileges and to turn from being a public servant to being lord and master. In this regard members of the new leading body are determined to ensure not seeking personal gain and practicing favoritism and to manage to pass the stiffest test of personal interests and determined not to be far "off the beam" in the face of personal relationships.

As we see it, first we should be on guard against the temptation of selfish interests, because leading cadres have more favorable conditions in this regard. Although military units are not material production departments, the group army has quite a lot of machines and motor vehicles and is engaged in industrial, agricultural, and sideline production. It possesses all resources, human, financial, and material, as one may well say. If one wants to "reap some profit," there is certainly something "profitable" there to exploit. Our army's cadres transferred to civilian work can be found everywhere throughout the country. There are some 200 such cadres working in the Shenzhen Special Economic Zone (SEZ) alone, with 60 percent of them assuming leading posts in various companies. So it is still relatively easy for one to seek some personal gain by establishing relationships with them. However, power is not private possessions, still less an exchangeable commodity. Therefore, our leading cadres can willingly set strict demands on themselves in accordance with the various stipulations formulated by the party committee. For example, some people gave live fish as a present to our leading cadres in their home; we promptly investigated the case and paid the sender appropriately. Our leading cadres were invited to feast three times; they politely refused each invitation. The administrative department proposed replacing leading cadres' dormitories and camping facilities but our leaders refused to give their endorsement. The army's headquarters suggested buying a "Crown" sedan but the party committee firmly turned down the suggestion. Matters, such as job transfers and arrangements for army men's family members and children and readjustment of their wage scales, are handled by the organization and no individual is allowed to meddle in or to drop hints in this regard. They are also not permitted to "participate in government and political affairs" and to "seek personal gain by using their parents' powers." To high-ranking cadres, all these cannot be considered a "minor matter" of no importance. As we see it, we must be strict with ourselves even in dealing with trifles in our daily life. The big and small are the unity of opposites. A neglected petty thing may have an adverse influence and become a serious thing. This is a matter easily neglected in the present endeavor to improve party style. Moreover, a certain amount of accumulated petty things will promote the growth of selfish desire. A quantitative change will lead to a qualitative change. Therefore, members of the party committee are strict with themselves in handling things, petty or major, and are working hard to avoid seeking privileges, making an exception or creating an opportunity for others to exploit. We have also realized that as leading cadres of the party, we should have a correct attitude toward the commonly acknowledged personal interests. If we "demand satisfaction in the face of profit" and "squabble with others over it," this is not the attitude a

communist should take. Take housing as an example. A few years ago, of the members of the party committee, five lived in a guesthouse and two still lived in the houses which they were assigned when they were department directors. In 1983 the higher authorities allotted special funds for building new houses or repairing old houses for leading cadres. However, the army's party committee adhered to the principle of "office personnel first, leading cadres second" in house building. It was not until all office cadres moved to new houses that the construction of houses for the army's leading cadres started. In this way the army's leading cadres felt at ease.

It is difficult to refrain from seeking private interests and even more difficult not to abuse personal relationships. After members of the new leading body assumed office, people came in succession to intercede for others or to ask them for a favor or some material help. Among them most were former superiors, comrades-in-arms, subordinates, and old fellow villagers. To better handle this problem, we insisted in paying attention to principle, feeling, and methodology. While striving to adhere to principle and to refrain from replacing policies with our emotions, we adopted reasonable measures and worked hard not to hurt the feelings of our comrades just because of adhering to principle. For example, in the second half of 1983, a division gave an additional 500 yuan to every retired veteran cadre in the name of "taking care of" veteran comrades. Some of those who received the money were former comrades-in-arms and superiors of some of the members of our leading body. After we discovered the case, instead of sparing the sensibilities of the people involved and giving them special treatment, we did a lot of work to persuade them to return the money they had taken by relating their case to the malpractices of arbitrarily issuing allowances both in cash and in kind in the community at that time. Again, for example, some veteran comrades, after retirement, came to the army to ask for steel products and cement for repairing the houses allotted to them after retirement. We gave them appropriate preferential treatment but insisted that they paid for the materials according to their prices. The facts have proved that so long as we are sincere and use correct methods in carrying out our work, most comrades can take a common sense attitude toward our work. Principle and feeling can be united in most circumstances. Of course, if the two cannot be united, first consideration should be given to the party's principles. Even if we have to give offense, still we should not practice favoritism by bartering away our principles.

In using our powers, our leading cadres should act in accordance with the policies and decrees of the party and state, ensure the implementation of policies, and safeguard the inviolability of the law. The party committee has profoundly realized from the practice over the last few years that the powers in the hands of individuals, no matter how great, should be confined to the limits of the party policies and state laws. With this understanding or conception, we can be more clearheaded and make fewer mistakes. Two years ago, to lighten the state's burden, to improve the army's material and cultural life, and to solve the problem of fund shortages, units at all levels wanted to operate businesses in the light of local conditions. Some comrades who were eager to become affluent quickly advocated using the favorable condition of being near the Shenzhen SEZ to make big money by doing business.

The party committee unanimously agreed that we should not do things in violation of the party policies and the interests of the state, even though we could make big money from them. The committee clearly defined: We should not engage in irregularities. In carrying out production, the army should adhere to the principle of "three conduces" (being conducive to the state, the army, and the people) and "four characters" (in production, development, aid, and service). This has enabled the army to always follow a correct orientation in carrying out sideline production and to increase its income by a big margin. This indicates that only when the policies and decrees of the party and state are firmly implemented can the role of power be brought into play correctly. We should be bold in using the powers of our hands to investigate and handle all violations of the law and discipline. In 1983 when the new leading body was just formed, it was confronted with a case like this: Some people wrote a letter to the leading body lodging complaints that the members of the party committee of a regiment which was many times cited as an "advanced regimental party committee" by the leading bodies at the higher levels were involved in serious economic problems. What should be done? Should we cover up or expose the contradiction using the powers in our hands? Should we safeguard the inviolability of the law or spare the feelings of a small group of people using the powers we had? Through many discussions, the standing committee of the party committee agreed that tolerance of unhealthy practices means abuse of the people's power. Instead of readily believing the conclusion drawn by the division's party committee that "they committed no serious problems" and its suggestion that "they be exempted from being investigated and held responsible for what they have been supposed to do," we organized a three-level work team to reinvestigate the case thoroughly and at last we found that they were indeed involved in serious problems, thus safeguarding the interests of the party and people.

From the practice of exercising the leadership functions and powers of the group army over the last few years, we deeply feel: If comrades at leadership posts are not prudent and if they develop the tendency to seek wealth and rank and pleasure, they will be at risk of seeking private gain by abusing their power. Why could the communists stand up to every test of real guns and bullets during the difficult war years and why did they fail to withstand the seduction of money and materials during the period of socialist construction when our party had become a party in power? Why could many comrades always be honest in performing their official duties and retain the true qualities of the people's servants after they assumed office winning the respect of the masses but why did some people seek private gain by abusing their power, thus seriously affecting the relationship between the party and the people and between cadres and the masses? This shows that power can be used as a tool to serve the people or a means to seek selfish interests. It can promote people to work hard or lure people to become corrupt and degenerate. How the two possibilities will develop completely depends on the ideological awareness of the power holders themselves and on whether or not they can approach the powers in their hands in accordance with the principle of party spirit. Precisely for this reason, the party committee of the group army always reminds its members to be on guard against the evolution of power. To prevent members of the party committee from using their power to seek privileges, we paid attention to combining the power of the leadership with

the democratic rights of the masses, gave play to the supervisory role of the masses, frequently went to the masses to "seek advice" and "look into the mirror," mobilized the masses to help the party committee set rules and regulations, made public to the masses the enforcement of the rules and regulations at regular intervals, subjected ourselves to the supervision by the masses, and heeded their opinions. In May of last year, the masses reported to the army leadership that when a leading comrade of the group army built a dormitory, the area of the walls of its courtyard was so large that a lane of the barracks area had to be occupied for that purpose. Although the costs for that construction were within the limits permitted, still the standing committee of the army's party committee openly made self-criticism on many occasions. Thanks to the supervision by the masses, over the last 2 years, various rules and regulations have been carried out quite satisfactorily and their enforcement has become institutionalized and a regular practice. From this practice we have come to realize that the unity of the authority of the party committee and the democratic rights of the masses is an effective way to guard against the "evolution" of leading cadres and of authority. Supervision by the masses can both help us avoid making mistakes and encourage us to realize and correct our mistakes and it can play a role in preventing us from becoming morally degenerate.

In the last few years, some troops of our army stationed in the Shenzhen and Shantou SEZ's which border on Hong Kong and Macao have carried out their tasks in separate ways and this made it inconvenient for us to control them but because the party committee of the group army was honest and upright in its ways, leaders at all levels could act accordingly and a healthy atmosphere prevailed in all our troops. The group army has not committed major errors over the last few years and the incidence of troop accidents is the lowest in the last 2 decades. When the army streamlining and reorganization was carried out last year, large numbers of cadres were transferred to civilian work and veteran soldiers discharged from active military service. They were able to take the interests of the whole into account, observed discipline, and paid attention to unity. All quarters concerned were pleased with their behavior and actions. There has been a great improvement in military training. In a demonstration of and competition in military skills by outstanding units and individuals organized by the Guangzhou Military Region, of the 9 team items, our group army won 5 championships, 3 titles of runner-up, 33 silk banners, and 40 medals. The army's sideline production has developed rapidly and its output has increased by 465 percent in 3 years. The army was praised by a leading comrade of the Military Commission for its strengthening of troops' capital construction. Although we have made some achievements in our previous work, we still have a long way to go before we can meet the requirements set by the party and people and by the Military Commission and the higher leadership on us. There is no reason whatever for us to be self-satisfied. We should from now on work more conscientiously, treat the powers in our hands in accordance with the principle of party spirit, and strive to make greater progress and to achieve better successes.

/6091

CSO: 4004/64

IDEALS OF THE CONTEMPORARY MILITARYMEN

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 6-8

[Article by Li Yaowen [2621 5069 2429], a Navy political commissar in the People's Liberation Army; passages within slantlines published in italics]

[Text] To realize communism is the loftiest and most ambitious ideal of our people's army led by the Communist Party. It also requires a steadfast struggle by several generations of men. The revolutionary militaryman who struggles for the realization of communist ideals will always consider the fulfillment of his duties in each historical stage as a practical step toward realizing communism. Thus, the ideals of a militaryman in different historical phases will have different concrete substance. During the democratic revolutionary period, our Army fought valiantly to overthrow the three big mountains of imperialism, feudalism, and bureaucratic capitalism, and to establish a people's democratic new China. After the founding of the PRC, our Army triumphed over the blockade and invasion of imperialism and ensured the smooth progress of socialist revolution and construction. As history brings us to the present, our duty is to defend and build the four modernizations, and to make China a highly civilized and highly democratic socialist power. Our Army's men and officers repeatedly defeated the invasions and provocations of Vietnamese regional hegemonists, and used their lives and blood to safeguard the motherland's territory and the security of the frontiers. Conscientiously submitting to the overall interests of national economic construction, they assisted in the construction of the country's major projects, warmly did good deeds for the people, and took part in rescue and relief work alongside the people. All these glow with the luster of ideals.

Today, our Army has moved onto the path of peacetime construction. Under the new historical conditions, how should the militaryman struggle to realize his loftiest ideals? According to the experiences of brother units and our Navy, I feel that efforts should be exerted in the following areas.

/First, the ideals of the militaryman are realized through the spirit of self-sacrifice./

Our Army is the defender and builder of the four modernizations. Seen from the present general situation, even though we are in peacetime, we must

nonetheless continue to maintain vigilance and prevent foreign aggression. War will always incur bloodshed and sacrifices. Even in such a small-scale counteroffensive as that on the Laoshan frontline, many comrades have given their precious lives. But a militaryman's sacrifice is certainly not limited to the battlefields. Where there is danger and hardships, that is where the militaryman must go. When the troops' men and officers take part in rescue and relief work, they must voluntarily take on the most dangerous tasks. Due to the demands of national defense, troops are stationed for years in extremely cold and oxygen-deficient snowy mountains and barren plains, or on far-off islands with scarcely a soul, or they have to patrol day and night on perilous seas and wide stretches of coastal lands. Life in the Army often leads to husbands and wives being posted in two different areas. Nevertheless, the great mass of men and officers deeply understand that only with the sacrifice of a few can there be happiness for the greater majority of people, only when the frontiers are secure can socialist modernization construction be carried out smoothly. In the combat zone along the Laoshan frontline, there is a couplet which captures it well: "In defending the motherland, there is both sweetness and bitterness; one man's labor brings happiness to millions. Looking at the bright moon, there is fullness and there is flaw--one family's separation makes possible the togetherness of millions of families." The cadres and fighters' heroic acts of willingly giving up life and blood in the defense of the four modernizations and their spirit of self-sacrifice in working silently for the four modernizations in their respective battle posts are vivid manifestations of their lofty ideals.

In the Army, there are also some people who, influenced by decadent bourgeois thought, often look at the party's policy to encourage prosperity with the eye of a narrow-minded individualist. They make improper comparisons with the income and comforts of a few individual households and million-dollar households, and feel more and more "at a disadvantage," even becoming discontented with army work. Such a condition shows that under the new situation, it is even more necessary to foster firm ideals and convictions as well as to promote the self-sacrificing spirit of disregarding personal losses and not pursuing personal interests. Only by fostering the ambitious ideals of communism, by clarifying the historic mission of the contemporary militaryman, and by being equipped with the spirit of self-sacrifice will it be possible to effectively resist the corrosion of decadent bourgeois thought, love army work, and be faithful to one's responsibilities.

/Second, the militaryman's ideals must be ensured with iron-fisted discipline./

With iron discipline, the Army can move in concert and keep in step; then it is possible to conscientiously implement the different guidelines and policies of the party and the state and thereby make contributions to the defense and building of the four modernizations.

In recent years, in the process of structural reform and Army streamlining and reorganization, some troops were disbanded and others merged. Organs at all levels have carried out a comparatively high level of streamlining. Some comrades, bidding farewell to their families and friends, were transferred

from big cities to the borders and islands. Some were demoted due to work requirements. Still others await new assignments or have been transferred to civilian posts in the localities following the reorganization. In spite of this, the great majority of the people have subordinated themselves to the overall interests of national construction--be it promotion, demotion, transfer, reassignment east, west, north, or south, strict enforcement of orders and prohibitions--they all obey the organizational arrangements. All this fully demonstrates the contemporary militaryman's brand-new revolutionary outlook and his high sense of organizational discipline.

However, due to certain comrades who did not establish firm ideals and could not resist the contamination of unhealthy trends, some negative phenomena have also appeared in the Army and violations of discipline have occasionally occurred. Some have ignored party and state regulations in production management and sought private interests for themselves and their units. While these problems involve only a few people, their influence is bad, for they obstruct our Army's modernization and regularization efforts and smear our Army's image and reputation. We, the revolutionary militarymen, especially comrades assuming leading posts, should conscientiously safeguard our Army's iron discipline and resist the corrosion of bourgeois and other exploitative classes' decadent ideas. The troops should vigorously commend the advanced units and individuals who uphold overall interests and combat evil practices, sternly criticize and deal with those units and individuals who violate the rules, and, by making use of positive and negative examples, strengthen the cadres and militarymen's level of consciousness to obey the laws.

/Third, the ideals of militarymen require the scaling of heights in science and education./

Communist ideals are scientific foresight of a future social system formulated by Marx and Engels based on the principles of dialectic materialism and historical materialism. This scientific forecast is based on the objective laws in the evolution of human society. It is the crystallization of mankind's excellent scientific and cultural achievements. It is very difficult to imagine that a person who does not study Marxist theories and who have very poor cultural and scientific knowledge could hold a firm conviction on communism. At the same time, in order to build our Army into a modern and regular revolutionary force and realize the great goal of modernization of national defense, it is also necessary that the contemporary militarymen possess sufficient modern knowledge in science and education as well as master modern military science and technology. We are in an era of rapid development in science and technology. The development and changes in science and technology have notably strong effects in the military field. They not only give rise to successive production of all kinds of new weapons and equipment, but also bring about profound changes in battle concepts, strategies, and tactics. Faced with the challenge of a new international technological revolution, scaling the heights in science and education is an urgent requirement for our Army's modernization and regularization efforts as well as an urgent requirement in the defense and construction of the motherland. For the Navy, which is a knowledge- and technology-intensive force, it is even more necessary to strive to learn modern science and education.

However, the present level in science and education of the Army's cadres and soldiers is still rather low and does not correspond with the demands of our Army's modernization efforts. This is a rather notable problem. Some comrades say: Failure to conscientiously strive to bring up one's level in science and education makes for an unqualified contemporary soldier; failure to attach importance to enhancing the scientific and educational qualities of troops makes for an underserving commander in the Army's modernization efforts. This is logical. We must cultivate the spirit of tackling key problems and waging arduous struggles, strive to learn modern construction techniques and skills, vigorously train people capable for both the military and localities, and make the necessary contributions to build and safeguard the four modernizations.

/Fourth, the ideals of a militaryman should be founded on the basis of adherence to overall interest and to unity./

Our Army is forever the people's own army, and our sole objective is to serve the people wholeheartedly. During the war years, the Army and the people were as close to each other as flesh and blood and shared a common destiny. During the socialist construction period, they were united as one and of one heart and mind. Such profoundly close relations are precisely the source of strength for our Army's realization of communist ideals.

The construction of the four modernizations is the common cause of hundreds of millions of people. In the new historical period, we must continue to promote the glorious tradition of supporting the government and cherishing the people, build and develop a new type of military-civilian relations, further enhance close ties with the localities, and strengthen the unity between the Army, the government, and the people. At present it is necessary to further straighten out the relations between army building and national economic construction, and to see that army building conscientiously submits to the general interests of national economic construction. In the 1980's, if civilian assistance activities are restricted to "helping in crop plantation and harvesting," "fetching water and sweeping the grounds," then they are far from satisfactory. It is necessary for the Army to exert efforts to assist and participate in national construction and to engage in public service ventures with long-term benefits. The Navy has complete equipment and numerous military enterprises. Its technical capability is rather strong and most of its troops are stationed in coastal cities. Thus, we should bring these assets into full play, not only in terms of manpower; at the same time, we should try to free some military installations to assist in national construction. Our cadres and soldiers should foster the ideology that while the revolution has advanced and the situation has changed, the nature of our people's army does not change, nor does the objective of serving the people wholeheartedly change. In handling affairs and tackling issues, it is imperative to proceed at all times from the interests of the people and to be considerate in settling their problems and difficulties. In the process of implementing the various policies and guidelines and building socialist spiritual civilization alongside the people, the troops should promote understanding and strengthen unity. By assisting and taking part in national construction, directly earning wealth for the country, and working for the

people's welfare, the Army will be able to win the respect and love of the people.

Reinforcing the Army's internal unity is the basis for performing well various tasks as well as prerequisite for strengthening unity between the military and the people. In this new period of modern construction where the responsibilities are enormous and conditions complicated, it is particularly necessary to strengthen unity between the officers and the men and between the higher and lower ranks. Especially now, when many units have been formed by merging other units following the streamlining and troop reduction drive, and with the cadres enjoying wide choices, everyone can see who goes and who stays, who moves up and who moves down. Under the circumstances, whether the leading cadres are just and adhere to principles in dealing with matters is crucial. If the leaders stick to principles, appoint people based on merit, and handle matters with impartiality, this will naturally be the nucleus for unity among cadres and soldiers. The troops could then become a coherent and indestructible fighting collective.

To foster and adhere to the great ideals of communism, to closely link these ideals with the present concrete goals and tasks of the four modernizations, to implement these ideals conscientiously in the daily thoughts and actions--these are the demands imposed on our soldiers by the times. Our contemporary soldiers should certainly inherit and carry forward the glorious traditions of the older generations of revolutionaries, and give the proper response to these demands.

/6091

CSO: 4004/64

TENTATIVE VIEWS ON THE FACTORY DIRECTOR RESPONSIBILITY SYSTEM

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 9-12

[Article by Yuan Baohua [5913 1405 5478]]

[Text] The implementation of the factory director responsibility system is a central link in the reform of the leadership structure of industrial enterprises under the system of ownership by the whole people and one of the major contents of the overall reform of the economic structure with the stress on the reform of urban economic structure. The implementation of this system is of great significance to improving the management of enterprises, increasing the vitality of enterprises, pushing forward with the development of social productive forces, and accelerating the building of the socialist modernization. Over the past 2 years, initial results have been achieved in carrying out the reform of the leadership structure of enterprises and implementing the factory director responsibility system in selected enterprises. However, problems still remain in both understanding and actual work, which should be solved through the reform practice and theoretical study.

I. The Implementation of the Factory Director Responsibility System Is the Objective Demand of Mass Socialized Production and the Reform of the Economic Structure

The factory director responsibility system is a leadership system of factory directors (managers) assuming unified leadership over, and full responsibility for, production, management, and administrative work of enterprises. The core of the system is the strict responsibility system and the principle of unifying responsibility with rights. The implementation of such a system is the objective demand of mass socialized production and invigoration of enterprises.

The modern enterprises in mass socialized production have a detailed division of labor and a high degree of continuity in production, as well as strict technological requirements and complicated cooperative relations. Because of the continuous expansion of the scale of production of modern enterprises and the commodity market and the keen competition among enterprises, the production of modern enterprises must conform to the needs of the plan and the changing needs of the market. These characteristics

require the enterprises to be placed under unified leadership and management and a strict responsibility system. Enterprises must have a person or a group of persons under the leadership of one person who can assume full responsibility for their production and management, rely on a group of operators with professional knowledge and management ability to establish a unified, powerful, and highly efficient production and management system, and on the basis of this, establish and perfect responsibility systems at various levels in the enterprises.

