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No 9, 1 MAY 1987

13 JULY 1987

CHINA

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

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UNREMITTINGLY RECTIFY UNHEALTHY TRENDS

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 p 2

["Forum"]

[Text] To "compress the atmosphere" in the economic field and oppose bourgeois liberalization in the political and ideological fields are two major things to be intensively carried out this year. In the face of the current situation and tasks, we need to explicitly reemphasize the necessity of unremittingly rectifying unhealthy trends.

To rectify unhealthy trends and strive to fundamentally improve the party style and social customs is an important content in building the party and socialist spiritual civilization as well as an issue which affects the situation as a whole and has been always stressed and vigorously resolved by the CPC Central Committee following the 3d Plenary Session of the 11th CPC Central Committee. Through the efforts of the whole party and the whole society over the last 8 to 9 years the party style and social customs have been notably improved. However, while fully affirming the achievements, we should also clearly notice that since the task of rectifying the unhealthy trends is still very arduous, we must continue to make great efforts.

Some comrades are worried whether the struggle against bourgeois liberalization will affect the work of rectifying unhealthy trends. These comrades who worry unnecessarily do not know that the struggle against bourgeois liberalization and the rectification of the unhealthy trends are united.

Strictly contained within the party the struggle against bourgeois liberalization should be mainly carried out in the political and ideological fields and focus on resolving issues that affect political principles and orientations. The rectification of unhealthy trends aims to straighten out the party style and social atmosphere and is quite different from the former in both nature and scope. However, judged by their fundamental aims, the two are totally consistent in implementing overall the line since the 3d Plenary Session of the 11th CPC Central Committee, upholding the four cardinal principles and the principle of reform, opening up to the outside world and invigorating the domestic economy, and building socialism with Chinese characteristics. As far as the interrelationship between the struggle against bourgeois liberalization and the rectification of unhealthy trends is concerned, the

two are not contradictory; they are mutually promotive. By taking a clear-cut stand in opposing bourgeois liberalization and safeguarding and consolidating the stable and united political situation we can effectively rectify various unhealthy trends and better accomplish the work of straightening out the party style and social customs. On the other hand, if unhealthy trends are seriously rectified and the party style and social customs straightened out, it will also be conducive to strengthening and improving the leadership of the party, better upholding the four cardinal principles, and carrying out the struggle against bourgeois liberalization.

As early as in 1979 in his noted speech entitled "Upholding the Four Cardinal Principles," Comrade Deng Xiaoping sharply criticized the ideological trend of doubting and opposing the four cardinal principles, and the ideological trend of bourgeois liberalization, as well as emphatically raised the issue of changing the party style and social customs. He pointed out: "Only by improving the party style can we change social customs and uphold the four cardinal principles." All these opinions of his are completely in line with the current situation and should be continuously implemented in our work. It is obviously wrong to think that we can relax the work of rectifying unhealthy trends while concentrating on opposing bourgeois liberalization.

While opposing bourgeois liberalization, leading departments of the party and government at all levels must effectively promote various works, overcome shortcomings, change work styles, and use their own deeds to overcome the unhealthy trends of bureaucracy, employing official powers to seek personal gains, indulging in waste and extravagance, feting guests and distributing gifts, slacking in discipline, too many meetings and documents, making empty talk and doing nothing concrete, and so on. We should persist in the work method of following the party line, always looking into matters with an open mind, and conscientiously resolving issues which are rationally raised by the masses and can be resolved. It is not allowed to suppress or crack down on justified criticisms of the masses, on the shortcomings and mistakes of our work under the pretext of opposing bourgeois liberalization. On the premise of mainly praising and propagating the achievements of the reform and construction, the mass media, like journals, radios and television broadcasts, and so on, should continue to actively criticize unhealthy trends within the party and in society under strong leadership. Moreover, they should do it much better than before. We should resolutely expose and wage a struggle against the evil people and deeds that seriously violate the law and discipline according to party disciplines and state laws as well as other relevant regulations and procedures. While criticizing shortcomings and mistakes in work, we should adopt the attitude of doing things for the good of others and in the interest of the improvement of work. To criticize somebody by name, we must verify and investigate the facts and listen to the opinions of the relevant departments at the upper levels and the opinion of the person concerned to be criticized in advance.

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CSO: 4005/671

SEVERAL QUESTIONS CONCERNING POLITICAL AND JUDICIAL WORK

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 3-6

[Article by Peng Zhen [1756 4176]; excerpt from Comrade Peng Zhen's speech at the National Forum on Political and Judicial Work held on 31 March 1987]

[Text] This National Forum on Political and Judicial Work is very successful.

Our political and judicial front has done a good job on the whole since the 3d Plenary Session of the 11th CPC Central Committee. Our fine traditions have been restored and carried forward, a great reform has been introduced and, acting strictly according to the law is in itself a major aspect of the reform. The trial of the "two cases" (namely, the trial of the Lin Biao counterrevolutionary clique and the Jiang Qing counterrevolutionary clique) was successful, and the "crack down" struggle (that is, the struggle of dealing severe blows at criminal activities that have seriously endangered social security) was successful too. On both occasions we had appropriate laws to follow and in fact we did act according to the laws. In the past, during the movement to suppress counterrevolutionaries, the movement against the "three evils," and the movement against the "five evils," we used to act initially according to the policies, since we did not have enough time to formulate the laws concerned at that time. Regulations were only drawn up later (and these regulations have served as a basis for the formulation of our criminal law). But the situation was different during the trial of the "two cases" and the "crack down" struggle. We acted strictly according to the law from the very beginning of the trial and the struggle. In the trial of the "two cases," from the very beginning we made it clear that we were not interested in the rights and wrongs of any political line but only the distinction between guilt and innocence. The "crack down" struggle was also conducted entirely within the limits of the law. Some people complain that our political and judicial front, being conservative, as stuck to ossified thinking and numerous outmoded conventions, and refused to introduce any reform. Their criticism is simply not true.

I

Our responsible comrades on the political and judicial front must take a broad and long-term view and make more comprehensive study. Only in this way will they be able to avoid political shortsightedness which may prevent

them from seeing farther and lead them to concentrate their attention on trivial things. Therefore, it is necessary to master dialectical and historical materialism as ideological weapons and to study and handle issues according to the principle of seeking truth from facts.

At the moment, one of the fundamental needs is to uphold the four cardinal principles. This is the general program. Every one of these four principles is indispensable. Adhering to this general program, we will sharpen our eyes and be able to consider problems more clearly.

We must uphold the socialist road. Where will China go? Is it going to take the socialist or capitalist road? This is a basic question. If you are not quite sure about what way you are going, and if you are heading westward rather than eastward in a direction opposite to that you originally intended to go, then you will be farther and farther away from your destination. Those who preach bourgeois liberalization and recommend "total Westernization" actually do not like to see China taking the socialist road. Instead they prefer the capitalist road. China's experience over the past 70 years since the May 4th Movement has shown that the capitalist road can get China nowhere. Many people advocated "total Westernization" in the past. This idea is nothing new. Our country went through the new democratic revolution and removed the three big mountains long ago. We have also undergone socialist transformation and entered the socialist stage. "Total Westernization," meaning to put the clock back, goes counter to the historical trend and the people's common interests and will. It goes absolutely against the joint efforts of the 1 billion Chinese people of all nationalities who are building socialism with Chinese characteristics. The socialist road must be upheld. So long as this question is solved, we can avoid wavering.

We must persist in the leadership of the CPC. At present some people are advocating "pluralism." In fact they are opposing the party's leadership. Western capitalist countries boast of their "multi-party system." We are practicing the multi-party system too. We have many democratic parties in China! But all of them support the CPC's leadership and they are in favor of the socialist road and oppose the capitalist road. How can we build socialism without the CPC's leadership?

We must uphold the people's democratic dictatorship. It means we implement and practice democracy within the people but exercise dictatorship against the people's enemy. How can we give up our struggle against those forces and elements at home and abroad who are hostile to and attempt to sabotage our socialist system? At the same time, we must safeguard social order. Otherwise, things that seriously jeopardize social security, like those which happened on Kongjiang Road, Binjiang Road, and Beihai Park, will happen again; gang fights and smash and grab acts will happen again; and social order will be entirely disrupted. Then how can we build the country in an organized manner under centralized leadership? Without the people's democratic dictatorship, the people will have no democracy, freedom, and tranquility, and there will be no perpetual political stability in our country. Such being the case, how can we carry out socialist construction?

We must uphold Marxism-Leninism-Mao Zedong Thought. What Nietzsche, Sartre, and their ilk advocated is nothing but bourgeois individualism. Can these ideologies be taken as our spiritual weapon? Our weapon is Marxism-Leninism-Mao Zedong Thought. The victory of China's revolution and construction is precisely the result of the application of Marxism-Leninism-Mao Zedong Thought. Mao Zedong Thought was adopted as our guiding ideology only after thorough discussion at quite a few Political Bureau meetings during the Yanan period. At that time, some comrades had suggested the term "Mao Zedong Doctrine." But Comrade Mao Zedong objected to this term. Later, some comrades suggested the thought which integrates the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution be called Mao Zedong Thought. Comrade Mao Zedong finally agreed to this suggestion at a Political Bureau meeting held in that small pavilion at Yangjialing. He said: If this thought is named after a man, I can accept it. But I have to make a remark here, this thought is not a creation of mine alone, but the crystallization of correct views contributed by many comrades, the product of the Chinese revolution. Mao Zedong Thought is the very product of the integration of the universal truth of Marxism-Leninism and the concrete practice of the Chinese revolution. It was under the guidance of this thought that we won the victory of the new democratic revolution and achieved success in socialist construction in China.

The necessity of upholding the four cardinal principles has been laid down in both the party's and state's Constitutions. To take a broad and long-term view and make more comprehensive consideration, we must uphold the four cardinal principles. Sun Wukong [Monkey King in the Chinese classical novel "The Pilgrimage to the West"] has two weapons, namely his "piercing eyes" and "golden cudgel." Upholding Marxism-Leninism-Mao Zedong Thought, we will be armed with "piercing eyes" which will help us to clearly distinguish between the socialist and antisocialist. Practicing the people's democratic dictatorship, we will be armed with a "golden cudgel" which will enable us to fight all kinds of devils. Therefore, by upholding the four cardinal principles, we will be able to distinguish between right and wrong when dealing with major issues of principled importance, increase our ability in solving complicated problems, and overcome all difficulties with full confidence.

The present situation is excellent. The "Government Work Report" delivered by Comrade Zhao Ziyang to the recent NPC session is good and realistic because it has cited both achievements and shortcomings, and set out the tasks ahead as well as principles and methods to be adopted. The present excellent situation in our country has been acknowledged by public opinion at home and abroad. Of course, there are still many problems. The majority of these problems consist of bad party discipline and social decency, but of all the problems that exist the most important one is party discipline. Many major theoretical problems regarding reform have not yet been expounded systematically. And people also have a lot of complaints about price hikes, deficits and foreign exchange. All these problems call for solution through discussions and they can certainly be solved. No doubt, the fundamental point is to uphold the four cardinal principles. We must use this general program to unify the thinking of the 1 billion people, and first and foremost the thinking of the 4.6 million party members.

The general situation is excellent, as is the situation on the political and legal fronts. Over the past few years great achievements have been made in striking blows at dangerous criminals jeopardizing public order, and vicious economic criminals as well. Experience has demonstrated that the "striking ruthless blows" policy formulated by the party Central Committee is correct. The policy has been carried out for more than 3 years. How then, is the situation now? Great changes have taken place and encouraging improvements have been made in social order. Practice is the criterion for judging the truth. In the second year after the "striking ruthless blows" policy was implemented, wherever I went, I used to ask people whether women comrades had to be escorted when they went for night shift work. Many people said it was not necessary to do so. This shows that the intolerable arrogance of criminals has been repelled and the situation in public order has taken a favorable turn.

Striking ruthless blows at dangerous criminals jeopardizing public order as well as vicious economic criminals is a very complex struggle and it was not easy to keep it up. It is said that so far some people still report to the higher level that there have been various problems in the "striking ruthless blows" struggle. In waging such a large-scale struggle, it is impossible to say there are no problems at all. There must be all sorts of shortcomings or mistakes. Faced with a great variety of problems, we must concentrate on what is of basic importance. If there are shortcomings or mistakes in the work, they will be corrected and there is no need to quibble over them.

There has been a substantial improvement in public order, but this does not mean we can slacken our efforts in this field. In my opinion, there will still be social criminal activities and sabotage by hostile forces and elements in the coming 10 and 20 years, and even in a historical period of considerable length. Our struggle against them will continue and our comrades on the political and legal fronts will never be out of work. The struggle will be protracted, complex, and arduous. We must make a clear-headed appraisal of it and must not relax our vigilance.

How should our work be carried out in the future? It should proceed from actual conditions. It must be noted that so long as the capitalist world exists, so long as the influence of bourgeois and remnant feudal ideologies exists, and so long as the complex situation developing in the course of reform, opening up and economic invigoration exists, there will always be factors creating hostility and sabotage against the socialist system, and other crimes. It is inconceivable that once the "striking ruthless blows" struggle is waged, there is no need to undergo it again. All effective measures and methods of exercising dictatorship should never be discarded. As for the question of how to do it, I think the struggle should proceed from objective realities. Wherever there is murder, arson, rape, robbery, poisoning, blasting and other crimes jeopardizing public order, ruthless blows should be struck. Wherever there is corruption, theft, smuggling, bribery, accepting bribes, speculation, blackmail, and acts undermining reforms, the work of opening up, and economic order, severe blows should be dealt. Admirable improvement has been made in public order after we struck heavy blows at the enemy in the past few years, but it is unrealistic to

think that everything will go off without a hitch, and we should in no way lower our guard and become careless.

II

The political and judicial department serves the people and socialism, and is an important tool for the people's democratic dictatorship. Therefore, we must strengthen the building of our contingent in this department, improve their political and ideological quality, raise their professional competence, establish a stronger sense of enforcing the legal system, and act strictly in light of the law. How should we then further improve the quality of this judicial contingent?