Along with the deepening of the reform of the economic structure and the implementation of the policy of invigorating domestic economy and opening up to the outside world, the national economy will gradually change from a product economy into a planned commodity economy and enterprises will gradually change from appendages of state organizations into relatively independent economic entities from pure production-type into production- and operation-type begin to take part in market competition, and become socialist commodity producers and operators. Along with the expansion of the decision-making power of enterprises and enterprises' responsibility for their own losses and profits, the links between the future of enterprises, the immediate interests of the workers, and the operation of enterprises are closer, so that the responsibility of operators and administrators of enterprises will become much heavier. This situation urgently requires us to implement the factory director responsibility system so as to meet the new demands on the management of modern socialist enterprises in the new situation.

Since the founding of the PRC, the leadership structure of the enterprises under the system of ownership by the whole people in our country has undergone several reforms. However, for quite a long time, we implemented the system of directors being responsible for production and management only under the leadership of the party committees in enterprises. The implementation of such a system, especially the implementation of the party's eight-character policy of "readjusting, consolidating, filling out, and raising standards" after 1961 and the implementation of the general and specific policies of the 3d Plenary Session of the 11th CPC Central Committee, conformed to the historical conditions at the time and played a positive role. However, this system has also had some defects not easily overcome, such as that no distinction is made between the functions of the party and those of the government and no clear responsibility is defined. Comrade Deng Xiaoping pointed out in 1980 that long-term practice has proved that such a factory management system is conducive neither to the modernization of the factory management system and the modernization of industrial management structure nor to the improvement of the work of party committees in factories. With the gradual shift of the focus of the work of the party and the state, the putting forward of the general tasks and general goals of the party for the new historical period, and the overall and further development of the reform of the economic structure, this system has become less and less in conformity with the new situation and thus should be reformed.

The experiments and practices carried out over the past 2 years show that the implementation of the factory director responsibility system conforms to the demands of the modernization of the enterprise management system and has a

correct direction. At present, the number of enterprises selected for experimentation across the country exceeds 27,000. Although the work of experimentation has met with a lot of difficulties and experienced twists and turns, most of the units, after the trial implementation of the factory director responsibility system, have intensified their production and management systems and taken on a new look of efficient leadership, quick decision-making, and a high degree of efficiency in work, which has greatly pushed forward the development of production, increased economic results, and demonstrated the strong vitality of the factory director responsibility system.

II. Factory Directors Are in a Central Position in the Enterprises and Should Play a Central Role

The identity and responsibility of the factory director of an enterprise determine the factory director's position and the role the factory director should play in the enterprise. After separating the functions of the government from those of the enterprises and the ownership of enterprises from the rights in their operation, enterprises will truly become relatively independent socialist commodity manufacturers and dealers with full authority for management and responsibility for profits and losses. Factory directors thus serve as both administrative heads of enterprises and their representatives as legal persons. This means that in matters of economic interests, factory directors have to be answerable to the state and to their enterprises and employees. According to the principle of combining responsibilities of factory directors with their rights, factory directors will certainly assume overall responsibility for production, management, and administration in enterprises. Since enterprises are economic organizations, their central task is to carry out well production and operation, and all the work of the enterprises is carried out around this central task and aimed at serving this central task. Therefore, factory directors are in the central position in enterprises and should play a central role.

That factory directors are responsible for production and management means that factory directors ought to have full authority in making management decisions, directing production, and choosing their assistants. The right to direct production, as far as the system is concerned, is assumed by the factory director under any leadership structure. Who exercises the right of making management decisions is essential to the nature of the enterprise leadership system. That factory directors exercise such a right is an important indicator of the factory director responsibility system and is where the advantage of the new system lies. The factory director responsibility system has made it possible to overcome the old system's drawback of separating decisionmaking power from the right to direct production, thus contributing to the establishment of a strict responsibility system, intensifying centralized and unified leadership and management, and improving job efficiency. The right of factory directors to choose their assistants is a major component of the decisionmaking power. This right is of special importance. Under the new system, factory directors can appoint deputy directors and section chiefs in light of actual need, thus solving the problem caused by the separation of management rights from the rights of

personnel appointment. That factory directors have the right to appoint qualified personnel in light of actual need is an important organizational guarantee for strengthening the production and management leadership system and successfully implementing the factory director responsibility system. That factory directors have the right to control administrative cadres according to the party's cadre policy also embodies the principle of the party controlling cadres. Of course, when appointing cadres, factory directors should listen to the views of all sides and frequently consult the party committees of the enterprises so as to reduce and prevent as many setbacks as possible and to ensure the correct use of personnel.

III. The Purpose of Implementing the Factory Director Responsibility System Is Also To Improve and Strengthen the Party's Leadership Over Enterprises

Along with the change from the system of directors being responsible for production and management only under the leadership of the party committee to the factory director responsibility system, the position, functions, and responsibilities of the party committees of enterprises will change accordingly. The unified leadership of the party committees of enterprises over production and management will be changed to guaranteeing and supervision. The party committees of enterprises will no longer make decisions on major questions concerning production and management and will no longer be the core of the centralized leadership of enterprises. However, these changes will not at all weaken or negate the party's leadership over enterprises, but, on the contrary, will further improve and strengthen the party's leadership over enterprises.

In his report to the 12th CPC National Congress, Comrade Hu Yaobang pointed out: "The party is not an organ of power which issues orders to the people, nor is it an administrative or production organization." "The party leadership is mainly political and ideological leadership in matters of principle and policy.... The party leadership should not be equated with administrative work and the direction of production by government organizations and enterprises." The party leadership is an overall concept and the party's leadership over enterprises is realized through various channels and forms. So we cannot simply think that the party's leadership over enterprises is just the leadership of the party committees of enterprises. Does it embody the party leadership when the factory directors carry out the party and state general and specific policies, the state laws, rules, regulations, and plans and the decisions, instructions, and orders of the responsible higher authorities and so on? In the past, the party committees of enterprises first decided the measures and plans concerning the implementation of these general and specific policies and state plans and then the factory directors would organize the work of implementation. After implementing the factory director responsibility system, the factory director will be directly responsible for making decisions and organizing the work of implementation, so that responsibility will be clearly defined and the general and specific policies of the party and the state and the state plans will be more effectively implemented. Therefore, the implementation of the factory director responsibility system will certainly not hinder the party from continuing to exercise its leadership over enterprises through various channels and forms, but, on the contrary, will make such leadership more effective.

The implementation of the factory director responsibility system will make it possible to institutionally solve the long-standing problems in enterprises, such as no distinct definition being made between the functions of the party and the responsibility of the government, the party acting in the capacity of the government, and "the party committee not taking care of party affairs," so as to extricate the party committees of enterprises from busy administrative affairs and shift the focus of their work to guaranteeing and supervising the implementation of the general and specific policies of the party and the state, strengthening the party's ideological and organizational construction doing a good job in ideological and political work, and so on, thus ideologically and politically giving more play to the role of party leadership. This also strengthens the party's leadership over enterprises.

That socialist enterprises must stick to party leadership is our consistent principle. However, under the new historical conditions, in order to stick to party leadership, we must improve party leadership. In order to meet the needs of the reform of the leadership structure of enterprises and further develop the role of party organizations in enterprises, we need to greatly transform the ideological concepts, work style, work methods, and work habits of the party committees of enterprises. First of all, we should realize a great transformation of the ideological concepts of the party committees of enterprises. Only by realizing a transformation of ideological concepts will we be able to realize transformations in other aspects. We must see that the separation of the functions and responsibilities of the party from those of the government is also an important link in the reform of the political structure. The reason the party leadership is powerful is that the party relies on truth, the party's correct line, the party's correct general and specific policies, the party's powerful ideological and political work, and the development of the role of the party organizations as a fighting force and the exemplary vanguard role of the party members, not on the party acting in the capacity of the government and exercising administrative power.

IV. While Implementing the Factory Director Responsibility System, It Is Necessary To Strengthen Democratic Management

Strengthening the democratic management of enterprises and guaranteeing the master's position of workers in enterprises are the basic characteristics indicating the difference between socialist enterprises and capitalist enterprises and are the basic demands of the establishment of the socialist enterprise leadership structure with Chinese characteristics. While instituting the factory director responsibility system, we must improve the workers' congress system and other democratic management systems so that trade unions and workers have a say in examining major policy decisions, overseeing the leadership, and protecting their own legitimate rights and interests. Only by integrating the directors' centralized direction of production and management with the workers' democratic management can we realize the unity between a high degree of centralism and a high degree of democracy.

The staff and workers of the socialist enterprises under the system of ownership by the whole people are not only the masters of the country but also the

masters of the enterprises. Whether the management and operation of enterprises are well carried out and whether better economic results and social benefits are attained have a bearing on the overall interests of the country and the immediate interests of the staff and workers of enterprises. Therefore, participation in democratic management is not only a right but also a responsibility of the staff and workers.

Because the broad masses of workers are directly involved in the production and operation activities of enterprises, they have rich practical experiences and are well aware of the situation concerning the production and operation of enterprises. Along with the development of science and technology, changes are gradually taking place in the division of mental and manual labor and between production labor and administrative labor and in the distinction among these different kinds of labor, and the quality of the ranks of staff and workers is gradually improving, so that enterprises are now urgently demanding a democratic management system and the role of democratic management is becoming more and more powerful. This shows that staff and workers' participation in democratic management is also the objective demand of the development of social productive forces.

The strengthening of democratic management is conducive to the correct leadership of factory directors. While instituting the factory director responsibility system, we should not weaken the democratic management of staff and workers, but, on the contrary, should greatly strengthen the democratic management of staff and workers. After implementing the factory director responsibility system and expanding the decisionmaking power of enterprises, the nature of the socialist enterprises under the system of ownership by the whole people has not been changed, nor have the masters' position of staff and workers and the public servants' position of factory directors. The only change is that greater power and heavier responsibility have been given to enterprises and directors, and whether the management and operation of enterprises are well carried out is more closely linked with the immediate interests of the staff and workers. As a result, the strengthening of democratic management of enterprises has become the common and urgent demand of both the directors and the staff and workers. Both the implementation of the factory director responsibility system and staff and workers' participation in democratic management aim at running well the socialist enterprises and developing the social productive forces. The only way to run well the socialist enterprises with Chinese characteristics is to organically integrate the factory director responsibility system with the democratic management of staff and workers.

V. In Order To Institute the Factory Director Responsibility System, It Is Necessary To Improve the Quality and Work of Factory Directors

The implementation of the factory director responsibility system will put forward higher requirements for the quality of factory directors. Factory directors will be required to have a strong dedication to the revolution and a pioneering spirit of daring to carry out reforms and bring forth new ideas, to be proficient in production and management, to be honest in performing their official duties, to maintain close links with the masses, to

have a democratic work style, to stick to the socialist orientation in enterprise operation, and to continue to open up new prospects for the production and operation of enterprises. In the experimental enterprises, a batch of good factory directors with the above-mentioned fine qualities has emerged, but there are also quite a few factory directors who still fall far short of the above-mentioned requirements. So factory directors must study hard and assiduously so as to gradually become qualified directors. The leaders at various levels must strengthen the training and education of factory directors and stick to and improve the factory director examination system. We must select and appoint excellent cadres who can play a central role as factory directors. Without such factory directors, there will be no real factory director responsibility system.

The implementation of the factory director responsibility system has also put forward higher requirements for the work of factory directors, so that factory directors must consciously and conscientiously improve their own work style and work methods. Factory directors should not only stick to the reform and dare to advance forward by bringing forth new ideas, but should also be more modest and prudent, rely on the party and the masses, listen to the views of all sides, and consciously accept the supervision of the party and the masses. That factory directors have decisionmaking power in the management of enterprises does not mean that factory directors can act according to their own free will. Only by fully developing democracy and drawing on the wisdom of all sides can factory directors make correct decisions. The major questions concerning the production and management of enterprises must be first collectively discussed by the management committees of enterprises and then decided upon by factory directors. As organizations assisting factory directors in making decisions, the management committees of enterprises are participated in by people of all sides in the enterprises. So long as the management committees of enterprises can fully play their role, they will be able to organically integrate the leading role of factory directors in making decisions, the brain trust role of experts, the guaranteeing and supervisory role of the party committees, and the role of democratic management of staff and workers so as to draw on collective wisdom and absorb all useful ideas and make correct decisions. The factory director tenurial task responsibility system defines the task of a factory director during his term of office and organically integrates the tenure system with the responsibility system, the examination system, and the system of rewards and penalties. The factory director tenurial task responsibility system is conducive to improving the quality and work quality of factory directors and shows the further perfection of the factory director responsibility system and thus should be widely implemented.

In order to improve the work of factory directors and bring into full play the role of factory directors, it is also necessary to rely on the supervision, support, and cooperation of all sides both inside and outside enterprises. As far as the present situation is concerned, although it has been clearly defined that factory directors should first of all be responsible to the state, some factory directors easily turn to thinking only about the present interests of the enterprises and the staff and workers, for various subjective and objective reasons. So, it is necessary to adopt a series of

practical measures to strengthen the supervision over factory directors, including the supervision by the party organizations and the supervision by the staff and workers inside enterprises and the supervision by the relevant state organs outside enterprises. While strengthening the supervision over factory directors, the party committees, the workers' congresses, the trade unions, and the CYL branches of the enterprises must give unreserved support to factory directors in exercising their powers. The party committees of enterprises in particular are the key to developing the role of factory directors and implementing the factory director responsibility system. The so-called smoothing out of the relations among the party, the government, and the enterprise means that with the stress on production and management, all three sides share out the work and coordinate with one another, support one another, and closely cooperate with one another within the limits of their own functions in order to accomplish the task of the factory director during his term of office. The leading organs at various levels and the party committees, trade unions, workers' congresses, and so on in enterprises should actively support those factory directors who dare to bring forth new ideas and carry out reforms and should warmly help them correct the mistakes and deviations in their reform practice and work, encourage and support them in doing a good job in production and reform, accelerate the reform in all fields, clear away various kinds of obstacles, and prepare good external conditions for the implementation of the factory director responsibility system. The implementation of the factory director responsibility system can only solve the problem that no one assumes responsibility for the enterprises. Only when enterprises have got the necessary decision-making power and vitality will we be able to solve the problem that enterprises have no right, no method, and no capacity to assume responsibility for their own production and operation. The present situation shows that many of the decisionmaking powers delegated to enterprises by the state have not yet been realized and various sides are still apportioning various expenses to enterprises. Not solving these problems will certainly affect the further perfection of the factory director responsibility system and the full development of the role of factory directors.

/6091

CSO: 4004/64

IT IS IMPERATIVE TO CUT DOWN EXPENSES

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 13-15

[Article by Jing Ping [2529 1627]]

[Text] To carry out reform of the economic structure, we need a comparatively relaxed economic and social environment. An important condition for creating a relaxed economic environment is that revenue should exceed expenditure or both be basically in balance. This is because many measures for reform should have financial backing. If the financial situation is not good, many good measures for reform cannot be adopted.

The national economic situation was good in the first half of this year. A bumper harvest was reaped in summer grain and oil production, and industrial production registered an increase of 4.9 percent over the same period last year. But revenue did not increase much compared with the same period last year, while expenditure grew very fast. A root cause for this is that after the rapid development of the national economy in the past few years, expenditure was based on an expectation that the economy would develop at a high speed and revenue would increase by a big margin. This year, although the growth rates of the economy and revenue have fallen, that of expenditure has not. This situation merits our serious attention.

Ensuring a balance between revenue and expenditure and striving for revenue to exceed expenditure is a requirement of our economic development and political stability. It is also where the fundamental interests of our state and people lie. Therefore, it is necessary to adopt a very resolute attitude and powerful measures to increase revenue and cut down expenses.

The key to increasing revenue is to further promote production and circulation, to firmly grasp the work of making up deficits and increasing surpluses, and to vigorously increase economic returns. It is necessary to further do a good job of readjusting the product mix, vigorously develop lateral economic ties, and organize production according to market demands, so as to increase the production of marketable products, reduce overstocking of products, and speed up the circulation of funds. All enterprises are required to improve their management and, on the premise of improving the quality of products, make great efforts to reduce production costs and increase economic returns. It is necessary to strengthen tax collecting

work on the basis of increasing the revenue of enterprises so as to improve our financial situation.

Under the condition that our economy cannot be developed at the same high speed as last year, cutting down expenses has an especially important significance. All levels, from central to local authorities, should reexamine their budgets and keep their expenditure within the limits of income so as to cut down expenses. They must cut out all unnecessary expenses rather than spending money extravagantly. We always encourage people to lead an industrious and frugal life even if they are very rich, not to mention that we are still very poor today. We must make all party members, all cadres, and all the people understand this basic fact and encourage them to establish a firm idea of building up the country and doing all business through thrift and hard work. Being thrifty and industrious is a virtue. It cannot be regarded as being "conservative" and "mean" and be eradicated as an old idea. It is necessary to carry out education among the people throughout the country in saving every single coin for the modernization drive. At present, some people think that our country is already rich and that they can seek ease and comfort and spend money extravagantly at will. It is unrealistic for them to think and act in this way.

In order to cut down expenses, it is first necessary to control the scope of investment in fixed assets, including capital construction and technical transformation, in accordance with state planning. It is also necessary to stop the development of the trend of excessive investment in extrabudgetary fixed assets. The investment in technical transformation should chiefly be aimed at renewing technological equipment rather than extending projects. Since the scope of capital construction has been controlled, some localities have tried to practice fraud and described capital construction projects as technical transformation in order to make the investment. This is a violation of financial discipline and should be resolutely checked.

Another major task for cutting down expenses is to control group purchasing and reduce administrative funds. All localities and departments must exercise strict control over the increase in the numbers of organizations and personnel and group purchasing.

At present, there is a trend of violent increase in group purchasing power. In the first quarter of this year, group purchasing power in the whole nation increased by 5.4 percent over the same period last year; and in April, it registered an increase of 7.8 percent. Some units, whose original budget expenditures were already a bit high, have still needed to make supplementary budgets. This shows that some units have lost control of their expenditures. They are not considering how to reduce their budgets but how to supplement their budgets. They are using their money extravagantly and are ready to ask the state for help when they have used up their money. In some places, there has also appeared the phenomenon of wantonly wasting money, such as indiscriminately giving out bonuses in kind and traveling at public expense. In some places, since the measures for controlling the purchasing power of social groups and controlling nonproductive expenditure are ineffective, there are many loopholes in this respect. At present, some people are

violating financial discipline under the signboard of "extending decision-making power." This merits our greater attention. Decisionmaking power should certainly be appropriately extended. However, this should be done within the range of permissibility of relevant laws and regulations. In order to cut down expenses, we must rely on the consciousness of people and discipline. Discipline, including financial discipline, should be enhanced along with the development of reform, opening up, and enlivening the economy. The achievements of our national financial and tax examination and party rectification last year should be reflected in our efforts to increase revenue and cut down expenses this year, as well as in our financial work as a whole.

Now the first half of the year has passed. In the second half of the year, we must tighten up our money bag a little bit. It is not yet too late to start doing so at present. But if we start in the fourth quarter, there will be great difficulties for our work.

Financial affairs have a bearing on the total situation, and this should never be treated lightly. It is everybody's duty to save money. This must be grasped firmly in an all-round way.

/6091

CSO: 4004/64

ENERGETICALLY INCREASE THE OUTPUT OF SMALL COMMODITIES

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 14-17

[Article by Sun Dejun [1327 1795 0689]]

[Text] Fully Understand the Place and Role of Small Commodities

So-called small commodities are now still without a scientific definition and a standard of distinction. They generally refer to industrial products relatively small in volume, relatively cheap in value and relatively unprofitable, which are used by people in everyday life. Small commodities, though tiny-sized, are in great variety and are closely related to the life of the masses of people. According to statistics, small commodities account for more than 10 percent of total retail sales of social commodities, and their patterns and varieties being numerous. Especially given the large population in our country, various nationalities and different customs and habits, the need for consumer goods greatly vary. With the proper handling of the production and supply of small commodities, shops can have an eye-dazzling array of displays bringing joy and satisfaction to the masses. Given a drop in production, a reduction in variety, a constant interruption in the supply of many commodities and tight market supplies, normal work and routines will suffer and the masses will complain. It can be seen that though seemingly "small," small commodities do not play a small role.

Many small commodities are exported in bulk. Increased production of small commodities can earn more foreign exchange for the state. Judging from a lot of available data, not a small number of small commodities are well received on the international market and enjoy a relatively great reputation. They are relatively competitive and are relatively good earners of foreign exchange. Take 1985 for example. The export value of our country's hardware products reached more than \$400 million; garments and shoes, \$1.23 billion; miscellaneous articles of everyday use, \$179 million; and bamboo, rattan, palm fiber, grass, wicker and herbaceous plant products, \$190 million. Some enterprises producing small commodities not only shoulder a heavy task of satisfying domestic market needs but are also important export bases. The Shanghai Metal Products Factory is an outstanding typical case in point. This factory chiefly produces "goose brand" pins, "vigilant lion brand" buckles of two kinds, and other small commodities. In 1985, its export output value reached 11 million yuan. Its products sell well in more than 50 countries and regions, including Japan,

Britain, Canada, Australia, the Middle East, and so forth, with more than \$3.5 million in foreign exchange generated. Guangdong is a traditional small commodity-producing area. The "tiger head brand" flashlights produced by Guangzhou city are a traditionally well-known brand with production first started in 1921. For several decades, with their complete set of patterns and specifications, their attractive appearance, their compact structure, their maintained standard of quality, and their other strong points, these flashlights have enjoyed a good reputation among the masses of consumers and a great demand throughout the country. Their sales have extended to as far away as 86 countries and regions on the five big continents. From 1978 to 1984, they earned \$12 million in foreign exchange for the state every year, and \$16.6 million in the peak year. Similar cases are many among enterprises producing small commodities. There is great potential for export in many existing enterprises. So long as proper arrangements are made, it is entirely possible to further increase production, expand exports and generate more foreign exchange for the state.