First, they should have the idea of serving the people and socialism wholeheartedly. This is our fundamental principle. In particular, Communist Party members and cadres must firmly adhere to the position of the proletarian vanguard. Today, some of our party members have not brought their minds into line with the party although they have joined the party. For example, some of them are seeking private gain by using their powers or trying to form small cliques to protect their selfish interests. If they do not mend their ways, how can they deserve to be called Communist Party members? To join the party ideologically, they must have the idea of serving the people and socialism wholeheartedly. The historical task of the proletariat is to transform the objective world and at the same time to transform the subjective world. This is the same for both old and young comrades. They should not think that there is nothing wrong with their work and everything they have done is correct. They should not think that they will become a cropper if they become arrogant and cocky. During the Northern Expedition in 1927, we suffered a major setback because some people were content with the victories in the war; during the revolutionary war in the 1930's, we became conceited after defeating the enemy's three encirclements, but we then incurred heavy losses; after the founding of the People's Republic, we made great achievements, but also caused great trouble. This is not only the case for the party, but is also the case for individuals. Some people tend to claim all the credit for themselves and put all the blame on other people. This behavior is no good. So many cadres and ordinary people were working day and night, how could you claim all the credit for yourself? You had better be more realistic and modest. Only by making continuous efforts to transform your own world outlook, your own subjective world, can you be better adapted to the needs of transforming the objective world.

Second, it is necessary to master the ideological weapon of dialectical and historical materialism, adhere to the principle of seeking truth from facts, proceed from reality and test the results through social practice.

Marx said: "Philosophy regards the proletariat as its material weapon; similarly, the proletariat takes philosophy as its own mental weapon." The mental weapon of dialectical and historical materialism is a weapon for modernization. When we were in Yanan, I once asked Comrade Mao Zedong what was the motto for the Central Party School.

He answered: "Seeking truth from facts, not indulging in empty talk." Later, he wrote the four characters for "seeking truth from facts" for the new auditorium. What should we do if we are to seek truth from facts? First, our viewpoint must be objective rather than subjective. That is to say, everything we do must proceed from reality and be tested by practice. Second, we should have an all-round rather than one-sided viewpoint, and the all-round viewpoint should include both the horizontal and vertical overall viewpoint. Third, we must grasp the essence of things and should not just look at the surface phenomena. For example, if we grasp the essence of bourgeois liberalization, we will know that it is something that negates the socialist system, advocates the capitalist system, and stands for "total Westernization."

How can we grasp the essence of the matter? Based on the summation of long-term experience, Comrade Mao Zedong pointed out that, after grasping the necessary materials, we should "discard the dross and select the essential, eliminate the false and retain the true, proceed from one to the other and from the outside to the inside." That is to say, in solving a problem, it is first necessary to grasp the necessary data. After obtaining the data, we should act as follows: First, we should discard the dross and select the essential by retaining the data relevant to the problems to be solved and discarding irrelevant data. Second, we should eliminate the false and retain the true by distinguishing true from false, because the data also contains hearsay and sheer nonsense and because some data give only good news and not the bad. Third, we should proceed from one to the other. The essence of the matter exists in the mutual relationships of things and, therefore, should be observed from one to the other. Lastly, we should proceed from the outside to the inside and make further in-depth studies in order to find out the essence of the matter. This is a scientific method of looking at problems. If we use this method to observe and handle problems, we can easily suit our ideas to reality, reduce or avoid deviations in our work, improve our efficiency, and enhance our combat effectiveness.

Third, we should conscientiously study Marxism-Leninism-Mao Zedong Thought, study the law, and master theoretical and legal weapons. If we do not have a certain ideological and theoretical level, we shall be unable to adapt ourselves to the current complex circumstances and do our work well. Since we are law-enforcement personnel, how can we act according to the law if we do not understand or are not familiar with the law? For this reason, all comrades doing political and judicial work should master the two weapons.

Fourth, in the practice of conducting reforms, opening up to the outside world, invigorating the economy, and building socialism with Chinese characteristics, and in the practice of developing socialist democracy and perfecting the socialist legal system, we should conscientiously conduct reforms in light of the practical conditions while inheriting and carrying forward the fine traditions of our political and judiciary work. We should study the new situation, explore new problems, and sum up new experiences. We should adapt our work to the need of objective development through reform.

A fine tradition of political and judiciary work is to integrate party leadership, special work, and the mass line. Over the past few years, we have achieved great successes in political and judiciary work and in the "crack down" struggle. An important reason is that we have inherited and carried forward this tradition. The mysticism practiced in the past has caused a lot of trouble. If, under the leadership of the party, the special organs can integrate with the masses, they can exercise inexhaustible power and avoid or reduce trouble. We have done so in the past, are doing so now, and will still do so in the future.

The leadership of the party is in keeping with acting according to the law. Do we still need party leadership while stressing the development of socialist democracy and perfecting the socialist legal system? Of course, and we should strengthen and improve party leadership. The political and judicial organs must uphold and accept party leadership and must ask for instructions or submit reports to party committees on major issues. In our country, the party leads the people in drawing up the Constitution and the laws. It also leads the people in preserving and enforcing the Constitution and the laws. It also "must conduct its activities within the limits permitted by the Constitution and the laws of the state." Nobody can successfully lead the work of perfecting the socialist legal system unless it is led by the party. Since the political and judicial departments should handle various social contradictions according to the law, how can they do without the leadership of the party? Naturally, the political and judiciary departments should not turn over all contradictions to party committees but should handle ordinary cases or things according to the law. On important problems or major difficult cases which involve numerous quarters or are of extreme importance, it is absolutely necessary to voluntarily ask party committees for instructions. Only in this way is it possible to handle problems correctly and more satisfactorily.

The political and judicial workers must enhance party spirit, eliminate factionalism, strengthen unity, increase combat effectiveness, improve efficiency, bring their functional role into full play, strive to do all work well, and discharge their duty to the people and socialist causes more satisfactorily. This is also the hope of the party, the state, and the people.

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CSO: 4005/671

THE MARXIST STAND, VIEWPOINT, AND METHOD

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 7-12

[Article by Wang Renzhong [3769 0117 6850]]

[Text] What I refer to in this article on Marxism that it is a scientific system which, with Leninism and Mao Zedong Thought as its components, develops with the development of nature and human societies. The stand, viewpoint, and method characteristic of this system are stressed here. I think that the ideological confusions that have arisen over the past few years are related to people's vague understanding of this system. Some comrades view Marxism as a mixture of many independent principles and conclusions. Thus, they may find a particular principle "outdated" at one time and say that a certain conclusion must "break through" [tu po 4499 4275] at another. Viewing Marxism in this way will inevitably lead to a rejection of its guiding role. However, these people differ from the advocates of bourgeois liberalization in that the latter totally reject Marxism. They have openly suggested that: "Marxism is outdated and should be discarded." We communists of course cannot accept this. Our party Constitution states that "The CPC takes Marxism-Leninism-Mao Zedong Thought as its guide to action" and that the first duty to be fulfilled by party members is to "conscientiously study Marxism-Leninism-Mao Zedong Thought, essential knowledge concerning the party, and the party's line, principles, policies, and decisions; and acquire general, scientific, and professional knowledge." It is wrong for a party member to vacillate or to be vague on this matter.