The development of the production of small commodities also helps in providing employment for labor. Small commodities are mostly labor-intensive products. Relevant production skills are not too complicated. Production can be carried out in a simple and thrifty way with the use of old equipment and odds and ends. The development of collective enterprises and individually operated handicraft industry fits in well with the production of small commodities. The development of the production of small commodities calls for the spending of little money, but with much done. It can serve to increase production and provide more employment. It is really a case of killing several birds with one stone.

Since small commodities are so important, we should put the production and handling of small commodities in their proper place showing the spirit of being highly responsible to the state and the people. But an unusual phenomenon has appeared in recent years: a drop in national production of small commodities and a reduction in variety, and many commodities in short supply or unavailable. Such a situation has brought the masses great inconvenience in life. It has also produced ill effects on the export business. This should arouse sufficient attention on our part. A drop in the production of small commodities and a reduction in variety are, in some cases, attributable to rational elimination. But in most cases, a reduction in variety is unjustified. The causes of a reduction are many-sided. One main cause is lack of attention in the ideological field and failure to make proper arrangements in work. The other causative factors are: Failure to put arrangements for raw materials on a solid basis, with a shortfall in supplies and an interruption in the smooth flow of required supplies, thus affecting production; failure to liberalize the prices of products according to stipulated state regulations, thus dampening the enthusiasm of production and operating enterprises; correct guiding ideas being insufficiently understood by production and operating enterprises, which are unwilling to produce or handle small commodities because of their low value, the small margin of profit and the trouble involved; and so on and so forth. These problems must arouse adequate attention. Effective measures must be taken to seek a solution.

Resolutely Liberalize the Prices of Small Commodities

The prices of small commodities in our country have for a long period of time not been put in proper order. The prices of many products are in sharp contrast with their actual value. Since the liberalization of the prices of certain means of production, contradictions have been especially prominent, seriously dampening the enthusiasm for the production and handling of small commodities. Therefore, to liberalize the prices of small commodities and let production enterprises set prices and the market be a regulating factor has become an important measure to stimulate the production of small commodities and improve the market supply situation. Liberalizing the prices of small commodities is an important reform involving a wide area and having much to do with policy. We must raise awareness and unify thinking. The liberalization of the prices of small commodities is a guideline made clear long ago. In the past few years, the prices of many small commodities have been successively liberalized in separate groups. But the range involved is still small falling short of the demand for further developing the production of small commodities and the enlivening of the circulation of small commodities. Due to the influence of the price index guiding prices, the prices of products in certain areas required by the state to be liberalized have not been completely liberalized. Where the prices of small commodities have been liberalized, there also exists the problem of "declared liberalization unaccompanied by action," or "enforced liberalization not followed by liveliness." In some areas, the price-setting power has been entrusted to enterprises, but without any reform in price-setting methods. It is basically still a case of approaching small commodities with the methods applied to the handling of the prices of large commodities. Practice shows that in areas where the prices of small commodities have really been liberalized, prices fluctuate, some higher and some lower. Declines outnumber advances. Prices, generally speaking, are stable. There is not the phenomenon of a universal rise in prices. Still less is a greatly increased burden put on the masses of people. Therefore, excessive worries and doubts are uncalled for.

As far as industrial production and commercial operations are concerned, given the power to make flexible price readjustments in line with the supply and demand situation, enterprises can quickly lower the prices of those products that move slowly and develop a market for them. A proper readjustment upward of those products that have long been money-losers helps in restoring and developing production. In developing new products, there is no need to have prices studied and cleared at every level. They can be set very quickly with production organized and products put on the market in good time. For some small commodities, the rational readjustment of differences in prices between areas and differences between wholesale and retail prices can arouse the enthusiasm for the operation of commercial enterprises and stimulate circulation. Seriously studying and summing up these experiences helps greatly in raising awareness, unifying thinking and strengthening confidence.

To liberalize the prices of small commodities is to let enterprises set prices and the market be a regulating factor under the guidance of state policy. The setting of prices by enterprises differs from the fixing of prices by the state in a unified manner and from the liberalization of prices

in trading at fairs. It is relatively flexible pricing done under the guidance of state policies and plans. In line with the state's commodity price policy and with changes in production costs and in demand and supply, prices are allowed to fluctuate in a flexible manner with timely readjustments made. Under normal production and rational operation conditions, the prices quoted for small commodities by factories should give enterprises a rational profit margin. The profit margin should generally be higher than that for large commodities in order to arouse enterprises' enthusiasm for the production of small commodities. As for quality products and traditional products, we must really introduce good prices for good quality and encourage enterprises to select choice materials and put in good workmanship. This is to ensure quality and maintain and develop a product's features. As to new varieties and patterns well received by the masses, the prices can be set higher when they are first put on the market, in order to stimulate production on a larger scale and brisk sales. Concerning those small commodities needed to suit special needs and confined to a narrow market, commercial price differences can be bigger in order to maintain given varieties and industrial profits. Price differences in small commodities between areas and between town and country and differences between wholesale and retail prices should be more liberalized and more flexible than in the case of large commodities. This is to suit the features of small commodities, with their numerous varieties, their trade in rather small quantities, and their low unit prices, in order to facilitate the expansion of operations.

To liberalize the prices of small commodities, using the market as a regulating factor and letting enterprises set prices has become an important step in the reform of the commodity price control system. Apart from delegating price-setting power, we must formulate price-setting principles that suit the features of small commodities, policies on price differences, methods for setting prices, and management systems, and change the situation in which the prices for small commodities are controlled like those of large commodities.

We Must Have a Firm Position in Producing Small Commodities

For many years, both positive and negative experiences have shown that an unstable position in producing small commodities, from the angle of the leadership and relevant plans, is mainly a problem of arrangement. Small commodities being what they are, if not improperly arranged for, can easily give rise to the problem of value being set by the big commodities and belittling of small and letting the big exclude the small. Therefore, apart from liberalizing the prices of small commodities and using the law of value to regulate demand and supply in production, we must give full play to the role of plans as a regulating factor and make necessary administrative intervention. With the gradual establishment of our country's new socialist economic system, state control over enterprises will gradually shift in emphasis from direct control to indirect control. Economic means will be chiefly used. Administrative means will also be adapted to and regulate the operation of the economy. The production and handling of small commodities undoubtedly should proceed in this direction. But in the present period of the new system taking the place of the old, how to straighten out the relations among production, supply, sales, and pricing and make appropriate

arrangements is an important factor bearing on the consolidation and expansion of the position of small commodities and guaranteed sustained development of the production of small commodities. After the liberalization of the prices of small commodities and the introduction of the market as a regulating factor, we can by no means leave alone arrangements for production, the supply of raw materials, and the handling of products without any interference. We should instead put things on the orbit of planning, make overall arrangements with all factors considered, or rational arrangements, so that they can have a proper place in plans at various levels and register as "entitled households" to qualify for "grain coupons," with proper channels created for the regular supply of raw materials needed for the production of small commodities. This is because: 1) The raw materials required for the production of small commodities are relatively large in quantity. Moreover, quite a large portion of them are materials subject to unified distribution by the state. For example, given no allotment of rolled steel, timber, copper, aluminum, lead, zinc, gold, silver, and so forth, with sole reliance on enterprises and departments in charge to seek solutions through self-adjustment and coordination, production can hardly be guaranteed. 2) Due to a changed situation, the channels established before for the supply of raw materials for small commodities have in some cases been cut off and new channels have yet to be fully established. For example, leftover bits and pieces and discarded rolled steel of state industrial and mining enterprises were required, as clearly stipulated by the state in the 1950's, to be handed over to industries for their use. Now, many industrial and mining enterprises have put most of these odds and ends to use themselves, and their supply has become increasingly scarce with a deterioration in quality and an ever greater increase in price. 3) Small commodities involve low value and a slender margin of profit and do not lend themselves to negotiated prices.

At present, for the supply of raw materials for the production of small commodities, the old methods from the period of handicraft producers' cooperatives are still being used. They are extremely incompatible with the proper handling of the production of small commodities. First, there is no regular channel of supply, with resources scattered and concentrated use made impossible. Second, the raw materials allotted for small commodities display no favoritism and lend themselves to being possessed or appropriated. Third, those in charge of production do not bother about raw materials and those in charge of raw materials do not bother about production. Production and the supply of raw materials are not in coordination. If such methods are not changed, the production of small commodities can hardly be developed.

Small commodities have such features as great variety, complicated specifications, constant upgrading, relatively scattered production, and relatively quick changes in supply and demand. They depend on various components of the economy, various ways of operation, and various channels of circulation in organizing production and circulation. What our country practices is a planned commodity economy. For small commodities we must achieve the aim of not only combining liberalization with liveliness, but also combining liveliness with the absence of chaos, not only bringing about strengthened management but also refraining from controlling things in a rigid way. We must boldly reform old methods and systems restraining the development of the

production of small commodities and consider the coordination and combination of things that are indirectly related. Therefore, for the production of small commodities, we must make proper overall arrangements and adopt the guideline of all the people, the collective, and the individual getting ahead together. For some small commodities, production techniques and technologies are relatively complicated. There is a relatively big social demand for them. They also fit the pattern of concentrated social modern mass production. Such small commodities should be handled by state and collective enterprises. Those small commodities involving locally available raw materials, local sales, production in a scattered way, and relatively simple technology can be left for the masses to handle without any restraints. This is likely to produce better results.

An enterprise's capacity for self-transformation and self-development has a great effect on the production of small commodities. Those enterprises producing small commodities are mostly small and collective enterprises. These enterprises have for a long period of time been provided with simple housing, outdated equipment, limited funds, and poor labor conditions. This is a very unfavorable factor in stabilizing the ranks of workers and developing production. For these enterprises, we should follow a policy of support in regard to funds, taxation, and credit, and add to their reserve strength, so that they can have the capacity for self-transformation and self-development. Concerning funds needed for upgrading equipment, carrying out technical transformation, stockpiling raw materials, and storage of finished products, we should grant low interest loans and give preferential treatment. Regarding loan funds needed for upgrading equipment and technical transformation, we should allow repayment out of profits realized with newly added production capacity before taxes and grant tax reduction or exemption according to fixed rules if difficulties are encountered in paying taxes.

/6091

CSO: 4004/64

THE QUESTION OF LABOR PRODUCTIVITY IN MODERN CONSTRUCTION

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 18-23

[Article by Zong Han [1350 1383]]

[Text]

I

Lenin pointed out: "In the final analysis, labor productivity is the major and most important thing to ensure the victory of the new social system." This is a famous remark full of vitality.

The Chinese population makes up more than one-fifth of the world population. In principle, in the next several decades, there will be no such problem as being short of manpower. For this reason, some comrades hold that there is no need to emphasize the question of raising labor productivity in our country. I do not agree with this opinion. It is true that China's national situation is different from other countries and it has its own characteristics in the course of raising labor productivity. However, we should not neglect the matter of raising labor productivity because of this. On the contrary, since China's economy is backward and has a poor base, in order to change the backward situation and build our country into a powerful socialist country as quickly as possible, we should attach great importance to raising labor productivity.

Labor productivity is the ratio between the quantity of products created by the laborers and the work they have put in to creating these products. It is indicated by the average quantity of products produced by a laborer within a specific period of time. To make the comparison between laborers producing different products more convenient, the quantity of products can also be indicated by the output value. Despite various different opinions on the calculation of labor productivity, raising labor productivity means producing more products with the same amount of labor, or producing the same amount of products with less labor. There is no doubt about this. Suppose there are 10,000 laborers and the labor productivity is 10,000 yuan, the gross annual output value will be 100 million yuan. If the number of laborers remains unchanged, and the labor productivity is increasing at an average annual rate of 2 percent, then the gross annual output value 10 years later will be 120 million yuan, and 50 years later, 270 million yuan. If the labor productivity is increasing at an average rate of 10 percent, the gross annual

output values will respectively reach 160 million and 1,170 million yuan. In other words, 10 years later, the wealth created by the higher labor productivity each year will be 130 percent higher than that produced by the lower labor productivity, and 50 years later, the percentage will be 220. If calculated according to the cumulative total of wealth created, the wealth created by the higher productivity 10 years later will be 60 percent higher and that created 50 years later will be 130 percent higher than the lower productivity. The longer the period, the easier it will be to gauge the role of raising labor productivity. With different labor productivity, the ratios between the work put in and the products made will also be different, and the time for producing the same amount of products will also differ. Again using the above example: Suppose the gross annual output value is to be increased from 100 million to 5,000 million yuan, if the labor productivity is growing at a rate of 2 percent, it needs 35 years to attain this goal; if the rate is 10 percent, it needs 18 years to attain the goal; but if the rate is 20 percent, it only needs 12 years. From this we can see that raising labor productivity is very important.

The Chinese revolution succeeded under the condition of undeveloped productive forces. Due to the backward production relations and extremely low labor productivity of old China, we lost much time and lagged behind other countries. Since the founding of new China, owing to the industrious labor of our people, we have greatly enhanced our material base. But both in production technology and the per capita output of products, we still have a long way to go compared with the developed industrial countries. In the final analysis, the reason our country is backward is that our labor productivity is low. According to an initial calculation, the labor productivity of China's engineering industry is only about one-twelfth that of the United States and one-eleventh that of Japan; the labor productivity of its iron and steel industry is about one-half that of the United States and one-twenty-fifth that of Japan; and the labor productivity of its electronics industry is one-eighteenth that of the United States and one-thirteenth that of Japan. The labor productivity of agriculture is even lower. Therefore, in order to change the backward economic situation, we must not merely increase substantial investment. What is more important is to increase the growth rate of labor productivity. If we do not "have a much higher labor productivity," as Lenin required, we will be unable to become rich and powerful quickly and narrow the gap between us and the developed countries; we will be unable to produce more products to satisfy the increasing needs of the people in their material and cultural life; and we will be unable to fully exploit the advantages of the socialist system.

The history of socialist development tells us that labor productivity is a symbol and a motive force of the development of social productive forces. It promotes the productive forces to develop from a lower to a higher stage and on this basis, promotes production relations to develop from a lower to a higher form. The reason the feudal system was able to defeat the slavery system is that the former had a higher labor productivity; and the reason the capitalist system was able to defeat the feudal system is also that it had a higher labor productivity. During the industrial revolution, since machines were invented and used, the labor productivity of England was higher than

that of other countries. Its industrial production was once the most advanced in the world and its total industrial output value accounted for half of the world's total output value. Germany, France, and the United States, which started later in industrial development, had a lower labor productivity and lagged far behind. In 1820, the industrial output value of the United States was still about 10 percent of that of the capitalist world, and that of Japan was only about 2 percent even to the year 1920. But changes took place later. England was overtaken by the United States and Japan. The main reason is that the two countries achieved great progress in technological development and had a higher labor productivity, while England stagnated in technological development and economic returns. The contention in the contemporary world is chiefly the contention in the fields of technology and personnel, which is finally expressed by the contention in labor productivity. Those with higher labor productivity and advanced science and technology will develop faster than others, or vice versa.

Low labor productivity is our weak point. However, we have a good socialist system and millions upon millions of industrious and wise laborers who are masters of their own houses. This is our advantage. Over the past 30 years or so, by giving play to this advantage, we have raised our labor productivity and enhanced our political and economic positions in the world. Many of our products are among the finest in the world. If we had not suffered interference from the "leftist" ideology, our labor productivity would have become even higher and our economic strength greater. Now that we have eliminated the "leftist" interference and the whole country is on the road of healthy development, our labor productivity will surely be raised at a faster pace.

We should realize that raising labor productivity will not only help increase our social wealth, but will also play an important role in reducing consumption and raising economic returns. A direct result of raising labor productivity is the smaller consumption of living labor. If one person can do the work originally done by two, the economic returns will be doubled; but if two people do the work of one, both wage payment and the consumption of living labor will be doubled. In China, although the proportion of wage cost in the total cost is not high, its absolute value is fairly large. An increase or decrease in labor productivity by 1 percent may effect more than 10 billion yuan of output value and more than 1 billion yuan of wage cost. In this regard, our enterprises have great potentials at present. When these potentials are tapped, they will be turned into economic returns. Raising labor productivity is also conducive to reducing the consumption of materialized labor. Although in order to do so, it is usually necessary to increase investment in fixed assets, which will enlarge the organic part of funds and increase the relative cost of per unit production, this increase can bring about technological progress, shorten the time of production, increase the utilization rate of equipment and factory buildings, reduce the fixed and partly fixed expenses for producing a certain amount of products (such as charges for electricity, water, and supplementary materials), and avoid unnecessary expenses for ineffective labor and materials. Thus, the consumption of materialized labor calculated on the basis of per unit product can be reduced. Marx pointed out: "Raising labor productivity means: The

portion of live labor is reduced, while that of past labor [guo qu lao dong 6665 0637 0525 0520] is increased, resulting in the reduction of the total amount of labor in commodity; thus, the amount of live labor reduced should be greater than that of past labor increased." ("Collected Works of Marx and Engels," Vol 25, p 290) According to investigation, in the machine-building industry, the fixed expenses make up about 30 percent of the cost of products. When labor productivity is raised by 1 percent, the per unit cost can be reduced by 0.2 to 0.3 percent. In the coal industry, as the investment in fixed assets and the area occupied by the pits are often changing with the changes in the number of workers and labor productivity, if one worker is added, the investment will be increased by 8,000 yuan merely for the increased pit and housing areas; but if labor productivity is raised and one worker is out, the investment can be reduced by 8,000 yuan.

The consumption of materialized labor is gradually reduced with the development of technology and the increase of labor productivity. This is a law governing the development of the productive forces in modern society. In the past, adopting new technology and raising labor productivity was chiefly aimed at saving live labor and reducing the intensity of labor. But during this century, people have realized that there are close relations between raw material and energy resources and technical progress. Due to the shortage in raw material and energy resources and the rise in their prices, the purpose of technical progress and raising efficiency has gradually been shifted to saving materialized labor. Over the past 1 or 2 decades, some countries have made marked achievements in this respect. China is a developing socialist country. In the course of promoting the four modernizations, the shortage in materials is more serious than the shortage in manpower. Many products have high consumption but low returns. Therefore, we should pay serious attention to saving materialized labor through raising labor productivity.

Since materialized labor and live labor can be saved and the cost can be reduced through raising labor productivity, surplus labor, which is the source of accumulation, can naturally be increased. When accumulation is turned into expanded reproduction by intension, it can further help raise labor productivity.

II

Labor productivity is determined by many factors. In different countries, the factors affecting labor productivity are also different. In different stages of development in a country, various factors also play different roles. China is a developing socialist country with a large population and a poor economic base and economic development is uneven in various areas. In the course of raising labor productivity, it has its own characteristics, which are different from those of other countries. We must proceed from Chinese realities in raising labor productivity and turn the general law into a concrete one governing the raising of labor productivity in China, so as to work out concrete policies and measures suitable for our national situation. In my opinion, in order to raise labor productivity in our country, the following problems must be solved.

First, it is necessary to firmly grasp the work of promoting and applying science and technology in light of our concrete realities. Science and technology is the most important and decisive factor for raising labor productivity. About 100 years ago, Marx pointed out: "Along with the development of large-scale industry, the creation of real wealth is in fewer cases determined by the time spent and the amount of labor consumed, but is in more cases, determined by the motive force used in the labor period, and the motive force itself--its high efficiency--is not in proportion to the time of direct labor necessary for its generation, but is determined by the development of general science and technology, or determined by the application of science in production." ("Collected Works of Marx and Engels," Vol 46 (Part 2), p 217) The current situation has further proved this. According to a calculation by developed industrial countries, at the beginning of this century, technical progress constituted about 5 to 20 percent of the factors affecting economic growth and the raising of labor productivity. Now, it constitutes about 60 to 80 percent. A main reason for the low productivity in our country is our backward science and technology. Compared with the world's advanced level, the technological level of our main material production departments is about 20 years behind. We have fewer advanced means of labor and are relatively slow in applying the achievements of scientific research in production. If we do not greatly promote the development of science and technology, we will be unable to raise labor productivity by a big margin.

Technical progress is a general concept. In the course of direct production, it is expressed by means of labor, production technique, subject of labor, and the improvement of the production environment and product designs. If these links are well grasped, labor productivity can certainly be raised. In light of China's realities, it is necessary to combine advanced technology with the rationality of the economy and the applicability of production and grasp the main tasks. In various trades and professions, there are different main tasks. But for our country as a whole, the most important task is to grasp well the transformation of the means of labor and production techniques.

The means of labor is related to the time of production, the processing of products, and the quality of products. Only by adopting advanced means of labor can we shorten the course of production, improve product processing, reduce losses caused by low-quality products, reduce consumption, and increase output. Technological equipment and production techniques also determine the product mix, technological level, and the capability of technological renewal. Some products can be made by ordinary equipment or through manual labor, but some cannot. The production of modern products needs good equipment and advanced technology. Only when advanced equipment is used can we ensure the quality and increase the variety of products and can we speed up the renewal of products and improve the product mix. At the same time, it is also necessary to pay attention to improving product design, adopting new subjects of labor, and making a comprehensive use of raw materials and energy resources. In short, both raising the use value products and reducing the value of per unit product mean the raising of labor productivity under the condition of making less investment.

Generally speaking, the measures for technical progress can save both live and materialized labor, but to different extents. Some measures can save both live and materialized labor; some can help raise efficiency and save manpower, but cannot save materialized labor; and some can save materialized labor but cannot help raise efficiency. The basic situation of China is that we are short of material resources rather than human resources. If we say we are short of human resources, we mean that we are short of professional personnel and skillful laborers. Therefore, if there are contradictions between saving live labor and saving materialized labor, we should generally lay stress on the latter; and when there are contradictions between saving ordinary labor and saving complicated labor, we should lay the stress on the latter. While saving physical labor, we must first pay attention to saving the kind of labor under dangerous and adverse circumstances and try to raise its efficiency so that the laborers can be emancipated from backward labor conditions. Materialized labor is a result of live labor. Saving materialized labor means saving past live labor. When the materialized labor and complicated labor thus saved are thrown into reproduction and used for technical progress, they can help save more live labor.