To study and apply Marxism is, mainly, to study and apply the Marxist stand, viewpoint, and method. These three things combine to form a complete whole and they are the essence of Marxism. More than 40 years ago Comrade Mao Zedong suggested that theorists "should be able, in accordance with the Marxist-Leninist stand, viewpoint, and method, to correctly interpret the practical problems arising in the course of history and revolution and give scientific explanations and theoretical elucidations to China's economic, political, military, and other problems." ("Selected Works of Mao Zedong," Vol 3, p 772) My understanding is that this is precisely how Marxism guides practice. The party's practice in revolution and construction over the past few decades tells that only by mastering the Marxist stand, viewpoint, and method can we heighten our ideological and political awareness, enhance our ability to understand and transform the world, firmly acquire communist ideals,

adhere to the four cardinal principles, vigorously combat bourgeois liberalization, correctly implement the party's line, principles, and policies, properly carry out reforms, implement the opening up policy, steadily improve our work style and methods, benefit from our achievements, overcome our weaknesses, and advance the great cause of socialist modernization. In conclusion, the party requires each of its members and, in particular, each of its leading cadres, to earnestly study the tenets of Marxism. This is a must if we are to build the party and attain its general goals. Each party member should, depending on his work and circumstances, acquire cultural, scientific, technological, or professional knowledge. However, all of them, without exception, must study the tenets of Marxism and strive to master the Marxist stand, viewpoint, and method. All this can greatly benefit economic construction, the cultural, educational, business management, professional, and other work in which we are involved. Comrades who have been educated in Marxism for a long time should have a profound understanding of this. Over the past few years, people have paid little attention to studying the tenets of Marxism and rarely discussed, or have even avoided discussing, the Marxist stand, viewpoint, and method. It is necessary to change all this and to reemphasize the problem.

What we normally refer to as the Marxist world view (or the communist world view, which is the same thing) is the above-mentioned integrated and self-contained scientific system, which was founded by Marx, and the stand, viewpoint, and method characteristic of it. In this article, for the sake of convenience, I will separately discuss the Marxist stand, viewpoint, and method for our comrades.

I. Concerning the Stand

The Marxist stand is the hallmark of the Marxist class character. This means that it tells us which class' interests are represented by Marxism. Marxism does not conceal its class character. It explicitly states that it represents the fundamental interests of the proletariat (or the working class) and it is a theoretical weapon and a guide for action with which the proletariat seeks to liberate of itself and mankind. The most important point in the Marxist world view is to make the stand of the working class one's own stand and not to deviate from it, not even for a short while.

We know that given modern mass production the working class represents a new set of production relations. Its fundamental interests can be promoted only under a socialist or communist system. Since the working class' demands are a reflection of the direction of social and historical development, its interests thus represent the interests of the majority of people in society. Marx and Engels said: "The proletarian movement is a movement of the majority of people and it is an independent movement whose purpose is to work for the interests of the vast majority." ("Selected Works of Marx and Engels," Vol 1, p 262) In this sense, the working class is a selfless class.

Communist parties are the vanguard of the working class and they collectively and most explicitly and most scientifically represent the fundamental interests of the working class. Thus, for a communist party member, the working class

stand is the stand of his party and the stand that is identical to the party spirit and the party's line, principles, and policies. As a result of the development of the revolution and construction, the specific contents of the class stand of a communist party member changes as historical periods succeed one another. During the revolutionary war, to remove the three great mountains--imperialism, feudalism, and bureaucrat-capitalism--and to build a neodemocratic China were what the stand of a communist party member was about. However, in the course of our socialist modernization in the new historical period, the stand of a communist party member is such that he is required, on the basis of China's actual circumstances, to adhere to the four cardinal principles, to oppose bourgeois liberalization, to persistently carry out reforms, to adhere to the policy of opening the country to the world and revitalizing its domestic economy, and to build China into a modern socialist power with its own special characteristics. All this is related to the fundamental interests of the working class and is one with the fundamental interests of the people. In representing the fundamental interests of the working class and the people our party has no interests of its own. If a communist party member tries to seek gains for himself or for a small group of which he is a member by abusing his powers or by taking advantage of his position, either his party character is blemished and his class stand dubious or he has lost them or given them up.

It is often said that stand is a matter of fundamental importance. If one has taken a wrong stand, one will make mistakes in trying to understand things and in handling them. Of course, understanding is a process. In trying to understand things, one cannot completely avoid making mistakes even if one's stand and starting point are correct. Thus, we must not invariably regard all ideological mistakes and misunderstandings as symptomatic of wrong stands, nor can we regard all conceptual matters as matters of stand. We should still less regard all matters of stand reflected in conceptual matters as related to class struggle. By doing this we can confuse problems that are unrelated to class struggle with ones that mirror it. In the past we made some "leftist" mistakes in inner-party struggles precisely because of all this. However, we should also be able to see that class struggle is still waging on a global scale and in our country within certain limits. Naturally, we should take the working class stand in viewing and handling those matters which are indeed related in nature to class struggle. On this we must not be ambiguous. We must seriously criticize those party members whose stand is not firm enough or who have lost or given up their working class stand. Otherwise, we cannot help them return to the correct stand or make them stop vacillating. We should have a clear understanding of this point.

People with different stands do not have a common language between them. Our view is that only socialism can save China. However, advocates of bourgeois liberalization suggest that "wholesale Westernization," that is, capitalist transformation, is what China needs. We hold that democracy and centralization as well as liberty and discipline, are the two sides of a coin. Advocates of bourgeois liberalization say that they want democracy and liberty and have no need for centralization and discipline and they call centralization and discipline "feudal" things. We call for "modernization."

They say they want it too. However, the "modernization" we call for is socialist modernization and the kind of modernization they want is capitalist modernization. People with different stands necessarily go in different directions. The importance of stand is indeed self-evident.

To firmly maintain our working class stand it is necessary to refute bourgeois and feudal ideas and to resolutely overcome the traditional and ideological influence of the petite bourgeoisie by resorting to the correct policies and appropriate methods. Only by suppressing these ideas can we study and handle problems on the basis of the working class stand and the stand of the masses, be selfless, honest, upright, and fair-minded, seek truth from facts, hold firm to truth, correct our mistakes, and courageously and fearlessly march forward. Bourgeois individualists strive for personal fame and wealth, seek personal gains by abusing their powers, benefit at public's expense, receive bribes, and corrupt and violate the law and party Constitution. These people are trying to destroy the party, the country, and the people, and themselves. Departmentalism and small group mentality are actually individualism amplified. If they are not completely eradicated, individualists will grow in number with very undesirable consequences.

Thus, it can be seen that the stand of a communist party member is not an abstract concept devoid of any substance. It is an indispensable requirement that must be complied with before one can be a qualified party member and go about enhancing one's party spirit.

II. Concerning the Viewpoint

Fundamentally speaking, the Marxist viewpoint is the fundamental viewpoint of dialectical materialism and historical materialism or their underlying principle. Communists who have faith in Marxism apply dialectical materialism and historical materialism in perceiving the world and in trying to transform it. In addition to transforming the objective world, they also try to transform their subjective worlds. We evaluate the significance and value of human existence on the basis of dialectical materialism and historical materialism. This is our philosophy.