The low labor productivity of our country is not only expressed by the small quantity of products produced by each laborer, but is also expressed by the inferior quality and irrational product mix. The latter is more important. It often happens that the more advanced the products are and the higher their quality, the lower their outputs and their productivity will be. Therefore, in the development of technology, we must attach particular importance to raising the technical level of our products and improving the product mix through raising labor productivity so as to open up new technological fields and increase the production of the products in short supply. Quality, which also means quantity, is more important to the raising of labor productivity. Fundamentally speaking, if the level of modern products is not raised, we cannot begin to talk about realizing modernization and raising labor productivity of the society.

There are differences between various trades and enterprises in respect of input and output in the course of technical progress, as well as their material basis and objective positions. This determines that there are differences between them in the course of raising labor productivity. Generally speaking, those major departments and trades which concern the overall situation and the long-term development of the national economy should try their best to adopt the most advanced technology and equipment. They should have fewer but better personnel and should pay attention to saving both materialized and live labor. Their labor productivity should reach a higher level. For most departments and trades, it is necessary to adopt applicable technologies which do not have a high level of automation but can help increase economic returns. They should mainly save materialized labor and also pay attention to saving live labor, and their labor productivity should reach a fairly high level. For some departments and trades, which still have to rely on manual labor, their labor productivity cannot but remain at a lower level within a certain period of time. But they must also make efforts to achieve mechanization, renew equipment, and raise labor productivity. Of the three types of departments and trades as mentioned above,

the first type, though few in number, occupies an important position and plays an important role. Along with the development of productive forces, the number of these enterprises will gradually increase, while that of the latter two types will gradually decrease.

Second, it is necessary to strengthen management. Modern productive forces are those equipped with modern science and technology. Therefore, in our management, it is necessary to organize, harmonize, and direct productive forces in accordance with the demands of socialist commodity production. Strengthening management means to organize productive forces through readjusting and reforming production relations. Therefore, every link of management can produce an effect on the efficiency of labor. Unlike science and technology, management generally does not demand material input, but it demands mental labor. So, in order to raise labor productivity, it is necessary to attach great importance to management.

Over the past year, as a result of consolidation, the ability of operation and management of our industrial and communication enterprises has been raised. But generally speaking, the level of management is still very low, and there are great potentials in this respect. At present, many enterprises in our country are still used to carrying out management in accordance with past experiences. They pay very little attention to the market, economic returns, efficiency, and scientific policy decisions. Their systems are imperfect and basic work is weak. In short, they are still not on the track of socialist modern management. This situation seriously affects the raising of labor productivity. If this is changed, even if investment is not increased, labor productivity can also be greatly raised.

In order to promote commodity production, it is necessary to study the market and pay attention to raising efficiency, saving time, and comparing input and output. All enterprises must establish reasonable regulations and systems, with raising efficiency and economic returns as the central task and satisfying the needs of the society and the people to the greatest extent as the objective, so that a new socialist management system with distinctive Chinese characteristics can be established through pooling the wisdom of the masses. It is necessary to put an end to the old habits of ignoring efficiency and economic returns and stop all kinds of waste through establishing reasonable systems. Our enterprises are socialist enterprises where the laboring people are masters of their own houses. If our management system is perfect and scientific and conforms to our national situation, the situation of low efficiency in production can be changed very quickly.

While strengthening management of enterprises, it is also necessary to pay attention to strengthening macroeconomic management. To rationally distribute, use, and manage social labor according to objective needs and to ensure that the national economy develops proportionately and in a planned way is a condition for the normal development of the national economy and a prerequisite for raising labor productivity. Distributing and using labor in a proportionate way cannot be realized merely through the efforts of a

certain department or enterprise. It is necessary to strengthen macro-economic management. Ours is a socialist country. The state has the function of exercising management over the national economy. This provides us with a condition for guiding the development of the national economy in accordance with the objective law. However, if we fail to observe the objective law, make wrong policy decisions, and allow our national economy to develop proportionately, labor productivity will also drop or cease increasing. Since liberation, labor productivity of our country has been rising in most years. But there were also several reversals in the past. The first reversal appeared in the period between 1952 and 1962, during which industrial labor productivity was basically kept at 4,000 to 5,000 yuan a year and was only raised by 15 percent. The second reversal appeared in the period between 1964 and 1968, during which labor productivity was 6,000 to 7,000 yuan, and was raised only by 0.4 percent compared with 1963. The third reversal appeared between 1966 and 1977, during which labor productivity was 9,000 to 10,000 yuan. Compared with 1966, labor productivity in 1977 even dropped by 3.4 percent. The fundamental reason for the unsteady and slow increase in labor productivity is that in those periods, the basic proportionate relations of the national economy were not handled well, resulting in a seriously disproportionate development. Under the condition of disproportionate economic relations, the production of less advanced departments can only develop slowly and their labor productivity is usually low; the labor productivity of those departments with a faster pace of development can be raised quickly in a short period, but since it lacks a sound basis for continuous development, this increase cannot be continued and the productivity is sure to drop. Once the productivity drops, it will take a long time to regain the previous level, because it needs to change the disproportionate basic economic relations into proportionate relations, during which losses are almost unavoidable. This is too expensive for us. Therefore, in the construction of modernization, we must try our best to avoid reversals and must pay serious attention to maintaining basic balance in the development of our national economy, so that our labor productivity can be raised steadily.

III

China is rich in labor force. The question of how to handle the relations between raising labor productivity and extending employment merits our study.

We should admit that there exist certain contradictions between raising labor productivity and extending employment. The quantity of labor force needed in material production is determined by two factors: the scope of production and the efficiency of labor. The quantity of labor force is in direct proportion to the scope of production and in inverse proportion to labor productivity. When the scope of production is expanded, if productivity is not raised and there are insufficient labor forces, the development of production will be affected. Conversely, if labor forces increase too fast and the supply of labor forces exceeds the demand, it will also affect the raising of labor productivity. One of the reasons for the slow increase in the low labor productivity in our country is the excessive increase in

labor forces. For example, although since the founding of the PRC, our industrial production and industrial fixed assets have rapidly developed, due to the excessive increase in labor force (the number of laborers increased from 12.46 million in 1952 to 60.23 million in 1983, or an increase of 380 percent, and those in heavy industry alone increased by 830 percent), there is more labor than needed in industrial production. Thus, the raising of labor productivity has been seriously affected (it has only been raised by 210 percent).

Apart from directly affecting labor productivity, the excessive increase in the labor force is also harmful to improving management, promoting technical progress, and renewing equipment. In some enterprises, due to the excessive labor, old equipment has not been renewed and manual labor has been preserved, and they have more hands than actually needed. In order to raise labor productivity, it is necessary to distribute the labor force in light of the objective needs and in accordance with the type of work in production, rather than just putting people into the enterprises indiscriminately.

However, the abundance of labor forces is an objective fact in our country. Since our country is a socialist country, we have to take into consideration questions concerning the living and employment of the laborers. The question is whether we can distribute the labor force in accordance with our needs while offering sufficient employment for the numerous new laborers who have just grown up. Practice shows that provided we adopt appropriate policies and make good arrangements, this problem is not difficult to solve. In the past, on the question of labor and employment in the cities, we adopted a policy of "the state takes care of everything." As a result, the problem was not well solved. Many units were assigned excessive labor forces and their labor productivity was affected, while some other units, which should be developed, were not developed due to insufficient labor forces. Since 1980, by adopting the policy of "obtaining employment under the unified guidance of state planning and through three channels: recommended by labor department, getting organized on a voluntary basis, and looking for jobs personally," by encouraging the development of the collective economy, cooperative economy, and individual economy and the development of tertiary industry, and by adopting the labor contract system and various forms of employment system, more channels have been found for extending employment. Both the employment rate and labor productivity have been raised. During the period of the Sixth 5-Year Plan, some 36 million workers waiting for jobs in both cities and countryside obtained employment, and the unemployment rate was reduced from 4.9 percent in 1980 to 1.5 percent in 1985. At the same time, the social labor productivity and the industrial labor productivity were respectively raised by 5.5 and 27.1 percent. The industrial output value that had been increased in this period due to the raising of labor productivity made up about 70 percent of the total of the above quota industrial output value. The previous situation of mainly relying on manpower in developing production was thus changed. Labor productivity has been raised especially quickly in some coastal cities, where there are no more people awaiting jobs. Some of these cities, where there are no more people awaiting jobs. Some of these cities even feel that they are short of labor.

Practice shows that raising labor productivity and extending employment are the unity of opposites. If we understand the question of employment in a narrow sense and do not give consideration to the raising of labor productivity, and if we extend employment blindly and let everybody eat from the same "big pot" of low efficiency, the wealth of our society will be increased very slowly and employment cannot be really extended. On the contrary, if we give due consideration to the raising of labor productivity and make our employment policy and the increase of labor force conform to the objective needs, we will be able to accelerate the development of our production, accumulate more funds, and open up more channels for production. Thus, better conditions will be created for extending employment. The first cycle, low efficiency--high employment rate--low efficiency, is full of obstacles, but the second one, which opens up a way for attaining high efficiency--high employment rate--high efficiency, has a bright prospect.

In order to raise labor productivity, a more important matter is to raise the quality of manpower. Manpower is the most positive and active factor in production. This does not chiefly refer to the quantity, but to the quality of laborers. The construction of modernizations has put forth higher demands on the laborers in respect of their consciousness and their scientific, cultural, and technological levels. Only when the quality of laborers is greatly increased can labor productivity be fundamentally raised. The low cultural and technological levels of laborers and the lack of skillful laborers capable of doing complicated mental labor are the major factors affecting our labor productivity. In modern construction, we must regard this matter as a strategic task and grasp it firmly. Only thus can we further raise our labor productivity.

/6091

CSO: 4004/64

SPACE TECHNOLOGY AND ECONOMIC CONSTRUCTION

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 24-28

[Article by Hang Zhongyi [2635 0112 0001]]

[Text] Space technology is a general term for missile technology and the space technology developing symbiotically with it. Spaceflight activities generally refer to the navigational activities of manned or unmanned spacecraft in the space outside the earth's atmosphere. With the development of the scale and standard of space technology, a new space technology industry has gradually appeared. It is very important to treat the space technology industry as a major new industry in China and to conscientiously study strategies for promoting its development.

The Birth and Development of Space Technology

Since ancient times, man has yearned to fly into space and travel in the universe. In ancient China, there was a myth about Lady Chang E flying to the moon, legends about "flying men" and "flying chariots" in "Shan Hai Jin" [The Book of Mountains and Seas] and "Di Huang Shi Ji" [Annals of Emperors], and so on. China was the birthplace of the ancient rocket. As early as in the Song Dynasty, the first gunpowder-propelled rocket in the world was made. During the Yuan and Ming Dynasties, China successfully made a primitive two-stage rocket and also a rocket which could fly in two different directions in two stages. Modern carrier rockets for spaceflight embody epoch-making technological advances, but they resemble the primitive rockets in working according to the same basic principle of jet propulsion. During the 13th century, China's rocketry passed to the Arab countries via India and then to Europe. Between the 17th and 19th centuries, rockets were developed as weapons in Russia, Britain, India, and so on.

At the turn of the 20th century, major theoretical breakthroughs in modern rocketry were achieved through the efforts of Russian, American, German, and Romanian scientists. In the 1920's, Germany's rocket technology rapidly developed from elementary theoretical studies into engineering work and manufacturing. After the outbreak of World War II, the German fascist authorities used larger quantities of human, material, and financial resources to manufacture missiles and rockets, and on 3 October 1942, Germany launched the first ballistic missile in the world--the V-2

missile--with a range of 260 kilometers. In 1944 this missile was used in actual warfare, but could not rescue German fascism from its doom. The V-2 missile was of epoch-making significance in the history of the development of modern rocket technology.

After the war, the development of rocketry was given priority and proceeded rapidly in some countries.

In 1945, the Soviet Union began to attempt the large-scale manufacture of rockets modeled on the V-2. By the end of 1946, it had succeeded in this effort and made some improvements on the rocket. It called its version P-1. In 1949, it developed a newer model P-2 with a range of 590 kilometers. In 1957, it declared the successful launching of its ultra-long range multi-stage intercontinental ballistic missile, and sent the first manmade earth satellite in the world into space, thus opening up a new stage in man's conquest of space. In the 1960's, rocket technology developed tremendously. The Soviet Union and the United States developed powerful carrier rockets. In 1961, the Soviet Union successfully launched the first manned spacecraft. From the 1960's onward, space technology has further developed in the arena of applications. A large number of satellites have been launched by various countries, including satellites for scientific experimentation, surveillance, weather, communications, and earth resources. Moreover, the United States and the Soviet Union have explored the planets and interplanetary space, thus greatly enriching man's knowledge of the solar system. From 1961 on, the United States proceeded with the grand "Apollo" program of landing on the moon. Its spaceships carried men to the moon and landed there. Some spacecraft crews also landed on the moon, lived and worked there for a short period, and obtained a great deal of information about the moon.

In the 1970's, the United States started to build a space shuttle system and launched Skylab. The Soviet Union also stepped up work in this area and sent a number of space stations into orbit. The success in building space stations has encouraged scientists to study and design spacecraft that can be used repeatedly and can send men and materials into space economically and safely. The United States now has four space shuttles which have performed 56 manned flights. This signifies a major new breakthrough in space technology, and that man is entering a new historical period in the realm of spaceflight. On 28 January 1986, the American space shuttle "Challenger" exploded in the air 74 seconds after liftoff. This accident greatly shocked the whole American nation and the whole world, arousing deep concern among spaceflight circles in various countries of the world.

China began to develop missiles and spaceflight undertakings in the 1950's in order to quicken economic construction, strengthen national defense, and safeguard world peace. In 1956, Premier Zhou Enlai took charge of formulating a 12-year scientific development program according to which jet propulsion and rocket technology were included in the state's key development projects. Under the direct leadership of Comrade Nie Rongzhen, a contingent of research, production, and experimentation personnel was built and perfected. In the course of nearly 30 years of arduous struggle, China has produced many varieties of missiles, carrier rockets, and satellites.

China's space technology has attained advanced world standards. A relatively complete missile and space industry has been built.

Characteristics of Space Technology

From the viewpoint of engineering, space engineering includes the five major systems of carrier rockets, spacecraft, launch sites, ground testing and control networks, and applications. This is an enormous project of systems engineering involving large-scale operations, complicated technology, many diverse related fields, long cycles in research and production, and massive investment. From the viewpoint of learning and specialities, space technology embraces almost all branches of learning and specialities in modern science, including mathematics, mechanics, physics, chemistry, electronics, biology, structural mechanics, aerodynamics, systems engineering, overall design, propellants, inertial instruments, radio technology, computers, material technology, electronic components, and so on. It can be said that space technology is an important indicator of a country's scientific and technological standard. The main characteristics of space technology are as follows:

1. It embraces large-scale engineering and extensive cooperation.

Space engineering is large-scale engineering. For example, communications satellite engineering includes ground testing, launch systems, testing and control systems, and a ground station system for using the satellite, aside from the building of rockets and satellites. Testing communications satellites involves 10 subsystems (structure, energy source, apogee engine, temperature control, control, remote testing, remote control, tracking, antennas, and communications), each of which comprises many categories of equipment, components and parts, and devices.

Accomplishing this kind of complicated and large-scale engineering work inevitably calls for vigorous cooperation between various departments and units. Every success in China's spaceflight undertakings has been the result of vigorous cooperation between and support given by various departments and units in China. In view of these complicated cooperative relations, organized coordination and command work in scientific and technological work management must be done well based on systems engineering methods.

2. Space technology is complicated and embraces many categories of new and difficult technology.

The space industry makes intensive use of technology and knowledge. It embodies the comprehensive use and highly refined crystallization of modern science and technology. The development of space technology depends on the development of many disciplines, basic or otherwise, and also creates favorable conditions and circumstances for research in many basic branches of learning and technology. The development of space technology inevitably entails tackling many key categories of new and difficult technology, and hence promotes the development of many disciplines. In light of the need for developing space technology, the United States successfully produced and

used the first digital computer in the world in 1946, thus promoting the development of integrated circuits technology. The United States is presently researching the making of 5th-generation giant computers and superlarge integrated circuits. China's development of computer and integrated circuits technologies was also promoted by space technology. Moreover, the development of space technology has also promoted the development of many new materials and technologies. In order to develop space technology, China began to research the production of glass fiber reinforced plastic 20 years ago, when the technology involved was new and difficult. Today, glass fiber reinforced plastic is widely used in various technological fields.

3. Space technology involves long cycles of research and production and massive investment.

A space engineering project generally takes 5 to 10 years or even longer to accomplish and involves substantial expenses. For example, although the "Skylab" program of the United States made use of numerous achievements of the "Apollo" program, greatly reducing expenses, the four flights involved still cost a staggering \$2.6 billion. The current permanent space station program of the United States includes two stages which cost \$8 billion and \$12 billion respectively. Precisely for this reason, early planning of the development of the space industry and the setting of clear goals are essential. Moreover, a considerable amount of funds must be raised and the availability of adequate funds must be ensured. Naturally, our expenditure must be less than that of economically developed countries like the United States. Like investment in education, this investment, together with interest on it, will be covered in due course.

Significance of Space Technology to Economic Construction

The space industry is currently one of the fastest growing industries in the world. Between 1957 and the end of 1983, 3,041 spacecraft were launched in the world, including 81 manned spaceships, 102 interplanetary spacecraft, and 11 space laboratories and space stations. The total investment involved is estimated to exceed \$300 billion. Currently, the United States is vigorously proceeding with the "star wars" program and the space station and space shuttle program. The Soviet Union is researching the building of space shuttles and large space stations. European countries like France are researching the building of the large carrier rocket "Ariane 5," the small space shuttle "Hermes," and the space station "Columbus Module." Britain is researching building the space shuttle "HOTOL." Japan is researching construction of the large carrier rocket "H-2" and the small space shuttle "Yamato," and is making preparations for building an independent space station system.

The vigorous development of space technology and the increasing attention paid to it by various countries in the world are due to its very close relationship to both national defense and national economy. It has opened up new territory for human activities, namely, outer space. This new territory is much bigger than the earth and its atmosphere and furnishes material

conditions and resources in numerous categories in great abundance; for example, there are positions far from the earth's surface, a weak gravitational field (zero gravity), an ultrahigh vacuum, deep cold, ultraclean conditions, solar energy, and so on.

Everyone knows that the information industry is one of the most active industries in the current new global technological revolution. This industry includes the acquisition, transmission, treatment, and storage of information. The treatment and storage of information belong to the realm of microelectronics technology and computer technology and should be developed as key technologies. Space technology plays an important and unique role in both the acquisition and the transmission of information. It makes possible things like the large-scale monitoring of vast areas on the ground or in the sky in order to obtain information; the transmission of information over long distances for the sake of communication or broadcasting; the synthesis of new materials and the creation of new technologies under ideal conditions, to the benefit of mankind; and the obtaining of solar energy as a new source of energy.

1. Space technology enables us to obtain information about the earth's resources, information useful for mapping vast tracts of land, meteorological information, and so on.

Using high-resolution power and high-clarity satellite photographs of our territories, China has obtained vast quantities of information and data related to general surveys of our territories; geological reconnaissance surveys; the exploitation of waterpower; water and soil conservation; the building of railroads and seaports; the countryside; environmental protection; oil resources; oceans, coasts, seas and beaches; town planning; forecasting earthquakes and catastrophes; archaeological, historical, and geographical studies; and so on. Considering efficacy, a satellite photograph can cover an area of 1.6 square kilometers, and in only 3 days' time a person can finish the initial analytical examination of the photograph and the drawing of interpretative sketch diagrams. In contrast, a manual survey will require 30 or more persons to work 3 years, while an aerial survey takes 3 months for a 30-member team. Considering costs, the cost of a survey per square kilometer is 100 yuan by aerial survey and only 4 yuan by satellite photographs. The use of satellite photographs can bring changes to China's traditional mode of geological reconnaissance survey and greatly reduce the quantity of field work and the funds used. Geological maps for the Qinghai-Xizang Plateau, deserts and gobi, the southern territories, Taiwan, and so on can be drawn only by using satellite photographs. Using satellite photographs of China's territories, we can rather quickly draw 1:200,000, 1:100,000, and 1:50,000 geological maps. Even more closely related to national economic construction are the use of natural resources satellites to obtain information about resources, the use of weather satellites to obtain reliable scientific information needed for weather forecasts and scientific meteorological studies, and so on. For example, in the building of railroads, satellite information can help reduce mileage in the selective positioning of railway lines and help bypass places with faults or possible landslides. Reducing the length of a railway line by 1 kilometer can help reduce investment

expenses by 1 to 5 million yuan. For some lines, various categories of expenses can be reduced by hundreds of millions of yuan every year if places with possible landslides are bypassed. Heavy losses can be avoided if structures like bridges are located away from faults. Accurate and early forecasting of natural calamities like floods, earthquakes, and so on is conducive to adopting preventive measures to minimize losses. These benefits are too great to be accurately calculated in numerical terms. According to reports, American weather satellites annually create direct benefits amounting to \$600 million and indirect benefits amounting to \$3-4 billion. According to statistics compiled by the Cai-Si [5591 2448] Econometrics Company of the United States, a \$1 investment by NASA will lead to a \$14 increase in national income 10 years later. The input-output ratio is 1:14. The Soviet Union's annual benefits from weather satellites amount to 1 billion rubles.

2. Space technology can be used in the transmission of information like communications, broadcasting, and so on.

Considering communications and broadcasting, satellites have the advantages of small investment, large capacity, difficulty of interference from the natural environment, serving a large area, and so on. These advantages cannot be matched by the traditional means of transmission like coaxial cable lines, microwave relays, and so on. The satellite is a modern means of communication and broadcasting. In particular, it has special advantages in long distance or two-dimensional transmission of information.

An increasing number of countries in the world now use satellite technology for communications and broadcasting. This will play an increasingly more important role in the development of intellectual resources, the raising of scientific and technological standards, the spread and advancement of education, and the undertaking of propaganda work. For China, in particular, this will play an even more significant role in spreading and advancing education and scientific information in the countryside where 800 million people live, in providing communications and broadcasting services to outlying districts, and in developing the electronic audiovisual industry. China's technological means of communications and broadcasting are relatively backward, the areas covered are proportionally small, the quality of broadcasting relay is poor, and results are bad. The most effective and economical way of quickly ending this situation is to go beyond the traditional stage and directly develop satellite broadcasting and communications technology. Thus, the whole country can be covered by a single effort, the use of energy resources can be vastly economized, and investment and maintenance expenses needed for building ground facilities can be greatly reduced. The enormous value of the knowledge and material wealth thus created is beyond computation.

3. Space technology can be used to develop the space industry of the future.

The 21st century will be the century of space. The opening up, exploitation, and industrial and commercial use of space will bring mankind greater benefits. In particular, the processing of materials in space is an extremely attractive undertaking. Many things can be synthesized in the ideal

conditions of space, for example, semiconductor materials, crystals, magnetic materials, shape-memory alloys, noncrystalline metals, compound materials, porous foam materials, organic polymers, glass, transparent china materials, other new alloys, medicines, and so on. According to reports, some first aid medicines which take 30 years to synthesize on the ground take only 30 days in space. New technologies can also be created in the ideal conditions of space, like new drawing technology for producing thin sheets, plates, and threads, adhesion casting, containerless smelting and forming, outer coat or case technology, electrophoresis technology, and so on. The benefits yielded are very substantial. According to projections by the "U.S. Space Policy Center," after the year 2000, the total annual revenue of civilian projects in the United States employing space technology will reach \$65 billion, and the corresponding annual tax revenue will reach \$13 billion.

To sum up, the development of space resources can yield enormous economic and social benefits. This is the major motivating force behind various countries' eager development of space technology. However, it must be noted that the space industry involves huge expenses, and its development must be compatible with national economic development. If the relationship between the two categories of development is not appropriately handled or if the development of the space industry surpasses the limits warranted by the national economy, national economic development may be affected. China is a developing socialist country. In developing the space industry, we must proceed from China's national conditions and China's economic, scientific, and technological capabilities and correctly handle the relationship between the two categories of development, so that the space industry can become a force that promotes economic construction and scientific and technological development. China is a socialist country that ardently loves peace, and we must never guide the development of space technology onto the track of the arms race as some economically developed countries do.

China's Space Industry

Our party and state have paid attention to our space industry since its birth, and the guiding principle of "self-reliance and arduous struggle" has been adhered to. In the founding and development of this industry, the foundation and fruits of the missile industry have been fully used, so that these two symbiotic industries have developed side by side. The space industry has currently attained a considerably well-developed scale and standard. On 24 April 1970, China successfully launched its first manmade earth satellite. That 173-kilogram satellite outdid other countries' first satellites in regard to the technologies of tracking, transmission, temperature control, and so on. To date, China has successfully launched 18 satellites, 7 of these retrievable ones. In recent years, China has launched intercontinental rockets directed toward the South Pacific and solid-fuel rockets from underwater, and positioned at a fixed point above the equator a geosynchronous orbital experimental communications satellite. On 20 February this year, China launched a practical communications satellite which was successfully positioned at a fixed point on longitude 103 degrees above the equator. Since China announced its readiness to use "Long March 2" and "Long March 3" carrier rockets to launch satellites for foreign countries, Sweden was the

first to order the launching of a postal service satellite. Currently, some governments, business groups, and companies from eight different countries are holding talks with China on the launching of satellites. Considering the United States alone, 10 companies have contacts with China in connection with launching services.

We have built a contingent of scientific, technological, and engineering work personnel composed of various categories of specialists, scientific and technological work personnel, scientific and technological work management personnel, and workers. They have been tempered in practical work and can undertake various categories of space engineering tasks like research, experimentation, and production. This contingent of scientific and technological work personnel have more elderly specialists as the backbone, middle-aged scientific and technological work personnel as the main body, and young scientific and technological work personnel as a reserve army. These personnel are hardworking, intelligent, and capable, and can successfully undertake formidable tasks. They are the invaluable treasure of the space industry.

We have built bases that do research, designing, experimentation, and production work in connection with carrier rockets, satellites, missiles, launch equipment, and testing and control equipment. These bases are doing research or production work in connection with the launching of various categories of satellites and the corresponding categories of carrier rockets, like large low-orbit satellites, stationary geosynchronous satellites, heliosynchronous satellites, and so on. Under the impact of the surges of new technological revolution, economic system reform, and scientific and technological work system reform, these research and production bases will gradually undertake technological transformation, will further be improved and upgraded, and will more fully develop their potential.

China has also built experimental bases and various categories of stations to perform spaceflight tests, and has built a testing and control network composed of various domestic stations and oceangoing survey vessels. These experimental bases and testing and control networks have stood the test of repeated test flights.

China has experience in large-scale national cooperation and has mastered relatively well-developed management methods. A relatively comprehensive cooperation network has been formed. Relatively abundant experience in organizing, directing, and managing large-scale test flights has been gained. These methods and experience will be useful in our future space undertakings.

Some comrades think that developing the space industry is not worthwhile because it is of little practical value but requires the excessive use of funds and technological forces. This view is clearly not all-sided and it has arisen mainly because those comrades do not adequately understand the nature, status, and role of the space industry. We should make them more knowledgeable through propaganda. As explained above, the space industry intensively uses information and technology. It synthesizes and uses modern

science and technology and the newest achievements of various branches of learning. It can promote the development of many branches of learning and is closely related to national economic construction. Although China's space industry has achieved great success, it greatly lags behind its counterpart in developed nations. Its mission is becoming increasingly more arduous in today's world of intensifying competition in the field of space. We must persistently promote its development on the basis of our economic, scientific, and technological development. In light of the requirement for rapid economic development, China is proceeding with research and production work in connection with a new generation of practical communications, broadcasting, weather, and resources satellites, and other categories of more sophisticated space engineering work. They will directly serve the realms of postal and telecommunications services, broadcasting, meteorology, agriculture and forestry, irrigation, oceanography, mapping, terrestrial mining, communications, education, culture, and more. After many years of efforts and investments, China's space industry is now in a "harvesting season." If we continue to put in the necessary funds, knowledge, and technology, the past investment and construction work will continuously yield greater benefits and a "chain reaction" and "beneficial cycle" will appear so that the development of other branches of science and technology and the development of national defense can be powerfully promoted, national economic development can be encouraged, and the four modernizations can be speeded up.

/6091

CSO: 4004/64

ON ACHIEVEMENTS IN ONE'S OFFICIAL CAREER

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 29-30

[Article by Fan Kang [5400 1660]]

[Text] As our reform develops and deepens, a large number of middle-aged and young cadres have been assigned to leading posts. These comrades have the desire to achieve something great. People at all levels hope that they will do so. All their "internal impetus" and the "external pressure" focus on one question--how great the achievements are in their official career. However, how are we to evaluate the achievements and what are our yardsticks to do so? These are questions we have to discuss. If, from the very beginning, we differ in our view about the answers to these questions, or if our yardsticks differ, then our work will be hindered. Many enterprises have implemented the system of assigning tenure targets to leaders, and some offices and institutions have been carrying out similar experiments. Therefore, it is even more necessary to discuss this issue.

"A new broom sweeps clean" has always been a saying said with a sneer. I think that people criticize like this because it sweeps clean only when it is new rather than because it actually sweeps clean. In the current process of the transformation from the old system to the new, there must be quite a backlog of problems to solve and things to do in a factory, school, office, or scientific research institute. If a new leading cadre cannot bring some vigor with him when he comes to his new post, if he fails to make careful investigations and studies and thus conscientiously and satisfactorily handle some outstanding problems, in other words, if the new broom fails to sweep clean and allows the old rubbish to continue to hinder the operation of the outdated mechanism, then obviously this new cadre will fail to perform his official duties. There has long been a new explanation to the old idea of preserving the undertakings established by our predecessors. Our predecessors roused and relied on the masses to overthrow the reactionary rule, established the democratic people's dictatorship, and thus laid the foundation for our socialist construction. By so doing, they indeed scored a great achievement. However, if we stretch our field of vision to the end of this century and further to the middle of the 21st century, despite the extremely important and decisive significance of this previous achievement, it can only be regarded as an achievement which has opened up the road for and pointed out the goal of a new march for posterity. Every generation has as its task

to make further progress and score new achievements. Only by creating a new situation under the new conditions can we preserve and develop the undertakings established by our predecessors. Therefore, we will not be able to preserve the old undertakings if we fail to continue to blaze new trails. We are not a "caretaker cabinet" of a Western country which does not want to achieve anything even when it is formally in office. In our country, all leading groups, big or small, and the leading cadres at all levels must come to the center of the stage with lofty and grand ideals. Therefore, of course they must sweep clean for the reform. In addition, after they have launched the reform, they should continue it for a long time.

What do the vast number of the masses hope that the new leading comrades will sweep clean if they regard these cadres as "new brooms"? Very probably, they first want them to solve a number of "old, big, and difficult" problems. Owing to the interaction of many complicated factors and prolonged delays, perhaps there is a backlog of knotty problems to be solved in many areas. Some of these problems are related to major policies and principles and others are related to our actual work. Some of them concern collective welfare and others concern people only as individuals. They differ in their nature, phenomena, and greatly in their scope. However, they are of great significance for cadres in giving play to the staff members and workers' initiative and have great impact on the establishment of a relationship of mutual confidence between the leaders and those under their leadership. Whether a cadre dares to deal with and is good at dealing with this kind of problem and thus makes a breakthrough in creating a new situation is a test for our leaders concerning the closeness of their ties with the masses and a test of their pioneering spirit to look squarely at the difficulties and their actual ability to handle problems. There is no need to cover the fact that in the past some comrades looked competent only on the surface but failed to very satisfactorily perform their duties. As a result, people cannot help have some reservations and feel sorry for them when the achievements of their official careers are evaluated. Of course, if the leader of a unit only does his work according to the arrangements of the upper level which are applicable to all the units at the lower level, then even if he has scored some achievements, he has only fulfilled his general tasks. Can the practice of avoiding dealing with the outstanding problems and ignoring the problems that most people are concerned about be regarded as a practice of really proceeding from reality? Can this be a creative way of doing one's work? Please, tackle some difficult problems. As leaders in your prime of life, you ought to have such aspirations and courage. The reform has already become an irreversible trend of the development of history and the force to destroy the decadent and outdated things has already been pooled and become an increasingly irresistible force. As long as we follow the Marxist ideological line and work methods and do our work in a down-to-earth manner step by step, we will ultimately be able to solve any problem, however difficult. Even if we cannot solve it for the time being, we will be able to reduce its harm. In the course of overcoming extraordinarily difficult problems, people can give full play to and continue to improve their wisdom and talents.

Should we consider the whole situation in an all-round manner in grasping ways to solve the problems which urgently need solutions and about which most people are concerned at present? Should we consider the long-term consequences of the effort to solve them? Should the leader who solves the problem be responsible for the consequences after his tenure expires? These are questions that we have to consider in evaluating the achievements of a man's official career.

At present, the newly appointed responsible cadres in some areas and departments have set some targets for themselves in fairly great detail concerning the things that they plan to do in 1 or 1/2 years. They have announced these targets to the public to show their firm resolution and ask people to supervise their work. This clear-cut attitude is worth praising. What they have included in the list of their targets are problems that are closely related to the immediate interests of the masses. It is necessary to exert their efforts and satisfactorily grasp these problems. It is possible to achieve quick results if they really work hard to solve them. If we say that by so doing these leaders are pursuing quick achievements, we should understand that there is no harm in this. Can a man be a qualified leader if he is only satisfied with boasting but fails to actually solve some actual problems for the masses? As a leader who controls the overall situation, in making decisions about and starting to handle any difficult problem, he should have magnificent strategic foresight, and take into consideration all factors, the future impact of the measures that he is going to adopt, and the possible changes in the relations between these factors. Only after repeated comparison and study should he make his final decision. He should by no means pursue quick achievements in such haste that it is criticized by other people and thus act rashly for short-term satisfaction. By so doing, he will not only fail to very satisfactorily solve the old problems, but will also give rise to new problems and even long-term negative consequences. There have long been instances of such a practice. In order to pursue a high output value, some factory directors failed to take into account the demands of society and desperately expanded the equipment in their factories. In order to pay more bonuses to the staff members and workers, some factory directors adopted the policy of "draining the fish pond to catch all the fish" and even had no scrap to pay bonuses out of production development funds. No sensible person would ever approve this kind of "achievements of an official career" which could give rise to trouble in the future. As a negation of the system of lifelong tenure, the system of a fixed term of tenure is undoubtedly progress. However, can responsibility be cut off when the term of tenure finishes? Every leader, let alone a communist, should make what he has done in his term of office stand the test of time and be responsible for it all his life. This reminds me of a work briefing meeting that I attended. At that meeting, a responsible person of the office responsible for drawing up plans for the valleys of the Chang Jiang said that in the Qianlong Reign of the Qing Dynasty, when a certain section of the dike of the Jing Jiang broke and caused a serious disaster, not only did the governor of Huguang Province in office at that time have to shoulder responsibility for the disaster, but the two preceding ones also had to shoulder responsibility. Should an official be free from blame when he has left his office? We are people who have made up our minds to build a powerful socialist country and serve the people

all over China. Should we not have an even stronger and more conscious sense of responsibility?

In the past, we often based our evaluation of the achievements of a person's official career on what people said and often this was an act of recalling things long ago. Times have changed. Now it is necessary and possible to set some objective standards for evaluation and measures for prompt examination and write them into necessary rules and law. There has been news that in some provinces and autonomous regions the regulations concerning the auditing work to evaluate the work of factory directors and managers when they have left office is being implemented in either an all-round or partial manner. This auditing examination covers the realization of the major economic and technological targets set for their terms of office, the question of whether there have been any losses of state property and unclear accounts, that of whether the income and spending conform to laws and regulations, that of whether the figures for profits and losses are accurate, and that of whether the interests of the state, enterprise, and staff members and workers are all taken into account while ensuring that the state gets the largest slice of the interests. According to what is found by the audits, we decide whether they should be awarded or punished and whether they should be once more appointed to their posts. By so doing, they cannot be free from responsibility even after they have left. This is a good method. If the leaders of all areas and departments always remember that after their terms of office expire, there will be such an audit to check their work, then they will always be very careful in doing their work, carefully consider anything they are to do, combine shouldering responsibility for the current generation with that for the future generations, and work hard to pursue the achievements of their official careers that will benefit the country and people for a long time to come. As a result, they will be able to do their work even better in their terms of office.

/6091

CSO: 4004/64

RESEARCH IN SOCIAL HISTORY AND ACHIEVEMENTS IN THE NATURAL SCIENCES

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 31-34

[Article by Jiang Dachun [5592 1129 2797]]

[Text] As modern science tends toward increasingly comprehensive development, how to view the influence of achievements in the natural sciences on research into social history is a question to which our nation's academic circles have paid close attention. This article is intended to put forward a few immature ideas on this question.

The tendency toward comprehensiveness in scientific development, as far as the science of social history is concerned, is manifested both in overlapping between the various specialities within the field as well as in the osmosis between the science of social history and the natural sciences. Social historical research should and can draw from the accumulated achievements of the natural sciences in order to promote its own further development. Everybody knows that the establishment of the most important scientific achievement in the area of social history--the Marxist materialist view of history--had as one of its preconditions the development of the natural sciences at that time. In the period when the level of natural sciences was low, scholars found it difficult to carry out observations and studies by concretely linking the history of human society and the natural world. Following the development of the natural sciences, there was an organic filling in of the wide gap between the inorganic world and the organic world, and biology proved that plants and animals (including humans) were all products of hundreds of thousands of years of natural development. These natural science achievements prompted Marx and Engels to proceed from the idea of universal relationships. They examined human society as a real component part of the natural world and linked the former with the latter. They established that the production modes of material life are important decisive factors in historical development, and they revealed the real basis for the development of man's social history. At the time, Engels clearly pointed out: "Just as today's natural scientists are all irresistibly drawn to observe and study the general conclusions of theory, regardless of whether they wish it or not, so every person who studies theory is similarly irresistibly forced to study the achievements of modern natural sciences. Here then is definite mutual compensation." ("Selected Works of Marx and Engels," Vol 3, p 465) At the beginning of this century, Lenin, in the article "Again Destroying

Socialism," pointed out that in the 20th century a more powerful tide of movement from the natural sciences toward the social sciences would emerge. ("Complete Works of Lenin," Vol 20, p 189) In modern China, the achievements in the natural sciences are increasingly moving toward the area of social history. Natural sciences are actively absorbing and using social history, which is further promoting the development of the science of social history. There can be no doubt about this.

However, there are differences in people's understanding as to how to absorb it. Some people believe that our nation's science of social history has not yet formed truly effective research methods and propose copying the theoretical conclusions of natural sciences. This proposal is worth discussion.

Indeed, some achievements in the development of the natural sciences and technology have been used as technical tools for arranging and handling materials in the social history field. For example, in mathematical calculation and statistical methods, computers are used to store and access information and to help in arithmetical calculations. All can be directly used as they are used in the natural sciences. Some knowledge of natural sciences can also be directly used in resolving some specific problems in the social history field. However, the theoretical conclusions of natural sciences are not like the technical measures which can be directly used in the social history field. As far as systems theory is concerned, which people often speak of now, some people directly use it to explain the development of China's social history. They say that China's feudal society was a closed system and that if there had not been the Western big powers to blast the system open with their cannons, Chinese society would only have been able to continue in the vicious circle of the feudal social system; that is, even if there was development of the productive forces, it would not have led to the development of capitalism or the establishment of a capitalist society, much less modernizations. According to this understanding, the Chinese people should not have opposed the invasions of imperialists, since if these had been opposed, it would have obstructed the development of China's society. This is clearly not in accord with the objective reality of China's modern history. Systems theory has its origins in the biology of the beginning of this century. It stresses that the open nature of biological systems has a certain logic because external conditions are essential for biological development. However, if we take the openness and turn it into the only cause of change in biology, negating the internal reasons for biological development, it will be difficult to support such a view in biology. Thus, simply copying the idea of openness in systems theory and applying it to the area of social history is an idea even harder to support.

When we compare man's world and the natural world, we find that there are different characteristics. Man has consciousness and the capacity to think and thus, inevitably, social phenomena have been divided into the two major areas of material phenomena and spiritual phenomena. Their difference lies in that they are based on social existence and social consciousness respectively. This results in the field of social history having different patterns of movement from the natural world, which only has a spontaneous

role through material phenomena. This basic difference determines that natural science theories often cannot be directly used in explaining the phenomena of social history, such as the phenomena in production relations and the superstructure area and especially the phenomena of consciousness formation. Marx and Engels paid attention to drawing in the achievements of the natural sciences, but opposed indiscriminately copying and applying natural science achievements in the social history field. Engels pointed out: "The essential difference between human society and animal society is that, at most, animals are collectors, while man can engage in production. Purely because of this single but basic difference are we unable to directly apply the patterns of animal society to human society." Indiscriminate copying is a "ridiculously childish" idea and "there is absolutely no need to waste a lot of words on this." ("Complete Works of Marx and Engels," Vol 34, pp 163, 162) At the same time, we should recognize that some of the theoretical conclusions of the natural sciences can, through further abstraction, ascend to general principles and can play a guiding role in social history research. Some other conclusions, although they are generally correct, contain some mistaken components. There are also some theoretical conclusions of the natural sciences, which although proven true in their own scientific field, when applied in other scientific fields and especially when applied in the social history field, become mistaken or even absurd conclusions. Thus, not taking the different objective conditions of the natural world into consideration and indiscriminately applying the achievements of the natural sciences goes against the basic principle of researching questions by proceeding from objective reality.

What method then did Marx and Engels favor applying? They consistently saw the natural world as the touchstone of dialectics. They inquired into the question of how research into social history should correctly draw in achievements in the development of the natural sciences and put forward many incisive views. Engels pointed out: When understanding the achievements in the natural sciences, "in our minds we take individual things and raise them from an individuality to a particularity and then again raise them from the particularity to a generality. From the limited we find the limitless and from the temporary we find the permanent, and then fix them." ("Selected Works of Marx and Engels," Vol 3, p 554) "Through following the path of positive science and the use of dialectical thought to carry out the summation of these scientific achievements, relative truth can be realized." ("Selected Works of Marx and Engels," Vol 4, pp 215-216) It can be seen that the Marxist founders advocated following the path of dialectical thought, carrying out philosophical summation of achievements in the natural sciences, and proceeding upwards from individual occurrences to universal truths. These are the guiding principles for further research work. This is truly a scientific road by which to seek truth.

However, in the last few years, some scholars have not endorsed this path. They believe that in the process of researching the science of social history, if we stress what we have stressed in the past and take philosophy and especially a materialist view of history as guidance, then this is placing a prior reliance on directly perceived feelings and speculation to determine the definition of an object, and that thereby we will make mistakes.

Thus, they advocate systematically drawing on the methods of natural sciences and using them as a unified, overall scientific method. As compared to indiscriminate copying, this proposal is an advance, but in fact this is using the methods of the natural sciences to exclude and replace the materialist view of history as guidance for research into social history. Clearly this does not accord with the reality of the objective process of scientific research.