According to dialectical materialists, the whole world is physical matter in motion. Nothing else exists. In the century or so since Marx' death, science and human societies have rapidly developed and people's understanding of nature and society has improved significantly. In Marx' and Engels' works, there are some outdated and erroneous conclusions. This is inevitable. However, the basic tenets of Marxism have been subject to tests as a result of the development of human societies and science. Therefore, they are correct and universally applicable. Which branch of science and what changes in the world can show that the underlying principles of dialectical materialism are wrong? According to Marxism matter is primary and spirit secondary. However, it acknowledges the strong reaction of spirit on matter, that they constitute a case of the unity of opposites, that they can transform and shape each other under certain conditions, that human perception is a reflection of objective things in the human brain, that knowledge is

derived from and must be tested by practice, and so on. Are these underlying principles of dialectical materialism incorrect? Are they outdated?

The development of human societies is governed by objective laws. This is independent of man's will. However, through scientific research man can discover these laws and, on the basis of these laws, stimulate mass subjective activity and consciously make history. Construction by the working class and the masses and their revolutionary movements under the guidance of the tenets of Marxism are movements the purpose of which is to transform society and make history. The most fundamental driving force behind social development is the development of productive forces. Production relations, social progress, sociocultural development, and educational development are dependent on the maturity of social productive forces and the pace of their development. Are these underlying principles of historical materialism incorrect? Are they outdated?

Productive forces and productive relations also constitute a case of the unity of opposites. Material production is impossible without the existence of certain production relations. Once old production relations begin to obstruct the development of productive forces, revolutions, the purpose of which is to revolutionize production relations, take place. New production relations will pave new paths for the development of productive forces as soon as they come into existence. The economic base of a society determines and is reacted on by its superstructure. In a socialist society productive forces and production relations and its economic base and superstructure are basically compatible. However, there are also incompatibilities, hence the need for reforms. The purpose of our ongoing reform of the country's economic structure is to rid the country's production relations of those aspects that impede the development of its productive forces and the purpose of the country's political structural reform is to rid its superstructure of those aspects that obstruct the country's economic development. The reform of the country's production relations and superstructure is a revolutionary reform. In China, thanks to its socialist system and communist leadership, the reform can be carried out as a conscious process of self-perfection. The use of force is not required or justified. Everything the party has done since the 3d Plenary Session of the 11th CPC Central Committee has been a result of the decisions it has made in accordance with the basic tenets of Marxism and on the basis of the country's actual circumstances. Practice has proven that this is completely correct.

Which is better, the socialist system or the capitalist system? The development of modern Chinese history has provided an answer to this question. By saying that the socialist system is superior to the capitalist system, we do not mean that our productive forces at this stage are superior to those of developed capitalist countries, but we do mean that the socialist system has put an end to the exploitation of man by his fellow human beings. In other words, we have transformed the old production relations which impeded the development of productive forces and have established socialist production relations. The working class and the masses, who in the past were exploited, persecuted, and enslaved, have become the masters of society. Now they can unreservedly display their enthusiasm, creativeness, ability, and wisdom.

Because of all this, our social productive forces, science, technology, culture, education, public health service, and sports can develop at a much quicker pace than those of capitalist countries. In addition, only the socialist system can eliminate corrupt social practices which are inherent in all exploitive systems. Thus, objectively, the socialist system is superior. Summarizing our experience in socialist construction at the 6th Plenary Session of the 11th CPC Central Committee we, on the one hand, acknowledged our great achievements in socialist construction and, on the other, pointed out our serious mistakes. As a result, our understanding of the laws governing socialist construction and of China's national conditions has leaped from the realm of necessity to the realm of freedom. We have been able to successfully combine the universal truth of Marxism with what we actually do in the course of building socialism with Chinese characteristics, and we now know more clearly, and with greater confidence, how to successfully build China into a modern socialist power with its own characteristics. Of course, socialism and our understanding of things cannot develop without practice. There are still many unknown realms of necessity ahead of us and we may still meet with setbacks, run into unforeseen difficulties, and make mistakes. Our task is to resolutely and cautiously try our best to prevent subjectivism, to avoid making serious mistakes, and to promptly correct our mistakes. Those who think that we can smoothly build China into a socialist power without making mistakes or meeting with setbacks and those who, on meeting with setbacks or discovering mistakes, immediately jump to the conclusion that socialism will not work are wrong.

According to the Marxist viewpoint, capitalism will eventually be replaced by socialism and man will eventually enter the communist stage. This is a historical inevitability. The view which suggests that "capitalism will forever exist" is scientifically groundless. There is now global competition between capitalism and socialism. We should be united, work hard, learn from the developed capitalist countries' advanced science and technology and their experience in business management, and unremittingly improve our work. After working hard for a long time we will be able to catch up with, or even overtake, the developed capitalist countries.

Given such a great historical cause, how should one view the meaning and value of human existence? People hold different views on this question. However, we communists think that the value of our existence consists in contributing all we have to the communist cause and that we are the happiest if we can do this. Thus, our philosophy is a communist philosophy. This philosophy is an important part of our communist world view. Countless martyrs have died for our cause. They were great people when they were alive and when they died, they died with great honor. We will always remember them. Those who know nothing except eating, drinking, and pleasure-seeking are just "good-for-nothings." Their existence is meaningless and worthless. One who spends his life aimlessly may think that one is happiest if one's life is uneventful and without mishaps. However, this is the viewpoint of a fool who does not know what happiness is. Many cadres and common people are trying to contribute to the country's socialist modernization, many fighters have died heroically for their motherland, and many scientists and technicians think that scientific research is the most enjoyable thing to do and derive great joy from

their work. The existence of these cadres, common people, fighters, scientists, and technicians is the most meaningful and worthiest. At a meeting with a visiting foreign correspondents' delegation, a member of this delegation asked me: During the "Cultural Revolution" you left the political arena. What did you feel? I answered: I did not mind living under strained circumstances. It was most painful when I was deprived of my right to work and to serve the people. I think that most of those old cadres who were persecuted by the "gang of four" should have felt the same pain.

Do we communists seek pleasure? We are against hedonism, which stresses nothing except pleasure-seeking. However, we are neither puritans nor monks practicing asceticism. We acknowledge an individual's material and cultural needs. In addition, the purpose of socialist mass production is to meet the growing material and cultural needs of all members of society. Thus, we recognize and protect, by party policies and laws, the people's right (each member of society's right) to spend their lawful income enjoying themselves materially and culturally. However, we communists think that we should bear hardships now and enjoy ourselves later, subordinate personal interests to party interests, and never become a privileged few. A communist party member should play an exemplary role by doing all this. As production in society develops and as people's living standards improve, our party and state cadres will gradually have better living conditions. We are against gluttony and extravagance, advocate the principle of building up the country through thrift and hard work, and work hard and economize in all fields. Our purpose is to make our socialist construction the greatest possible success within the shortest possible time and to raise the people's material and cultural living standards as quickly as possible. The two are consistent, not contradictory.

III. Concerning the Method

We also have to have the correct ideological and work methods in addition to a firm stand and the correct viewpoint. Regarding this, dialectical materialism and historical materialism have provided us with a powerful ideological weapon.

The ideological method of dialectical materialism requires one to view problems objectively and from all angles, not to subjectively or one-sidedly examine the interrelationship between problems and not to view them as independent problems, to view the development of things as something in constant flux and not view it as something static, and to have foresight in addition to reviewing the present and the past. Only by doing all this can one be said to be applying the correct ideological and work methods. In the course of revolution and construction the party has gained much experience and has worked out many effective ideological and work methods. Among these are two important things: First, the principle of seeking truth from facts; and, second, the mass line.