In the history of scientific development, it can be seen that philosophy as a world view and methodology in understanding things has in its relationship with the various specific sciences (including natural sciences and the science of social history) gone through a process of moving from combination to division. In the past, "everything was in philosophy" and then, after the European Renaissance, the various specific sciences, especially the "true" natural sciences, successively shed the embrace of philosophy. Thus, "nothing was in philosophy." However, this combination and division were only changes in the forms of combination of philosophy and other specific sciences. The essential relationship between the two--the relationship between general and specific, guider and guided--was not lost. In scientific research, observation as a cognitive category is not only the production of a perceived image through the stimulation of a person's sensory organs by the thing perceived; it inevitably involves another factor, that is, the observer organizing the perceived image in accordance with certain patterns to obtain perceptual knowledge. Thus, observation is a combination of the perceived image and the person's brain using certain patterns to organize the image. These patterns of organization by the observer are undoubtedly related to the observer's former experiences and the theoretical knowledge mastered. If this were not so, scientists would have no way to change the perceived image, in accordance with certain patterns, into observation results. It is as Engels noted when he said that if there was no theoretical thought, then even two of the simplest things could not be linked. Thus, there is no such thing as a "neutral observation" which is not partial or biased that can be obtained by attempting to divorce oneself from all theoretical guidance. Once observations have permeated theory and have been raised from empirical knowledge to theoretical knowledge, then even less are they able to be divorced from the governing of certain philosophies and theories. Einstein, one of the century's greatest scientists and a non-Marxist, said: "The popularization of philosophy must be based on the achievements of science. However, after philosophies are established and widely accepted by people, they often promote the further development of scientific thought and guide [preceding word published with underlining] science in selecting a road from the many possible roads." ("Collected Works of Einstein," Vol 1, p 374--stress provided by author)

Research into the natural sciences cannot be divorced from the philosophical governing of world views and methodologies. If social and historical research divorce themselves from philosophical guidance, then they will be even further from the reality of the process of scientific research. Seen from the process of historical science, the determination of research aims and the selection of topics are all governed by a certain world view and are determined, after a logical process, in order to satisfy a particular need of society at that

time or in accordance with the developmental needs of historical study itself, or a combination of these two factors. When entering the concrete research process in this field, the obtaining of empirical knowledge with perceptual knowledge is more complicated than natural science research. The materials for historical research, except for a small number of remnant historical artifacts and objects, are mainly written documents. All of these were recorded by people in the past in accordance with ideological patterns and all are colored by a world view formed under a certain period and certain social conditions. Thus, they conceal or distort the real facts of history. If analysis is not carried out under the guidance of a more advanced world view and methodology, then it will be exceedingly difficult to reveal the true historical facts. To link the revealed historical materials and recreate the truth of historical things, it is necessary to have a certain conception of history as guidance. As far as Marxist historical science is concerned, it is necessary to carry out further study of the revealed historical facts and, through comparison, induction, analysis, and synthesis, understand their internal connections and examine their growth and decline. On this basis, summary and abstraction are carried out to reveal the developmental trends and patterns of movement of the historical process in a wider space and time range, and thereby rational knowledge is achieved. This can only be realized under the guidance of a materialist view of history.

If social and historical research receives the guidance of a materialist view of history, can this then, as some people claim, lead to the a priori definition of research goals and thereby the violation of the rational scientific research procedure of proceeding from facts? Actually, in the past when we stressed the guidance of a materialist view of history, there occurred situations of proceeding from conclusions, using historical facts as footnotes to some principle of the materialist view of history, and even the wild sticking of theoretical labels on historical facts. However, this was an abnormal state which appeared when Marxist philosophy was distorted and is not representative of the essential nature of the materialist view of history. This is because proceeding from conclusions and tailoring facts is precisely what the materialist view of history opposes. Rather, it stresses that "principles are not the point of departure in research, but its final result," and that "no matter whether it is in the field of natural science or historical science, in all it is necessary to proceed from available facts." ("Selected Works of Marx and Engels," Vol 3, pp 74, 469) It can be seen that the issue lies not in rejecting the guidance of the materialist view of history but in how to correctly understand the essence of the materialist view of history. To reach such an understanding, we must first use a scientific attitude in looking at the materialist view of history.

The basis of historical materialism as a theoretical system cannot be changed. However, the scientific demonstrations by which the basic principles are used to explain the facts of social history can change. If these changes can widen the scope and deepen the contents of social and historical facts explained through the use of basic principles, then this is developing the materialist view of history. For example, in general, European history is divided into five social forms, and this can be

scientifically demonstrated. People who study European history can use this as guidance in concretely describing the historical development of Europe. It is also possible, on the basis of more precise or newly discovered historical materials, to revise some of the specific conclusions. As to the study of Chinese history and Asian and African history, in the same way it is necessary to use the basic principles of the materialist view of history as guidance. If we obtain results by proceeding from researching the historical facts of these areas and we find that they passed through not five social forms, but three, four, or six (of course it could also be five) social forms, this is not violating the materialist view of history. It is, in fact, enriching and developing the materialist view of history. This is because, if the conclusion that there are three, four, or six types of social forms accords with the historical reality of these countries and regions, then that just proves that the materialist view of history can explain more historical facts and proves that the basic principles of the materialist view of history are correct. Conversely, if we do not proceed from historical facts and in these regions forcibly join together various social form theories, then that is truly going against the basic spirit of the materialist view of history. It can be seen that firmly adhering to the materialist view of history as guidance in researching social history refers to using the basic principles of the materialist view of history as a guide in carrying out research work. It certainly does not set down beforehand the definition of the research targets. As to conclusions on the essential fixed nature of related things, only after researching these things can conclusions be obtained.

This touches on a contentious question. That is, what basic principles of the materialist view of history have, until now, played a guiding role in our research into the science of social history? This requires serious research by everyone. Here I wish to point out that there are two basic reasons the materialist view of history can be called a materialist view of history: First, the development of social history is an objective process which cannot be changed by man's subjective will. "The development of socioeconomic forms is a natural historical process." ("Selected Works of Marx and Engels," Vol 2, p 208) Scientific historical research must proceed from objectively existing historical facts and cannot proceed from the objective wishes of the researcher. In regard to this, although there may be a small number of people who feel that there are some problems which need discussion, this principle is the scientific path by which social history research produces true results. Second, in the objective historical process, all social facts play mutual roles, but in the final analysis, the production patterns of material life are the most decisive factors in social development. "In the final analysis" includes two levels of meaning: First, it is not to say that all social phenomena are directly determined by social production and that other social factors do not play a role. Quite the opposite, since political relations (including the class struggles in the history of civilization) and other factors have played major intermediary roles. Second, it is not to say that only economic factors are positive and that other factors are all negative. All social factors play mutual roles. However, "these are mutual roles which, in the final analysis, are based on economic inevitability of continually opening avenues for

themselves." ("Selected Works of Marx and Engels," Vol 4, p 506) Here, the materialist view of history does not provide any ready-made answers for the science of social history. It only provides social history research with a scientific path which uses social existence to reveal social consciousness. The basic principles of this type of materialist view of history absolutely cannot be negated. If either of the two above-mentioned foundation stones is taken out, the materialist view of history will not be materialist view of history.

As far as historical research work is concerned, a pressing task at present is to study Marxism anew and study the materialist view of history anew. We should, together with philosophers and all the theoreticians in the social history research fields, understand from the formation and development process of the materialist view of history, those basic principles which have played a guiding role in our social historical research work up until today. At the same time, we should draw in all positive results in modern natural sciences, social sciences, and thought sciences, combine them with the conditions and characteristics of our times, further develop the theoretical system of the materialist view of history and promote, in an overall way, the development of the science of social history toward modernization. Attempting to reject the guiding role of the materialist view of history result in us taking the wrong road and even making mistakes.

/6091

CSO: 4004/64

TENTATIVE ANALYSIS ON 'THE FEELING OF BEING CONSTRAINED'

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 35-36

[Article by Yu Xinyan [0151 1800 6056]]

[Text] Some college students find that they have a "feeling of being constrained." When they are asked what being constrained means to them, they say that they cannot state it clearly. However, there is such a feeling and sometimes it makes them feel fairly low.

This seems very strange. A college student is "God's favored one" and his destiny is admired by other people. Other members of our society, for example peasants, earned only a little over 200 yuan per capita and per annum a few years ago. Even though they have become much better off, they still only earn an income of 397 yuan a year per capita. But they have no "feeling of being constrained." Why should "God's favored ones" have the "feeling of being constrained"?

Is this because college students are particularly sensitive about their high educational level? This does not seem the right answer. A few years ago, our college students seldom had such a "feeling of being constrained." As for personal experience, they suffered much more bitterness than those who are in college now. Many of them were born a little before the 3 years of economic difficulties and their study was interrupted during the period of turmoil. Some of them were influenced by the torrent of fanaticism and later experienced much bitterness. Of course, they had much to complain about and to be indignant at, but at that time, they never said that they had a "feeling of being constrained." What they had was the feeling of "having lost something," the feeling of being cheated, for which they declared that "they will no longer believe in anything," and the feeling that "the path of life is becoming increasingly narrower." As history advanced and their own practice developed, most of these feelings and understandings of theirs changed.

Our current college students, however, do not have such feelings. Conditions can be regarded as most difficult for those college students who are not supplied with boarding at colleges, but we find few of them saying that they have the "feeling of being constrained." The number of people who have this feeling is small in ordinary colleges, but it is much bigger in our key institutes of higher education. This deserves careful study.

A study of the students who have the "feeling of being constrained" reveals that most of them were good students when they were in middle schools. From their childhood, they have received "particularly great protection and care" in their families and they are the most favored of their parents and grandparents. Everyone in their families has worked hard to please them and tried every means to satisfy their desires. As the standard of living has improved in the past few years, so has their satisfaction. What other people want of them is one thing only: to study well. All other things that they must do are done for them by other people. If they want anything, they only have to consider it and it will be done for them by other people. As a result, they often think that things in the world are very easy to do. Of course, considering something is much easier than actually accomplishing it. They are apt to feel unsatisfied with those who have accomplished whatever it may be, because it is always possible that things are not done as well as they expect. In their opinion, this is either because those who have done the things are too stupid or because they have too poor a sense of responsibility that they should have failed to do well such an easy thing.

Most of them receive good marks in their studies. When they were in primary schools they were often the best or second best students. Even after they entered key middle schools, they often scored first on examinations. They were praised by all people around them; therefore, it is likely for them to regard themselves as "gifted." They were lucky to be born in a good era. They know their country needs talented people. This cannot help but rouse their lofty aspirations and magnificent ideals. It is also good for them to "have lofty aspirations when they are young."

However, as soon as they entered key institutes of higher education, they encountered a series of changes. They were not mentally prepared for these changes. They left their families to live independently together with people of the same age. Under the new circumstances, they are no longer in the position of being favored by everybody around them. Who can say that they should receive special care compared with other students? In one room in their dormitories, there are now six or seven people who were also the best at middle school. In one class, there are 20-30 students who were the best students at middle schools. Most of the students end up losing their position as the best. In addition, the way to study in college differs greatly from that in middle school. Some of them have found it hard to adapt to this. In order to admit more young people like them into colleges, the scale of recruitment has expanded too quickly in the past few years. The number of students in most colleges has more than doubled. In spite of the construction of many buildings, there is a great shortage of all kinds of school buildings, including dormitories, canteens, libraries, classrooms, and laboratories. They were not mentally prepared for this either. In reality, the colleges have fallen fairly far short of their expectations. This is a contradiction caused by the excessively quick development of our colleges. Those who often regard things as easy to do find it very difficult to understand this contradiction.

This is a very interesting phenomenon. In contrast to the previous batches of college students who had various kinds of ideological problems because

they had suffered so much hardship, among the college students today there are some people who have the "feeling of being constrained" because the development is too smooth.

There is no need to take the "feeling of being constrained" too seriously. These young people's world outlook is taking shape. There might be some fluctuations and twists. Some pain in their minds will urge them to think and probe into this world. This will do them some good. In addition, changes in young people's minds sometimes occur quickly. We should not worry that a certain mentality will surely develop into a fixed ideological trend and become a very serious problem. How many young people who felt sad that "the path of life is becoming increasingly narrower" a few years ago are continuing to hold this view today? In practice, they have already embarked on an increasingly broader path. In addition, life is urging them to work hard to forge ahead and thus causes them to have no time to feel sad and complain as they did in the past. Similarly, life and practice will also make those who have the "feeling of being constrained" now to see bright and broad prospects. Of course, these prospects will be different from their previous ideas. They will be founded on reality. What we mean by reality consists of both favorable and unfavorable conditions in their lives and the various kinds of things that will fall short of their expectations, such as the frustrations, twists, and turns that they will inevitably encounter in their paths of progress and the requirement that they have to exert earnest efforts and have real dedication. When our young people can make a correct evaluation of the sum of all this, nothing will be able to detour their optimism.

A man who has not learned to swim will feel the pressure from the water when he goes into it even if the water is fairly shallow. When he has mastered the skill of swimming, he will feel buoyant in the water and will even be free to move in deep water. This is a process to understand the law related to water. In this process, study and practice are both indispensable. A college student should be tempered and become a pillar of the society. In order to achieve this goal, he should understand the laws related to social life. In doing so, study and practice are indispensable. During the period of college study, one of the important issues for a college student at present is how he is to get more opportunities to take part in the social practice inside or outside his college. At a time when there is a reform in all undertakings, these opportunities are many. For example, college students can manage their canteens themselves, administer the discipline in their dormitories and the order in their campuses, and organize some extracurricular academic or recreational activities. These may do them much good. They are also pressure and worries, but they are different from the "feeling of being constrained" and are the worries that forerunners feel. They will thus be tempered in practice and their talents and abilities will thus grow. At the same time, they will also understand various kinds of human relations, understand society, and strengthen their confidence in their ability to realize the value of their life in practice.

/6091

CSO: 4004/64

THE SACRED DUTY OF AN ARMY ARTIST

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 37-39

[Article by Yin Peihua [3009 1014 5478]]

[Text] Beijing in May is pretty, with flowers everywhere, and full of life and vitality. Several of our middle-aged and young artists of the Jinan Military District, bearing the hopes and anticipations of the army units of the frontline along the southern border and entrusted by the leadership comrades of the military district, staged the "Fatherland in Our Hearts" art exhibition in the China Arts Exhibition Hall, displaying paintings depicting wartime life on the front along the southern border. Quite unexpectedly, these rather crude productions coming from the pens of unknown artists have actually provoked strong reactions from people in the capital city. Many of the visitors to the exhibition, especially the young students, sobbed and fell into deep thought in front of the paintings. In the visitor's book, they wrote down poems expressing their feelings and sending their warm regards to the army units at the front. They showed their sincere feelings and respect for the armed forces. As one of the sponsors and organizers of this art exhibition, I felt greater pleasure and happiness than ever before in my lifetime. I was pleased to find that the army units' selfless sacrifice had won the acknowledgement of people in the rear and was happy because the work of our army artists had received society's due recognition.

I joined the armed forces over 20 years ago, and have all along been engaged in army art work. I did certain work which won national awards. For a time before the period of the "Great Cultural Revolution," certain artistic creations reflecting topics of revolutionary history of the revolution and actual life fell into the mire of formalism, dealt in generalities, and were vague in expression. My output also became sermon-like and lacked the capacity to convince. In recent years, because people have changed their aesthetic judgment and because during the period of the "Great Cultural Revolution," works of a "faulty," "shallow" and "empty" nature were plentiful in the market, simultaneously with the occasional appearance of certain good works in the artistic circles, certain comrades were interested in turning out works which catered to other people's wishes or were strictly commercial in character. Some youthful comrades showed no interest in going deep into life but believed that "the farther art departs from life the greater is its vitality," and were enthused with "self-expression." Under the influence of

this line of thinking, some publications were unwilling to print artists' productions which reflected life in the armed forces. Some individual comrades who used to be engaged in this category of creations also closed their doors and became devoted to their "small selves." In the new era, should or should not art creations insist on going deep into the road of life? Do art productions which reflect life in the armed forces still possess vitality? At a time of puzzlement and uncertainty, I was awakened by the sound of guns and cannons in the southern border area. The heroic deeds of the warriors at once attracted me and my comrade artists to the battlefield of blood and life.

Since 1983, I have made three visits to the frontline along the southern border to get a glimpse of life there, in the hope that, in a wholly new environment, the shocks in the battlefield will bring forth on my part creative inspiration. Especially on the third visit I and my artist friends penetrated deep into the frontline. There we saw the warriors on guard in the foxholes. Some of them bore fresh wounds, their uniforms torn to pieces. Some had not eaten for several days because the enemy had blocked supply lines. All they could do was to eat cloth threads and toilet paper as food. Nevertheless, they were never downhearted or made any complaint. In between the exchange of fire with the enemy, they would use small flowers and pebbles to adorn their foxholes with the Chinese characters meaning they would "rather suffer hardships just to make other people happy." We also saw members of the transport units carrying heavy loads and edging forward with great difficulties to bring ammunition, water, and food to their comrades. Some of them actually fainted on the spot because of overfatigue or hunger or thirst; some never regained consciousness. I came across a warrior whom the division commander had personally selected to serve as a member of the shock brigade. In the course of the battle, one of his arms was torn off by enemy fire. When he was eventually rescued, he asked specially to see the division commander. With great emotion he said to the commander: "Not everybody is chosen to serve in the shock brigade. You gave me the honor. I must say 'thank you.'" On the battlefield, extremely warm feelings existed between the warrior-comrades. In the first aid clinic, a young nurse who had just turned 18, frequently helped the wounded and disabled soldiers to take baths; she would read poems, sing songs, narrate stories, and generally make use of her female tenderness to ease the warrior-comrades. The warriors called her the Mongolian lark of the southern borderland. When the soldiers were to go off to the war front they would sing for her a parting song and she would stand at attention and listen in tears. On one occasion, she donated a lot of blood for a blood transfusion for one of the wounded. Subsequently, this patient earnestly sought to know her name and found to his despair that she had died when a mine exploded. The wounded soldier was deeply grieved. He wrote in his diary: "Dear comrade-in-arms: We have merged into one. From now on, I shall fight as two persons and shall have two pulsating hearts to live in this world."

It was sad! It was heroic and it was beautiful! The days and nights I spent at the front were exhilarating beyond description. I saw from the persons of these young soldiers who had given willingly but asked for little or nothing in return something which could be aptly called the people's soul

or soul of the nation. It is true that this place is a small piece of scorched land not worthwhile noticing out of a total national area of some 9.6 million square kilometers, that this number of fighters is but a tiny minority of a large country with a huge population of 1 billion people, and that the scale of fighting that has been going on here is nothing in comparison with our country's revolutionary wars in the past, but the safety, welfare and happiness of people of the whole country are closely linked with these warriors' bloody battles, wounds, and sacrifices. It is the undeniable duty of army artists like us to depict the wartime lives, thoughts, and sentiments of those who sacrifice themselves, to figuratively make known to people of the whole nation their relationship with them, and to link up the feelings between these two parties. Although people's demands of art are diversified and various, and people are now more inclined to exercise aesthetic judgment and to seek amusement and entertainment from the productions of art, yet we should see that, just as people wish to drink when thirsty, invariably they will go after things that are scarce in actual life. The sharp contrast between a partial war and a nationwide peaceful environment, the moving deeds of the hundreds and thousands of heroes who have surged forth in the course of the war, their highly respectable outlook on life, on value and on virtue, and the pure and beautiful man-to-man relations that are displayed between them precisely have the possibility of meeting these demands. And this is the attractive power solely possessed by the creations of the army artists.

Entering deep into army life on the war front in the southern border region has opened up my artistic perception which for a time had sunk to a low level. My creative desire came surging up like a gushing current and could not be stopped. The drafts of scores of paintings which I put on display in the exhibition were mostly done in the foxholes. Aside from depicting battle scenes, my paintings mostly described people's inner feelings. My paintings "In the Bush Forest" and "Moonlight in the Southern Border" depicted the determined and responsible spirit of the warriors and their optimistic attitude of life; the paintings "Go With Your Mind at Ease," "Heart's Murmur," and "This Way to the Frontline" denoted love between mother and son and the warm feelings between soldiers and civilians. They warmly eulogized the truthful and upright man-to-man relations in a war of righteousness. Two other paintings, "March Off to War (No 6)" and "Warm Feelings Between War-Comrades," based on and created from the episode of the member of the shock brigade and the young nurse were able to draw rather strong reactions from the general public and were given the honor of being bought and kept by the Chinese Academy of Art.

In the visitor's book at the exhibition the much-aroused and excited public have written these comments: "Long live true realism" and "Paintings drawn with fresh blood and life not only will leave their mark on the script and canvas but will also be remembered forever in the minds of the people." This represents the public's high affirmation of our direction of creation which penetrates deeply into life. Confronting the successes of the art exhibition I reflected repeatedly on the path of my own creations. In the past, under the influence of the "leftist" ideas of art creation, we always brought along units of the main forces in our search for life topics and

while life topics should serve as sources for art creation they actually became tools and scenes reflecting the main forces. As a result of the sparse exchange of sentiment with the warriors, the productions were false, shallow, and empty. The reasons why these productions lacked vitality and influence were not because they had not contacted, or displayed, life, but precisely because they had not truly and deeply gone into life and really reflected life. But this time we not only went to the frontline and took part in rendering services within our capacity in the war area but also went deep into the midst of the soldiers, had heart-to-heart talks with them and made friends with them. On their part, the soldiers treated us as their close friends, told us the secrets in their hearts and opened wide to us their minds. In particular, after we had personally experienced the trials of life and death and gone through the torments of the horrid heat we literally were merged into one with the warriors in thought and in sentiment. Thus, we not only could understand from the outside the heroic acts of the warriors but managed to enter into an unlimitedly wide spatial environment, that of sentiments and feelings. Here, we can see the myriad threads of love and passion generated in the processes of life and death, separation, waiting and anticipation, entrustings and remembrances between husbands and wives, mothers and sons, lovers and comrades-in-arms. Here, we can feel the true and intimate feelings between the individual and the state and between the individual and the collective, the supreme product of the beautiful man-to-man relations purified by the exceptionally difficult natural environment and the cruel struggles against the enemy. Here are the intense struggles between life and death, grief and happiness, contributions and forceful acquisitions. And here, in close union with hills and rivers everywhere and allied with people's hearts everywhere, a close-knit network has been formed of the common sentiments of the soldiers, the artists, and the populace. All this is a generous gift which life has bestowed on the artists and is something which the artists should treasure to the utmost. Precisely in the course of entering deep into the lives of the soldiers on the frontline, we have received all this which in turn has been duly reflected in our works. Hence, by means of our painting tools, we have opened wide the gates of feeling of the populace.