First, the principle of seeking truth from facts requires one to base oneself on reality and actual circumstances, not on book learning or a narrow range of experience. This means that one should combine theory with reality and

take practice as the sole criterion for judging truth. This is the viewpoint of the Marxist theory of knowledge and the dialectical materialist ideological line that our party persistently advocates. Only by being good at combining the universal truth of Marxism with the specific circumstances in China can we build socialism with Chinese characteristics on the basis of China's actual circumstances. We can learn from capitalist countries' experience. However, we cannot mechanically copy from them, not even from other socialist countries. All localities and departments should be good at combining central instructions with their actual circumstances and correctly implement them on the basis of these circumstances. They should not mechanically do what these instructions tell them to do or mechanically copy from others' experience. To seek truth from facts our leading cadres should always pay close attention to the actual circumstances in the country, study new situations, and try to solve new problems. Leadership that is divorced from reality can give rise to bureaucracy and disrupt our work.

To ensure the implementation of the party's correct line it is necessary to keep up the struggle between the two lines. In doing this it is also necessary to seek truth from facts and to combat both "leftism" and "rightism" if there is any. In recent years some party organizations have turned a blind eye to bourgeois liberalization trends and have shown flabbiness in the face of views that run counter to the four cardinal principles. This is symptomatic of rightist tendencies. It is true that in the course of revolution and construction the party has seriously suffered from "leftist" mistakes, that many of our comrades have personally suffered from that painful experience, and that we should forever bear this in mind. However, we must never forget that in history, rightist mistakes have seriously affected our revolutionary cause. If we still do not try to put an end to the flabbiness and confusion on the political and ideological fronts, if we do not uphold the four cardinal principles and the party's line, principles, and policies, but continue to allow erroneous ideological trends to confuse and alarm people and to divide and break up our ranks, not only can socialist modernization not be smoothly carried out, but the future of both the party and the country will be jeopardized. I am not trying to sound alarming. Many comrades were scared in the past by "leftist" mistakes in the course of inner-party struggles. As a result, they do not want to carry out regular serious criticism and self-criticism. Actually, as long as we stick to the formula introduced by Comrade Mao Zedong: "Proceed from a desire for unity, resolve contradictions through criticism or struggle, and thus arrive at a new unity on a new basis." By correctly keeping up our inner-party struggle we can unify our thinking, rectify the party style, strengthen solidarity, and enhance the party's combat strength.

Second, the mass line. To wholeheartedly serve the people is the sole purpose of our party. We are against subjectivism, coercive orders, and various bureaucratic practices, such as detachment from the masses, acting as feudal lords and masters, and enjoying benefits without doing anything. The mass line, which must be implemented by relying on mass efforts, requires one to proceed from the people's interests in all matters. The masses would not have been able to understand and would not have accepted the party's principles and policies and the tasks it sets and we would not have been able to do

anything successfully if they are not the result of an effort to pool mass wisdom and opinions. One should listen to people's opinions and never slight ordinary workers, peasants, and intellectuals. Comparing individual wisdom and strength with mass wisdom and mass strength, one will find that "the masses are real heroes, while one is naive and should be laughed at." This remark by Comrade Mao Zedong is not obsolete yet. If we do not conduct surveys in advance, if we do not listen to people's opinions, and if we do not pool mass wisdom, we cannot make even a single correct decision. For example, in construction it is first necessary to conduct surveys and to listen to people's opinions and, in particular, the opinions of scientists and technicians. Whenever we plan engineering work, build factories, and approve capital construction projects, leading cadres must not be so hot-headed as to give the green light hastily. Regarding this, we have made many mistakes and suffered heavily. If energy supplies and communication lines are nonexistent upon the completion of a factory, this factory cannot go into operation and can only stand idle and the money spent is wasted. If a factory has no raw or processed materials or if its products are not marketable, this factory also cannot operate. There have been many other similar cases and much money has been wasted as a result of all this.

In his "On Coalition Government" Comrade Mao Zedong said: "The supreme task of the words and deeds of a communist is whether they conform with the highest interests and enjoy the support of the overwhelming majority of the people." If our views are incorrect, of course we cannot enjoy the people's support. However, if the masses do not understand or do not even endorse our correct views, we should be patient and try to educate and convince them. We must never coerce them into implementing them. We should publicize and explain the party's principles, policies, and the tasks it sets in newspapers and journals, on the radio, on television, in speeches, at forums, and during heart-to-heart talks and mobilize them into a conscious struggle for their interests. To master the Marxist stand, viewpoint, and method, to understand the Marxist world view and make it our own, to enhance our ability to understand and transform the world, Communist Party members and, in particular, leading cadres among them, should spend some time studying the tenets of Marxism. I think that in addition to their regular theoretical studies our cadres should pay special attention to studying three articles written by Comrade Mao Zedong during the Yanan rectification movement, namely "Reform Our Study," "Rectify the Party's Style of Work," and "Oppose Stereotyped Party Writing," his "On Contradiction," "On Practice," and "Speech at the Enlarged Central Work Conference," the important documents issued since the 3d Plenary Session of the 11th CPC Central Committee, and the more important works of Comrades Deng Xiaoping and Chen Yun and chew them over on the basis of the country's actual circumstances. All this will contribute to rectifying our ideological style and to enhancing our ability to understand things and do our work satisfactorily.

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CSO: 4005/671

GRASP FIRMLY THE TWO MAJOR ISSUES IN ECONOMIC WORK

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 13-16

[Commentator's article]

[Text] In the Seventh 5-Year Plan, the year 1987 is a crucial one for the development of the national economy. To have a clear understanding of the current economic situation and to earnestly accomplish the tasks set forth in the "Government Work Report" examined and approved by the Fifth Session of the Sixth NPC will have an important bearing on triumphantly fulfilling the Seventh 5-Year Plan and ensuring the sustained and steady development of the national economy as a whole.

In his "Government Work Report" Premier Zhao Ziyang made a realistic analysis of the current economic situation. To put it in a nutshell, the situation is excellent, but there are also many problems. The basic estimate of the favorable situation has a substantial content which is mainly manifested in the following: With the efforts made in the past year we readjusted the overheated economy which occurred by the end of 1984 to 1985 and brought the national economy as a whole onto the track of normal development. In 1986 the growth of industrial and agricultural production was appropriate, the proportion of industry and agriculture and heavy industry and light industry was well coordinated, and the product mix improved somewhat. Marketable consumer goods and the important means of production increased rapidly. The short supply of the means of production over the years has changed somewhat, the market is brisk and flourishing, and there is an ample supply of the major commodities. On the basis of production development, living standards of urban and rural people has continued to improve. Based on consolidating the achievements of the past few years, progress has been made in the reform of the economic structure. In the first quarter of this year, a favorable trend of sustained and steady development has been maintained in the national economy. In a word, the current economic situation is excellent. This is the main trend. With the further development of reform and implementation of the steady and long-term economic policy, China's economic situation will inevitably get better and better. Only by having a clear understanding of this general trend can we have the overall situation well in hand and have full confidence in reform and construction.