Life is the sole source of all forms of artcraft including the fine arts. From now on, no matter how wide the scope of the exhibition of the creations of fine art or how greatly renovated are the exhibition methods, this basic principle will never become outdated. In the past, under the influence of "leftist" ideas of creation, fine arts works were not allowed to reflect the individual's thoughts and sentiments but now this ban naturally no longer exists. However, this does not mean that the artist can confine himself to the studio and engage in "expression of one's self," in isolation from the populace and from realistic life. This is because after all art is a medium of the exchange of feelings. It needs to be seen by people, to be understood by people and the power of its evaluation lies ultimately in the people's hands. Self which is diverted from life can only be a poor, empty and narrow self and creations coming from a self of this kind can hardly generate any strong feelings and sympathy from the populace. Frequently, there have been certain productions which people viewed with puzzlement, not knowing their meaning. They were mostly from the pens of those who had

supported "self expression." Hence, I believe that comrades wishing to be creative and contribute to the theater of art must first pack up their painting kits to go to the midst of red-hot life. There they can discover many many things more worthy of expression than one's self. They will gradually form a rich, substantial magnanimous "self"--one that is in intimate contact with the people. By so doing, their works will have influence and can win the people's acknowledgement.

On the several days of the exhibition, along with my excitement and meditation were endless remembrances. I thought of the highly respected and much-loved warriors who had been the principal figures of my works. Many among them are now in their eternal sleep in the thick bushes of the southern border. One spectator rightly said: "Warriors' warm blood has truly created the immortal works of the artists." Indeed, compared with the warriors who have made history with their souls, flesh and blood, my pen in painting is blank and powerless and cannot express even to a minute degree their spirit and my respect for them. The only comfort I can have is that when they composed the heroic historical poems with their flesh and blood, from beginning to end I was holding my painting kit and standing alongside them.

/6091

CSO: 4004/64

IN THE COURSE OF REFORM, CONSIDERATION MUST BE GIVEN TO BOTH IMMEDIATE INTERESTS AND LONG-TERM INTERESTS, PARTIAL INTERESTS AND OVERALL INTERESTS

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 40-44

[Article by Wu Kaitai [0702 0418 3141] and Cheng Xiusheng [4453 4423 3932]]

[Text] Correctly handling the economic interest relationships of various sides is an important condition for guaranteeing the smooth carrying out of economic structural reforms. In the process by which new systems are replacing the old, because the various economic interests are changing and the rational deployment of new interest relationships has not yet been arranged, it is inevitable that various types of friction and various contradictions will arise in interest relationships. A tendency which arises quite easily is that where attention is only paid to immediate interests and partial interests, long-term interests and overall interests do not have attention paid to them. Thus, we must fully recognize the necessity during the reforms of giving consideration to both immediate and long-term interests, partial and overall interests, and consciously arrange well the relationship between the two sides.

Reform Embodies the Basic Interests of the People of the Whole Nation and Provides the People With Visible Material Interests

In order to realize the overall tasks and strategic goals of the new historical period, we must carry out reform of the economic structure. This is because the existing structure relies solely on administrative measures to carry out excessively centralized management, overlooks the relatively independent economic interests of enterprises, does not pay attention to the individual material interests of laborers, and denies the important role of the law of value. This has caused enterprises to lack appropriate vigor and inhibited the enthusiasm of enterprises and laborers, and thus is not of benefit to the development of the productive forces. The economic structural reforms must sweep away the obstacles to developing the social productive forces and eliminate the long-standing problems in the existing interest relationships, so that rational relationships are established between interests, the enthusiasm of the millions of laborers is motivated, and socialist modernization is speeded. In this way, we will be able to reach the goal of a prosperous and strong nation and a prosperous and happy people. Thus, when we say that reform embodies the basic interests of the people of

the whole nation, it is where the hopes of the Chinese nation lie for soaring high.

Reform not only accords with the basic interests of the people of the whole nation, but following the development of production is also able to provide the people with visible material interests. Practice over the last few years has fully testified to this.

Our reforms started in the rural areas. The result of these reforms was to break through the situation which had existed for 20 years prior to the 3d Plenary Session of the 11th CPC Central Committee where the development of agriculture was slow and progress alternated with regression. This resulted in an unprecedented speed of growth in agricultural production. During the Sixth 5-Year Plan period, total agricultural output value (including village-run industry) saw a sustained average annual growth of 11.5 percent. The average annual per capita income of rural residents, after deducting price rise factors, was 13.7 percent, and the lives of the majority of peasants saw a marked improvement.

In the cities, over the last few years, we have taken the enlivening of enterprises as the focal point, expanded enterprises' autonomy, given due economic interests to enterprises and staff members and workers, and carried out, to differing degrees, coordinated reforms in the areas of planning, finance, labor wages, and pricing. Although these reforms have only just been implemented, they have clearly promoted the development of various industries in the cities and enlivened the urban economy. During the Sixth 5-Year Plan period, average annual growth in total industrial output value was 10.8 percent (not including village-run industry) and the markets flourished. In these 5 years, the per capita income of the families of staff members and workers, excluding price rise factors, grew at an average annual rate of 6.9 percent, and the average monetary wages of staff members and workers grew from 614 yuan in 1978 to 1,142 yuan in 1985. Staff members and workers are eating better than they did in the past and they are wearing more varied clothing. Possession of durable consumer goods has greatly increased and housing conditions have also greatly improved. All these are facts observed by the people.

Practice has proven that the reforms have truly brought the vast numbers of people many visible material benefits. As long as the reform policies and measures are appropriate, the masses' immediate and long-term interests, partial and overall interests can in general be combined and coordinated in a unified way.

Consciously Giving Consideration to Immediate Interests and Long-Term Interests and Ensuring That Immediate Interests Are Subordinate to Long-Term Interests

Naturally, during the course of the reforms, there will be times when immediate interests and long-term interests are not the same. When we adopt reform policies, we cannot in every project provide instant economic benefits for every member of the society. It may happen that some members of

society get great benefits while others get few. Some measures may even require that some regions, industries, enterprises, or people sacrifice some economic interests, but in the long-term development of our nation's economy and the sustained improvement of the people's lives, these measures will play a great role.

It is extremely important that we have a deep understanding and make full ideological preparations on these questions.

First, the reforms are to readjust various links in the production relationships. That is, they are to readjust the structure of existing economic interests. Different members of the society will have gains and losses at different times and it is inevitable that there will be differences.

For example, in order to enliven enterprises, we must give enterprises appropriate autonomy and link the remuneration of enterprises' staff members and workers with the economic interests of their enterprises so as to further realize distribution according to work. The enterprises cannot eat from the state's "big pot" and the staff members and workers cannot eat from the "big pot" of the enterprise. This reform can improve the economic results of enterprises and of the whole society and accords with the long-term interests of all the members of the society. However, after smashing the "big pots," the immediate interests obtained by different members of the society will inevitably differ. Those staff members and workers who work well will get more and those who do not work well will get less. A small number of enterprises are mismanaged and do not operate well, and in competition have difficulty existing. These should be allowed to go bankrupt and be eliminated through competition. Having the superior succeed and the inferior eliminated through competition will ensure that all enterprises improve their results and will be beneficial to the long-term interests of society. However, the staff members and workers of the bankrupt enterprises will, in terms of immediate interests, suffer certain losses. We can see that the reform measures are correct, but they cannot bring every member of society equal interests.

Second, there are many measures which need to pass through a certain period of practice before they can become effective. Before they become effective they cannot provide everybody with visible benefits. For example, freeing the prices of agricultural and sideline products is a necessary measure for promoting the production of agricultural and sideline products. However, different areas have different conditions. In some cities there were many problems in the production and circulation of sideline products. As soon as they were freed, the prices rose quite considerably. For a time, the residents of these cities temporarily received no benefits from the reforms. The benefits of price reforms often cannot be seen immediately. From the time prices are freed until production and circulation are improved, a certain period is needed. While initially there are some losses, after a period, great benefits can be gained. A few years ago Guangdong Province freed the prices of aquatic products. For a period after this, fish supply could not meet demand and prices rose dramatically. However, the price changes stimulated production and enlivened circulation, and freshwater

fish-raising saw rapid development. The quantities of all sorts of fresh fish coming to market gradually grew, prices fell and moved toward stability, and the people's demands were met quite well.

Third, reform work is extremely complicated and we do not have sufficient experience. Thus, in the course of implementing the correct policies, we have met with some problems and difficulties which we could not have predicted. For example, in 1984, we decided to further reform the wage system and the banking system. The direction of reform was correct. In order to implement an overall figure for wages and link them with economic results, it was necessary to appraise and decide upon the amount of the various enterprises' total wages. Also, in order to raise the enthusiasm of banks to take the initiative in their operations, it was necessary to appraise and decide upon the amount of the various banks' total credit. Because we lack experience in this complicated work, some problems arose. Relevant departments decided that the actual total amount of credit provided in 1984 would be the base figure for total credit in the following year. In order to increase their credit base, in the fourth quarter of 1984, the banks used all sorts of methods to provide more credit, which led to a loss of control over credit and capital construction investment. At the same time, when studying the fixing of the total amount of wages for enterprises, the relevant departments planned to use the actual total wage figure for 1984 as the base for the following year. Before this was decided upon, rumors spread and, in order to increase their base, many enterprises suddenly started to issue bonuses and goods, which led to a loss of control over consumption funds. As control over credit and consumption funds was lost, it exacerbated the tight situation in terms of the supply of the means of production and consumption products, became a major cause of price rises, and the people's lives were affected to a certain degree. The appearance of such problems during the reforms is difficult to avoid. We should pay attention to the long-term interests of the people of the whole country and adopt a correct attitude.

As to the above-mentioned unavoidable situations in the course of reform, we should make full ideological preparations and have a correct understanding. In the reforms, we should do the best we can in combining long-term interests and continually provide the people with visible interests. However, we cannot require that all reform measures provide every member of the society with immediate benefits. Rather, we should accept that during the reforms different members of the society will obtain different benefits and that when necessary for long-term benefits, some members of society will have to voluntarily endure temporary losses and make sacrifices. We must place the stress on the long-term interests of the people of the whole nation and consciously take into consideration both immediate and long-term interests and ensure that immediate interests are subordinate to long-term interests.

Among a small number of people there exists the mistaken idea that the reforms are for making money. They use their individual immediate losses or gains to assess the benefits or disadvantages of the reforms, and on this basis decide on their attitude to the reforms. This type of narrow private attitude in viewing the reforms, where one only considers individual

immediate interests and does not consider the long-term interests of the people of the whole nation, may become an ideological obstruction to the reforms. We should therefore help these people improve their understanding and change their ideas.

Consciously Establishing a Concept of Overall Interests and, Under the Precondition of Improving Overall Interests, Striving for Partial Interests

An important matter related to correctly handling the relationship between immediate interests and long-term interests is arranging well the relationship between partial and overall interests.

Partial interests and overall interests have a unified aspect and also have a contradictory aspect. Basically, partial interests and overall interests are the same: Activities where localities and enterprises seek partial interests can improve overall interests and can promote national economic development. The improvement of overall interests can also bring appropriate benefits to all the parts. However, this is not to say that the two are completely identical. If we only stress overall interests and ignore partial interests, it will be difficult to motivate the enthusiasm of localities and hard to provide vigor to enterprises. Thus, it will be difficult to promote overall interests. Conversely, if we only stress partial interests and do not pay attention to overall interests, it will result in macroeconomic controls not working properly and in the friction between different parts and between the parts and the whole being exacerbated. The whole will be harmed, in which case it will be difficult to maintain the interests of the parts. In the past, our nation's economic management system was excessively centralized and the major problem in the contradiction between partial and overall interests was that the partial interests were overlooked. In the last few years, in the reform of the economic structure, we have set about changing the excessively centralized management system and paid attention to considering the interests of localities and enterprises. For example, in reforming the graded management system of financial administration, conditions were created whereby localities could bring their enthusiasm into play and, at the same time as expanding enterprises' autonomy, we implemented profit-sharing, replaced profit delivery with tax payment, revived the bonus system, implemented floating wages, and more. Thus, the economic interests of the enterprises received definite concurrent consideration. In such a situation, it is easy for the problem to arise whereby excessive stress is placed on partial interests and overall interests are overlooked and encroached upon. Thus, we must strengthen our concept of overall interests and raise our consciousness in protecting and promoting overall interests.

First, state interests are the core of overall interests. Locality and enterprise vigor should benefit protecting and promoting the interests of the state. We are a developing socialist state and the state must centralize the necessary financial means for use in basic facilities such as energy, transport, and communications, as well as in major construction projects and other key construction. These are state interests but are also the interests and common demands of all the parts. If this is not

done, it will not be possible to create, for all the parts, a social environment beneficial to development, and it will not be possible to provide good external conditions for enterprises' production and operations. If the state's interests are harmed, it will ultimately result in the interests of all parts being harmed. For example, under the current system, the economic interests of enterprises are centrally reflected in increased profit retention, an expansion of their own funds, and increased income for staff members and workers. However, this is only carried out on the basis of improving the economic results of the enterprises, and is realized only by improving operations management, raising product quality, reducing costs, and increasing profits. Thereby the state's income increases and the enterprises obtain benefits. These are appropriate interests obtained on the basis of protecting and promoting state interests. However, there are a small number of people who do not do things in this way but engage in crooked practices and use the method of harming the state's interests in order to increase their own unit's interests. Only when roots are deep can there be dense foliage and only when the trunk is firm will the branches flourish. Thus, harming state interests in order to seek interests for one's own unit weakens the power of the state and harms the social conditions required for enterprises' development. In the end, the interests of the enterprises and staff members and workers will not be guaranteed.

For example, some enterprises intercept and retain state income and generally use it to provide bonuses or goods to workers, and this increases consumption funds. However, an increase in consumption funds must accord with the capacity to supply consumption products. If the growth is too great and exceeds the capacity to supply consumer products, the market will become tight, leading to price inflation. When prices rise, money loses value. This means that there is an indiscriminate increase in the amounts issued to everyone in bonuses. It may happen that some of the price rises are offset by the increased bonuses, but the majority of the people will not get much material benefit. Rather, such activities increase the factors of instability in economic development and delay the process of reform. It can be seen that any action which harms the interests of the state is not beneficial to enterprises or individuals.

Second, overall interests are the social sum of the various partial interests. No part should harm another part in order to improve its own interests. For example, the process of reform requires an open market, an enlivened economy, and the establishment of lateral economic relationships. Different regions and different enterprises should, on the basis of mutual interests, carry out economic cooperation and gain common benefits. However, some regions are using various measures to lock their markets and seal off their raw materials. They do not let outside products in and do not let their raw materials out. Thereby, they have artificially cut the relationships of economic coordination and the channels for commodity flow. There are others who blindly set up small enterprises which have backward technology and which produce low quality products at a high cost. This leads to a situation where the backbone enterprises which have advanced technology, high product quality, and low production costs cannot bring their functions into play since they lack raw materials. Thereby, abnormal

phenomena arise whereby the small squeeze out the large, the poor quality squeeze out the high quality, high prices squeeze out low prices, and production outside the plans squeezes out production within the plans. Although doing things in this way can temporarily improve the interests of a locality, the losses brought to other localities far exceed the benefits gained by that locality. Seen from an overall view, the benefits do not compensate for the losses. In the long-term view, this protects the backward and will in the end delay and obstruct the economic development of the locality.

Third, efforts to promote partial interests must be made within the scope allowed by macroeconomic controls and must adhere to the implementation of macroeconomic decisions. The development of the various sectors of the national economy are inevitably restricted by the various overall quantitative relationships. The overall scale of investment in fixed assets must accord with the overall level of national strengths, the overall production capacity for a certain type of product must be coordinated with the total demand for that product in the market, and there must be comprehensive balances between the growth and allocation of state income and in the areas of finance, credit, foreign exchange, and materials. These overall quantitative relationships reflect objective laws and they are direct and untranscendable limits for the whole national economy. Because individual parts are not directly subject to the restrictions of overall quantitative relationships, their activities often exceed the limits which the restrictions of overall quantities can bear. For example, in order to develop the economy of their own area, all areas want to expand the scale of their capital construction and wish to develop high price, high profit products. Within limits, this is rational. However, if, when combined, the scale of investment in capital construction in the various areas exceeds the limits which national strengths can withstand, and if the combined production capacity for this type of product exceeds the market demand for this type of product, it will give rise to a loss of control over the scale of capital construction, blind construction, and duplicated construction. This will provide a tightness in the supply of funds and raw materials which will lead to a dislocation of rational economic relationships. Thus, it will produce difficulties in the development of the entire national economy and the economies of the various localities will not be able to develop smoothly. Overexpansion of investment in capital construction has been a major problem in economic development in our nation over the last few years and is a major factor in the many setbacks suffered in our economic construction. It has also been a major obstacle to stable economic development over the last 2 years. We must properly handle the contradictions between the desire of the various areas to develop quickly and the state's overall strengths, so that the partial interests of the localities and the overall interests of the state are suitably combined. The central authorities must make overall plans, take all factors into consideration, and strictly control the scale of capital construction. The localities should pay attention to overall interests and firmly implement national macroeconomic decisions, so that local interests are subordinated to overall national interests.

In the process of reforming the economic structure, there objectively exist contradictions between partial interests and overall interests. If we make overall preparations first and give consideration to all sides, we can avoid some faults and reduce friction to some degree. However, it is impossible to have no contradictions. This requires that the people of the whole nation establish a concept of overall interests in prime position and properly arrange the relationship between partial interests and overall interests. In this regard, the responsible persons of the various localities and various enterprises shoulder a heavy task and should play a model role. In the same way as the outstanding socialist entrepreneurs such as Ma Shengli [7456 0524 0448] and Zhang Jieshi [1728 3381 0013] and others, they should act as models in correctly handling the relationship between partial interests and overall interests. Comrade Ma Shengli said: "When enterprises have autonomy, they should make a contribution to the state" and "I also advocate that factories retain more and that staff members and workers get more, but this must depend on them working more and creating more. Cheating the state to attain short-term gains is wrong." The late Zhang Jieshi, manager of the Changcheng Rainwear Company and a scrupulous and honest reformer, from beginning to end scrupulously abided by his own precept: "Not doing anything which cheats the state, not doing anything which is of private benefit at public expense, not doing anything which violates policy, and not doing anything which exploits loopholes during the reforms." In arranging the interest relationships between the state, the enterprise, and the staff members and workers, he "supported the three sides and considered the situation from all aspects." In regard to the state's interests, he adopted the policy of "necessary guarantees"; in regard to the enterprise's interests, he adopted the policy of "reserve strength"; and in regard to the staff members and workers, he adopted the policy of "surplus grain." He was also ready to use strengths to make up weakness. These correct attitudes are worthy of our study.

Correctly handling the various interest relationships is an important condition for the smooth carrying out of our reforms. If this matter is handled well, it will alleviate the friction in the various interest relationships, better motivate everybody's enthusiasm, and reduce the obstacles to reform. Thus, the people of the whole nation will obtain more benefits from the reforms faster and we will be better able to promote and advance the economic structural reforms which have great historical significance.

/6091

CSO: 4004/64

IS THE PUBLIC OWNERSHIP ECONOMY STRENGTHENED OR WEAKENED IN THE COURSE OF REFORMING THE ECONOMIC STRUCTURE?

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 44-45

[Article by Wang Yongjiang [2769 3057 3068]]

[Text] At the present stage of our country, the socialist public ownership system has two forms: One is ownership by the whole people; the other is ownership by the collectives. Since the 3d Plenary Session of the 11th CPC Central Committee, based on the actual conditions of the productive forces in our country and by means of extending the enterprises' autonomous power and establishing various forms of the economic responsibility system, the strong points of the public ownership economy have been further displayed. Simultaneously, we have restored and developed the collective ownership economy in the townships and towns and, within a definite sphere, the individual economy and the Sino-foreign joint-venture economy. The existence of the components in diversified forms of the ownership system with the public ownership economy as the center is suited to the level of the development of the productive forces at the present stage of our country. It promotes the rapid development of our country's economy. In the course of reforming the economic structure, the public ownership economy has been strengthened and not weakened.

First, industrial enterprises under the public ownership system have developed greatly. For example, in 1978, under the public ownership system there were 83,700 industrial enterprises and under the collective ownership system there were 264,700 industrial enterprises. In 1984, the number of enterprises under the public ownership system had grown to 84,100, while the number of enterprises under the collective ownership system was 352,100. The original value of the fixed assets of enterprises under the public ownership system has also made a relatively large increase. In 1978, it was 448.82 billion yuan, whereas in 1984, it was 683.32 billion yuan. Seen from the condition of the fixed assets investments, in 1984, the total volume of fixed assets investments of whole society was 183.287 billion yuan, of which that of the whole people ownership system was 118.518 billion yuan, or 64.7 percent, and that of the collective ownership system was 23.869 billion yuan, or 13 percent. Adding the two together, the gross volume of fixed assets investments under the public ownership system was 142.387 billion yuan, making up 77.7 percent of the total investments of whole

society, whereas investment by residents in the townships and towns was 40.9 billion yuan, making up only 22.3 percent, of which over half was on residential construction.