To affirm the favorable situation does not mean that we should be blindly optimistic and ignore the difficulties and problems that indeed exist in our economic work. At present, the essential problem of social general demand exceeding general supply has not been fundamentally solved. Although the overheated phenomenon has come to an end, the scope of investment in fixed assets is still excessive and the investment structure is still irrational. Meanwhile, the demand for consumption has increased excessively, the economic results of industrial production are relatively poor, the product mix cannot meet the needs of the market, production costs have increased, there are still financial deficits, the price of some commodities has increased, and there is an imbalance between foreign exchange income and expenditures. Some problems have been outstanding in the first quarter of this year. For example, while the total industrial output value increased, revenue decreased mainly due to the poor economic results of enterprises. Instead of being curtailed, administrative expenses and group purchasing power increased by a big margin. On the basis of the large increase in 1985 and 1986, the consumption fund increased remarkably compared with the same period last year. We must have a sober estimate of these problems. If we regard them as nonessential and neglect them, treat them lightly, and let them spread unchecked rather than deal with the specific problems in earnest, we will encounter greater difficulties in the coming year which will affect the favorable situation. Naturally, the difficulties and problems have occurred when production has developed vigorously and the people's living standard has improved constantly. They are the new problems which have emerged from the smooth progress of reform. For this reason we have the material basis and favorable conditions for overcoming these difficulties and problems. Therefore, we have no reason whatsoever to be panic-stricken and pessimistic. The correct attitude is to face them, seriously deal with them, and take earnest measures to deepen the reform so that these problems can be resolved as quickly as possible.

Why do we say that the year 1987 is a crucial one? Although the national economy has developed from an overheated to a normal one, sustained and steady growth is not yet consolidated. If we can overcome the various unstable factors in earnest within this year and maintain a sustained and steady growth of the national economy, we will be able to lay a sound basis for triumphantly realizing the Seventh 5-Year Plan. Conversely, if we fail to solve the existing problems and curtail investment in fixed assets within this year, and instead intensify the contradiction between general demand and supply instead, thus leading to serious deficits, a strain on supply and demand, and a sharp increase in prices, the overall reform and steady development of the national economy will be adversely affected which will cause grave losses to economic development and the people's living standard.

To resolve the current economic difficulties and problems, the only way out is to continue to grasp the two major issues. Extensively carry out a nationwide drive to increase production and economize and increase income and retrench expenditures, and continue to deepen reform and put the focus on increasing the staying power of agriculture and invigorating enterprises, large and medium-size enterprises in particular.

On the basis of the achievements attained in controlling the overheated economy early this year, the CPC Central Committee made a further call on "compressing the atmosphere" in economic construction which is of dual significance: First, from a long-term point of view we should implement a policy of long-term economic development in a steady manner. Only by doing this can we realize a benign cycle in the development of the national economy, have staying power, and avoid drastic fluctuations. Second, viewed from the characteristics of the substitution of a new system for an old one, it is all the more necessary to carry out a policy of steady long-term economic development. Only by doing this can we create favorable economic conditions and a social environment for the smooth progress of reform and remove the obstacles. For this reason, the central government has put steady long-term economic development in a prominent position since the beginning of this year and has emphasized double increase and double economy (increase production and economize and increase income and retrench expenditures) and triple guarantee and triple curtailment (curtail ex-budgeted construction and ensure planned construction, curtail nonproductive projects and ensure productive projects, and curtail ordinary projects and ensure key construction projects). Following the January conference of governors, the comrades of various localities and departments have taken the overall situation into account and seriously implemented the spirit of the conference. In light of the actual conditions in each locality and department, they have taken prompt action and laid out specific tasks, requirements, and measures for the "double increase and double economy" drive. In certain localities where a good job has been done, enterprises have already taken action in implementing the tasks, requirements, and measures. From a general view, however, the "double increase and double economy" drive is still in the initial stage. To make the drive successful within this year, it is necessary to make arduous efforts.

In the current "double increase and double economy" drive it is necessary to first grasp the key link of curtailing expenditures. We must resolutely curtail the excessive expenditures arising from the rapid economic growth during the period from the fourth quarter of 1984 to 1985. This should first be curtailed to "compress the atmosphere." All localities and departments should try to figure out what excess expenditures were made between 1983 to 1986. With the amount in 1983 as the base figure, they should figure out a rational growth rate and curtail the excessive amount. Those who take action earlier will be the first to gain the initiative. Since the increase in revenues during the rapid economic growth rate of the previous 2 years consisted of abnormal factors and the increase of expenditure outstripped the increase in revenues in recent years, if we fail to resolutely curtail the expenditures which do not have a sound basis and continue to allow expenditures to increase by a large margin, we will always be in a passive position. Time and tide wait for no man. If we cannot curtail excessive expenditures within this year and if we allow this trend to develop unchecked, we will be forced to undergo another readjustment when the problems are piled up. As the matter has an important bearing on our future work, we must be sober-minded.

It is no easy job to curtail excessive expenditures and we are bound to encounter many difficulties. Nevertheless, it can possibly be achieved as

long as leading cadres at all levels follow the same thoughts, are determined, and adopt effective measures. An essential aspect in curtailing expenditures is to cut down on nonproductive expenses and administrative management charges. On the one hand, it is said that there are difficulties in cutting down administrative expenses, and on the other hand, a number of localities, departments, and units are spending money extravagantly. Expenses for meetings, running errands, purchasing furniture, entertaining guests, celebrations, etc. have all increased enormously. Some units vied with each other in increasing expenses. Some even set up organizations or upgraded certain organizations and increased the number of staff without authorization. As a result, instead of cutting down on administrative expenses, the amount increased drastically.

The measures taken to cut down on administrative expenses and group purchases will affect the partial interests of various units. Proceeding from their partial interests these units will find it rather difficult to cut down on their administrative expenses. They are active in cutting down the administrative expenses of other units, but not of their own. For this reason, the leading organs at all levels, first the central organs and then the provincial and municipal organs, should set an example, proceed from the overall situation, subordinate their partial interests to the interests of the whole, undertake the difficulties on their own initiative, and carry forward the spirit of plain living, hard struggle, diligence, thrift, and performing official duties honestly. We should understand that our administrative expenses have increased to a serious extent. The sense of plain living, hard struggle, and building the country with industry and thrift is getting blunted among some comrades. This is incompatible with the nature of our country and government organs. Our country is a country of the people's democratic dictatorship and our government is the government of the people. Our cadres are the servants of the people and it is our sacred duty to combat bureaucracy and put an end to extravagance.

In the "double increase and double economy" drive we must proceed from the overall situation and tap our latent potentials. Generally speaking, everyone supports the "double increase and double economy" drive. When specific matters are involved, however, some localities, departments, and units usually put undue stress on their own difficulties and special conditions. They ask the state to give them preferential treatment in funds, profits, interest on loans, foreign exchange, and materials not included in the budget and policy or try to seek a way out by increasing prices. They may seem reasonable viewed from a specific problem. Viewed from the overall situation, this kind of a demand is impractical. Because there is a strain on state finance, materials, credit, and foreign exchange this year and the state is incapable of making any allocations, it would be inappropriate to further issue banknotes and increase this year's deficits. For this reason, minor principles should be subordinated to major principles and the part should be subordinated to the whole. Instead of asking the state for help, we should arouse the initiative of the masses and cadres, tap latent potentials, and resolve the difficulties through the "double increase and double economy" drive.