Second, the agricultural collective ownership system has been consolidated and developed. Since the development of agricultural cooperatives in our country, the collective ownership economy as a form of the public ownership economy has occupied an extremely important position in the whole national economy. However, under the guidance of "leftist" thinking, it is conceived that the larger and the more publicly owned the enterprises, the more advanced they are, and no consideration is given to the conditions of the development of the productive forces but all efforts are devoted to raising the status of the ownership. As a result, this has not helped in displaying the strong points of the collective economy. Since the 3d Plenary Session of the 11th CPC Central Committee, the whole party has summed up the historical experiences of the forming of agricultural collectives, liberalized and enforced various economic policies in the rural areas, carried out the system of contracted responsibilities with payment linked to output, and overcome the "leftist" errors. All this has become all the more suited to developing the level of the agricultural productive forces and arousing the enthusiasm for production on the part of the broad masses of peasants. Agriculture not only has supplied more agricultural products to the state, to the cities and towns, and to foreign trade and increased the peasants' income, but has also opened up a vast market for the light and heavy industries and enabled the exchange of urban and rural commodities to become daily more thriving, thereby promoting the development of the socialist economy. Proportionately, although collective ownership of the means of production has declined in varying degrees, yet because land is under public ownership and cooperatives and joint ventures which are suited to the development of the productive forces have been daily developing, the public ownership economy is still playing the leadership role.

Following the enforcement of the policy of opening to the outside world and internal invigoration, laborers' individual economy, Sino-foreign joint-venture economy, and even private economy have also developed rather swiftly. This has played an important role in enlivening our national economy and promoting the vigorous development of the public ownership economy. As supplements to the public ownership economy, these component parts of the economy have also promoted the improvement of the people's standard of living. And because they occupy a relatively small ratio of the whole national economy, they have produced no adverse effects on the leadership status of the public ownership system. If we look at the changes of the various economic forms in the gross output value of industry, it is found that in 1979 the gross industrial output value of the public ownership economy was 459.1 billion yuan, or 100 percent. In 1984, following the development of the other economic forms, it was 703 billion yuan, or 98.6 percent; that of individual economy was 1.48 billion yuan, or 0.2 percent; and that of other forms, 8.61 billion yuan, or 1.2 percent. In 1984, the number of staff members and workers under the system of ownership by the whole people was 86.37 million people, that under the system of collective ownership was 32.16 million people, and that under the joint-venture

economy, 370,000 people. Thus, it can be seen that socialist public ownership economy has maintained by far the supremacy.

Before liberation, our country was a semifeudal and semicolonial society and the economy was extremely backward. After liberation, following over 30 years of socialist construction, a relatively integrated industrial structure has been established and the productive forces have developed greatly. However, taken as a whole, our country is still rather backward in science and technology, it is still not sufficiently developed, the level of the productive forces is still relatively low, and, especially among the various regions and departments, development of the productive forces has been uneven. Thus, objectively speaking, the existence of diversified forms of the ownership system is necessary. To allow the existence of a definite amount of nonpublic ownership economy has an important significance in arousing the enthusiasm for developing production on various sides, in helping to handle the employment problem and making accumulations for the state, and in utilizing foreign capital and introducing advanced technology and management experience. Hence, it is true that following the reform, the proportion of the public ownership economy may have been reduced slightly but by and large it is still possible to better concentrate the forces on developing commodity production needed by the whole society and to improve the economic benefits. As for the other forms of the ownership economy, if only we can formulate and perfect correct policies, statutes, and systems; strengthen management and control; and make use of economic levers to guide and to regulate, they can surely develop in the direction of being beneficial to socialist construction.

/6091

CSO: 4004/64

WHY DO WE SAY THAT THE ESTABLISHMENT OF A NEW SOCIAL SECURITY SYSTEM IS AN IMPORTANT ASPECT OF THE REFORM OF THE ECONOMIC STRUCTURE?

Beijing RED FLAG in Chinese No 15, 1 Aug 86 pp 45-46

[Article by Gao Zhenrong [7559 2182 2837], Ma Xueli [7456 1331 3810], and Chen Wangtao [7115 2598 3447]]

[Text] A social security system is a system in which citizens of a nation, when meeting with difficulties in life in their old age, sickness, disaster, loss of labor power, or other causes, can obtain material aid from the state or society. It generally includes social insurance, social welfare, and social relief, and so forth, of which social insurance is the nucleus.

Social security and economic development are closely related. The degree of socialization of social security is an important yardstick for measuring the level of a country's economic development. Since the promulgation and enforcement in 1951 of the "PRC's Labor Insurance Regulations," the labor insurance system of our country has gone through several revisions and many additions, the sphere of its operation has gradually expanded, and enterprises under the system of ownership by the whole people and a portion of enterprises owned by large collectives have successively established the labor insurance system. A number of enterprises owned by small collectives, in accordance with their own economic conditions, have also enforced, in varying degrees, labor insurance. Over the past 30 years, enforcement of our country's labor insurance system has provided basic security for the livelihood of staff members and workers in their old age and sickness. It has demonstrated the party and the government's concern for the people, and also the superior nature of the socialist system. However, the current social security system still has many imperfect and irrational points. In particular, following the intensive development of the reform of the economic structure, the establishment of a new social security system is an important aspect in coordinating the reform of the economic structure.

Establishment of a new social security system is beneficial to strengthening the vitality of the enterprises and facilitating the smooth progress of the reform of the economic structure. The existing retirement system stipulates that the retirement funds should be expended as extra-business expenses of the enterprise and that the enterprise may report the exact amount spent in this regard for auditing purposes. This has brought about an inequality in

treatment between the new and old enterprises and in their burdens. In some of the older enterprises the ratio between the number of staff members and workers in active service and those who have retired is 2:1, or even 1:1, and their expenses on retirement funds are as high as 30 to 40 percent of the total volume of their salaries and wages and in some cases may even surpass the total volume. On the other hand, because in the new enterprises the number of old employees is small, the burden of retirement expenses is naturally much lighter. If, in the course of the reform, a new social security system is established and "enterprise insurance" is changed to "social security," with society taking full charge of the retirement funds, this will lighten the burden of certain enterprises and provide for the various categories of enterprises a relatively fair competitive environment. It will also strengthen the vitality of the enterprises and facilitate the smooth progress of reform of the economic structure.

Establishment of a new social security system is beneficial to the reform of the system of labor employment and facilitates the rational development of diversified economic forms. A social security system is society's "stability tool." In the reform of the economic structure, because the reform of the social employment system breaks the old pattern of the centralized allocation of labor power, the labor department, under the unified planning and guidance of the state, enforces the system of the combination of introduction of jobs, organizing voluntarily to seek, and looking for job by one's self, thus encouraging the development of collective economy, cooperative economy, and individual economy. In the form of labor employment, diversified forms will crop up such as staff members and workers in formal employment, contractual labor, temporary labor, and so forth. This necessitates the formation of a new social security system that is in line with the above-mentioned reform, so that the diversified kinds of employees and workers of the various economic forms can enjoy the necessary social security; otherwise, the new labor employment system cannot be perfected or developed. In addition, for the purposes of facilitating competition and making the enterprises improve their operation and management and improve the economic benefits, our country is now formulating a bankruptcy law. This is a big and important step forward in reforming the economic structure. In coordination with this, it is urgently needed to establish a social security system for employees and workers awaiting employment. Only by so doing is it beneficial to social stability and unity, enabling the new economic structure to fully display its role in developing the social productive forces.

Establishment of a new social security system is beneficial to transforming the appearance of the poverty-stricken regions and realizing joint affluence. Since enforcement of the reform of the economic structure, our country's economy has developed rapidly, but in regions of the "elderly, young, destitute, and poor," life still meets with difficulties; in the rural villages, social security for the disabled, widows, widowers, solitary elders, and destitute households is still not in perfect order. Although each year the state has spent considerable sums on relief, basically transforming the poverty-stricken situation by means of relief has not accomplished its purpose. In recent years, the civilian affairs developed to help the

poor families and kin of revolutionary martyrs in the rural villages as an important item of social security. This has played a good role in transforming the former situation. Establishment of a new social security system on the one hand protects the basic livelihood of the distressed households in the distressed areas; on the other hand, it assists the poor and distressed who have the lower power to carry out production and self-relief, to shake off poverty and gain affluence, and to achieve the objective of common prosperity. Undoubtedly, this has important significance in the current reform of the economic structure and the four modernizations program.

Establishment of a new social security system will promote reform of the current social security management structure. The existing social security system does not have a unified management structure. Many departments issue the administrative orders, many heads are in charge of management, and the organic body of social security is literally cut into separately unrelated pieces. Establishing a unified structure or control center to take charge of social security functions is an important constituent part of transforming the management functions of the whole government structure. It will take unified charge of planning the whole country's social security work, grasp the policies, coordinate the organization, and render services. Macroeconomic unified planning is not tantamount to the state taking sole and complete charge but means, simultaneously with fully marshalling and employing society's forces on various sides and putting into full play the political power at the grassroots level, the enforcement of a management structure which integrates socialized management and unital management, with the former as the center.

Summing up the above, establishment of a new social security system is an important condition in ensuring the smooth progress of reforming the economic structure and is a fundamental measure for social stability and the long reign and prolonged peace of the nation. It needs to be coordinated with the progress of the reform of the economic structure.

/6091

CSO: 4004/64

ANALYZING 'CONDITIONS'

Beijing RED FLAG in Chinese No 15, 1 Aug 86 p 47

[Article by Ma Hongtu [7456 1347 0956]]

[Text] I recently read a poem by Comrade An Ling entitled "A Pungent Poem" about asking for terms first. It says that there is a small number of cadres who should have retired but will not retire for a long time. This is not because they want to do more work, but because they ask for terms to be fulfilled by the organizations before their retirement.

The number of these veteran cadres is very small, but since there are indeed such cadres, there is nothing wrong with "sneering" at them. In fact, there are such cadres at all levels and also among cadres who are not veteran cadres who are soon to retire. For example, some cadres say when their jobs are transferred: "I will go to such and such a unit, but will not go to so and so unit." For another example, when we send cadres to the basic level, some will say: "I will go to the basic level, but only to do a job of the same nature and level as my current one." For still another example, when we assign jobs to cadres, some will say: "If there are not enough official posts, I can be left out, but I must enjoy the treatment for an official at a certain level." Perhaps, these instances are common around us.

Consciously obeying the arrangement of the organizations in the light of the requirements of our work is the party spirit and discipline that a party member must follow, a basic qualification for a party member, and a fine tradition of our party. We all know well the moving deeds of our revolutionary martyrs. Even for a fairly long time after the revolution, we acted satisfactorily in this sphere. "A revolutionary fighter is a brick that will be willingly moved by the party to any place." "Where we are asked to go, we will pack our things and set out." These sayings were very popular and were practiced by people at that time. Even today, have the "new generation of the most beloved people" asked the party to do anything for them when they were suffering difficulties in ditches and fighting bloody battles on battlefields? Martyr Cai Jinhua said well: "The value of a serviceman cannot be measured by money. I would not stay for even 1 more day at the front at Laoshan even if you paid me several thousand or even tens of thousands yuan. But for the sake of our motherland, I am willing to fight here for a long time and even to die here!" When a man ignores his personal

gains and losses and puts the interests of the people above everything, his aspiration is so lofty that he will feel very seriously insulted if he is told to ask for terms from the party!

Of course, we are materialists and should not negate all the practice of asking for terms indiscriminately. As the leader of an organization, he should create and provide necessary conditions for the work and livelihood of our cadres. However, our cadres themselves should not ask for irrational terms as the preconditions for working for the party. Some cadres seldom want to "be the first to suffer hardship or be the last to enjoy comfort." They always consider their personal gains and losses first in doing anything. They rush to do what benefits them, but avoid doing anything unfavorable for them. As soon as they are asked to do something they do not want to do, they will ask for many terms. They want everything but the practice of satisfying the qualifications of party members. How do they fall short of the requirements for party members?

We should say that in reality, there are indeed some irrational practices. "Those who loaf are better off than those who do their jobs, and those who create trouble by asking for terms are better off than those who loaf." To some extent, this aggravates the malpractice of asking for terms. On the other hand, we should also say that the "Great Cultural Revolution" has undermined our party's fine tradition and was therefore the major cause for this unhealthy practice.

There is reason for this malpractice, but after all this is not a practice that a party member or cadre should conduct. I think that if these comrades can often think about the qualification for a party member, they will no longer ask at will for irrational terms to be fulfilled by the party and organizations. Then our party organizations will have greater combat efficiency, our cadres will set better examples for the masses of people, and it will be easier to do our work.

/6091

CSO: 4004/64

THE NEW CHARACTER AND MORALS OF SWIMMERS OF THE TIMES--READING THE NOVEL
'TURBULENT CURRENT'

Beijing RED FLAG in Chinese No 15, 1 Aug 86 p 48

[Article by Wang Bisheng [3769 1801 0524]; "Turbulent Current" published in XIAOSHUO [NOVEL] No 4, 1985 and reprinted in ZHONGPIAN XIAOSHUO XUANKAN [A SELECTION OF MEDIUM-LENGTH NOVELS] No 3, 1986]

[Text] Literature is a product of the times. When the waves of life hit the river bed of history, literature must respond. Workers of different types flourished in the literature garden of the new times where flowers compete for their beauty and glare people's eyes. However, what attracts the concern of readers more are works that carry the dew of life and respond timely to the pulses of the times. Perhaps it is this particular point that catapulted Lin Jinjia's [2651 4842 0857] "Turbulent Current" to success. "Turbulent Current" puts life under the focus of art and injects into the placid tunes of recent works on the subject of reform a strong and loud melody. It is therefore rather natural that it has attracted response from readers immediately after its publication.

The time is the end of the seventies. The land of China is experiencing an impressive reform. Ding Yi, a cadre transferred from the Army, arrives at the Nanhua Gear Factory as party secretary. He accepts the appointment at a time when the enterprises are facing crises and insists on reforms in a drastic and decisive way. As the first step, he introduces TQC (that is, Total Quality Control) and successfully transforms the factory from a mediocre factory to an advanced enterprise. Later came the time when there were adjustments to the national economy and temporary control was imposed on machinery production. His factory faces the fate of closure, suspension of production, amalgamation, or switch-over to other lines of production. Against all others' advice, he participates in the province's experiment of replacing profit with tax and self-responsibility for profits and losses. For this he mobilizes all the people in the factory to endeavor in sales activities and turns the factory into a production-management type of enterprise from a pure production enterprise. Having started on the forward track, he continues to introduce new tactics and links up two "stalled" factories in the city with two factories that manufacture spare parts for agricultural machines in the adjacent province and establishes a trans-provincial "Nanhua Gear Joint Corporation." The process through which the

factory recovers from bad times and changes from mediocre to advanced is a microscopic version of drastic changes the many enterprises have undergone after the reforms in the economic system.

The author does not intend to unveil a tedious historical process, which is the concern of the economic historians. He describes the difficult struggles in undertaking reforms and the ability and talents of the reformer and his brave personality. The three "dictatorial decisions" of Ding Yi and his "adventurous spirit" are perhaps open to criticism, but he has the force of character of modern reformers: When fighting a battle, a decision must be made immediately and decisively when you have a 70 percent confidence of success. He therefore disregards the allegation of "putting the individual above the organization" and has the courage to be personally responsible and implements a series of strict reforms.

While facing hesitant, conventional, slanderous and other forces which held up the reform, he clings to the belief that the bow, while raised, would have to release an arrow powerfully. It has been proved that, without the never-look-back spirit and the open-mindedness of disregarding people's criticism, and without the courage to break through the bondage of long-established social psychological habits, a reformer will never be able to succeed. Unlike other reformers such as Qiao Guanpu, Ding Yi devotes his life to reform and takes the risk of undertaking reforms. He is also able to grasp accurately and see clearly the historical process of reform. He has strong will but quick wit and wisdom. When the reform shows progress toward success, he understands clearly the urgent need to replace the old with the new and clearly hears the fervent call for stepping up the democratization process for reforms. He therefore focuses his attention on developing new blood and sets the example by giving up his position to the capable. This act demonstrates the ability and talents of a reformer in a broader political perspective.

If Ding Yi is respectable in breaking through restraining forces, insisting on reform, and going forward courageously, he is more admirable in taking the initiative to give up his position, withdrawing himself without hesitation at a time when most others are hesitant and unwilling to give up their high positions. However, one cannot help feeling upset to see that things like selecting the capable and the talented and giving up the position to them would have to be done in a "dictatorial" way. Nevertheless, the character of Ding Yi, which the author creates in a strict yet faithful way, gives us encouragement and expectations. We can see clearly from the series of concepts in the personalities and way of thinking of Qiao Guanpu and Ding Yi that life is progressing forward and the literature writers are having a better and deeper understanding of life.

It appears that the author has been too much confined to describing the original form of life. This results in the first half of his work being too descriptive and lacking in imagination. There is also a lack of depth in the characters' way of thinking and their behavior. Nevertheless, this novel excels in being forceful. Against the stale and unhealthy psychology of society and the old malady, the sharpness and stalwartness of Ding Yi trumpets a loud and powerful tune for those who strive for the laudable reform.

CHARACTERISTICS OF THE BOOK 'LEGAL SYSTEM, DEMOCRACY, AND FREEDOM'

Beijing RED FLAG in Chinese No 15, 1 Aug 86 inside back cover

[Book review by Li Maoguan [2621 5399 4619]]

[Text] The book "Legal System, Democracy, and Freedom" that has recently been published (by the Sichuan People's Publishing House) is a collection of Comrade Li Buyun's theses on the general principles of legal system and democracy. Comrade Zhang Youyu, a well-known jurist, writes the following inscription for the book: "Deepening the study of the major theoretical and practical issues in building up our country's legal system and publicizing among our vast number of cadres and masses the Marxist views on legal system and democracy are important tasks for legal science theoretical workers." The book is actually the heartening achievements that the writer has scored in striving to apply the basic principles of Marxism in studying and carrying out research into some major theoretical and practical issues concerning the four modernizations and the establishment of our legal system.

The first characteristic of the book is that it conducts research into major theoretical issues by following closely the development of the times and closely in the light of the reality. What the book touches on is all the theoretical problems that are of great guiding significance for the development of democracy and legal system in China under the new situation. For example, the issue of adhering to the principle of all citizens being equal in the face of law, the issue concerning the relationship between policies and law, the issue of intensifying our legislative work and perfecting various sections of law, the issue of safeguarding the supreme authority and dignity of law, the issue related to the socialist legal system, the issue concerning the development of a socialist legal system with Chinese characteristics, the issue of developing a high degree of democracy, and so on.

All these are theoretical issues of the science of law that urgently demand solution that have emerged in our country's four modernizations and in developing and practicing democracy and legal system in our country. To various extents, this book quite correctly expounds on these major issues from a theoretical point of view and puts forth quite a few useful views.

The second characteristic of the book is that under the guidance of Marxism-Leninism-Mao Zedong Thought, the book has made brave explorations with an emancipated mind. The book shows that stimulated by the spirit of the 3d Plenary Session of the 11th CPC Central Committee, the writer has emancipated his mind, adhered to the principles of proceeding from reality in doing everything, seeking truth from facts, and linking theory with practice, conducted a profound research into the various new situations and problems that our country has encountered in carrying out its four modernizations program and developing its legal system and democracy, and bravely carried out valuable trial exploration. For example, concerning the issue of supervising the administration of law, no textbook on law in the past has even specially expounded on it. In our practice, this issue has not yet drawn sufficient attention from among our vast number of people. The writer expounds on five aspects of the major features of the suggested system to supervise the administration of law and gives his constructive opinions on the way to intensify an overall supervision of the administration of law. For another example, the traditional view on the issue related to the system of law, holds that the system of law is the total sum of the current law and rules in a country. The writer does not restrict himself by this traditional view and holds that the system of law should be founded on the basis of the existing law, but at the same time requires that sufficient consideration should be given to the internal and organic integrity of law and rules including those that are being formulated or need to be formulated. The writer has summed up the following basic characteristics of the system of law: integrated contents, strict structure, internal coordination and unity in form. This is something special in this book. For yet another example, very few people have specially probed the issue of developing a socialist legal system with Chinese characteristics. The writer puts forth four theoretical grounds as the reasons for stressing this issue. He also has quite a few pithy ideas on and expounds in detail on the questions of how we are to understand and grasp the basic meaning of the development of a socialist system with Chinese characteristics and how we are to realize this goal. In addition, concerning the relationship between policies and law, the writer has summed up the important conclusions that have drawn from the discussion by our jurist circles on this issue since the 3d Plenary Session of the 11th CPC Central Committee and has given his views on some issues that have just been raised but have not yet drawn people's attention. Among these views, the view that we should not regard the party's policies as identical to state policies and the view he expounds on that the party's policies and state law each serve the other as the means and each is the other's goal are of new significance. We will not go on giving examples of everything. All these discussions are helpful to the research into and free discussion of the theory of our science of law and the development of our legal system.

The third characteristic of the book is that it does not evade practical issues and dares to criticize various kinds of erroneous ideological trends and anti-Marxist views. Quite a few of the articles in the book were written purposefully to deal with actual problems. For example, to counter the erroneous ideological trend of a small number of people, in particular some young people who blindly worship bourgeois legal systems, admire

bourgeois democracy, and uphold "absolute freedom," the writer adopts a clear-cut stand to make a distinction between the socialist democracy and legal system and the bourgeois democracy and system, correctly expounds on the mutual relationships between democracy and legal system, between democracy and dictatorship, and between freedom and law by means of reasoning and providing proofs, and convincingly makes an analysis to refute some muddled understanding and erroneous views. These articles are of practical significance for us in carrying out the education in socialist democracy and legal system and correcting certain tendencies of bourgeois liberalization at present.

/6091

CSO: 4004/64

END