Instead of increasing prices, all trades and professions should be determined to cut down material consumption and production costs and attain better economic results. It is necessary to exercise supervision and strengthen management over prices and to curb price hikes and the exaction of charges. Without the approval of the State Council, no one should be allowed to increase the prices of essential commodities that are of vital importance to the nation's economy and people's livelihood. It is particularly necessary to curb the price hikes of the means of production. Price hikes of the means of production will increase production costs and burden the processing industry and force it to increase the price of products, thus leading to a series of chain reactions. Some departments and units may take advantage of their monopoly over certain means of production and increase their income through price hikes. This practice runs counter to the purpose of the "double increase and double economy" drive. Moreover, it obstructs reform. Income increased through price hikes is tantamount to the redistribution of the existing wealth. The increase in your income is derived from an increase in another's expenditures and no wealth has been increased in society. The units that have increased their incomes may extravagantly use the money for irrational expenses. Therefore, it is necessary to resolutely oppose such practices. We must strengthen supervision over enterprises, encourage them to observe the law, sternly punish those who violate the law, and never accommodate them. Only by doing this can we train large numbers of entrepreneurs who are good at doing business and who observe the law.

While curbing the price hikes it is necessary to curb the exaction of charges on enterprises. Enterprises and the masses have expressed strong opposition to the indiscriminate exaction of charges. This merits attention. The bonds issued by the People's Bank of China this year for key construction projects should be fixed in advance. All localities and departments should use the funds curtailed from self-raised capital construction investment to purchase bonds. If the funds to be curtailed are not cut down and if the quotas are transferred to enterprises, it will increase the burden on enterprises. Unless we are determined to correct this practice, it will daunt some enterprises that cannot bear the burden. This practice is not recommendable.

To resolve current economic difficulties and problems the second way out is to combine the "double increase and double economy" drive with the ongoing reform. This is an important guideline. Apart from further promoting rural reform and increasing the staying power of agriculture, the key to deepening reform lies in invigorating enterprises--large and medium-size enterprises in particular. China's state-owned large and medium-size enterprises have an immense productive capacity and a large contingent of workers. When their latent potentials are fully tapped and the initiative of the laborers is aroused, they will give impetus to economic development. That is why we say that the fundamental purpose in increasing production and economizing and increasing incomes and retrenching expenditures is to invigorate enterprises--large and medium-size enterprises in particular.

At present, on the one hand, large and medium-size enterprises have not yet been invigorated, and on the other hand, their latent potentials have not been fully tapped. The essential problem is that we lack the policy and methods

for encouraging enterprise workers and staff members to tap latent potentials. From now on, we must make strenuous efforts in this regard and strive to effect a favorable turn. Although large and medium-size enterprises have been invigorated somewhat through the reform carried out over the years, enterprises still lack decisionmaking power and a rational mechanism for operations and management because the reform measures have not yet been put into effect and the relevant reforms have not been well-coordinated. To further deepen enterprise reform, it is necessary to delegate power to enterprises, put the focus of reform on perfecting their mechanism of operations and management, and earnestly implement various forms of the contract responsibility system in light of the principle of separating ownership from the right of operation so that enterprises can truly become relatively independent economic entities that are responsible for their profits and losses. In places where the surrounding conditions have not changed in recent years, enterprises that have implemented the contract responsibility system have displayed their vitality. At present we should focus our work on the contract responsibility system. The common characteristics of the contract responsibility system are: contracting base figure, ensuring the delivery of profits, retaining surplus income, and making up for the deficits. The implementation of the contract responsibility system can lay a solid foundation for perfecting operations and management within enterprises. A good job done in this regard will be advantageous to arousing the initiative of enterprises and workers, increasing labor productivity, attaining better economic results, promoting technological progress, readjusting the production structure, enhancing enterprises' self-restraint, and making the drive to increase production and economize a conscious act of the masses. With an increase in income, enterprises will have a sound basis to maintain a favorable balance of income and expenditures, increase savings, and improve the standard of living. Instead of running headlong into mass action, large and medium-size enterprises should adopt various forms to try out the contract responsibility system in a planned and gradual way and in groups in light of their actual conditions. Those that have already implemented the contract responsibility system should learn from their experience and gradually perfect the system. Experiments should be conducted in accordance with the existing financial system. Assessment should be made, the base figure should be reasonable, and the undermining of state finance should be impermissible. We must prevent the practices of contracting the "fat" and not the "lean" and avoid the profits of enterprises from being transferred excessively to consumption. We must take note and store up in fat years to make up for the lean ones and link up our current work with the further reform of the economic structure.

While implementing the enterprise contract responsibility system it is necessary to speed up the reform of the leadership system within enterprises and to further implement and perfect the system of the factory manager (director) assuming sole responsibility. All localities should unswervingly carry out the circular of the CPC Central Committee on implementing the factory manager (director) responsibility system and never hesitate, waver, or take a wait-and-see attitude. Implementing the factory manager (director) responsibility system does not contradict upholding the four cardinal principles. Implementing the factory director responsibility system will not weaken party

leadership or negate ideological and political work. Instead, it will give full play to the role of the party committees at the basic levels and strengthen and improve ideological and political work.

In a word, as long as we attach great importance to both deepening reform and the "double increase and double economy" drive we will certainly be able to promote economic construction, give impetus to reform and all fields of work, develop a favorable economic situation, and enable the national economy as a whole to develop steadily on a long-term basis.

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CSO: 4005/671

MAKE CONTINUOUS EFFORTS TO DEVELOP THE RURAL REFORM IN DEPTH

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 17-20

[Commentator's article]

[Text] China's rural economic structural reform has achieved marked results over the past few years. The results are mainly reflected in the following: We have reformed the previous system of integrating government administration with commune management in people's communes; separated government functions from those of enterprises; instituted the contract responsibility system which links production on a household basis; and given more decisionmaking power to producers in management. The previous sole production structure separating urban and rural areas has been changed and the rural economy is moving toward comprehensive operations by multiple departments. The cooperative economy which combines centralization and decentralization and operates at two levels is being perfected. Individual operators and private enterprises have developed somewhat. A system in which public ownership is dominant and various economic elements and management forms coexist is being formed. Along with the reform of the circulation system, a market system under the guidance of socialist planning is being established step by step. And the state is mainly regulating the operations of the rural economy by such means as prices, taxes, credits, and laws. In short, a new rural economic structure is being shaped.

However, deepening the rural reform requires a relatively long and gradual process. We must fully understand the complicatedness and arduousness of the rural reform; skillfully study and analyze new situations and problems in the reform; do a good job in replenishment, consolidation, coordination, and upgrading; and make continuous efforts to deepen the reform.

Then, what are the new characteristics which we should pay attention to in China's rural reform?

After a period of rapid growth, China's rural economy has now switched to a period of steady growth. In the first several years of the rural reform, the peasants' enthusiasm and economic vitality aroused by the responsibility contract system linked to production all at once brought into full play the potential of the material conditions accumulated in the rural areas for many years. The large increase in the prices of major agricultural products and

the decontrol of prices of most agricultural products have greatly increased income from agriculture. The readjustment of the rural production structure, and the rapid development of rural industry under some favorable conditions in particular, have increased nonagricultural output value in the rural areas to nearly 50 percent of the total social output value of the rural areas. These conditions favorable to the development of the rural economy are now changing. For example, since the urban industry has gained vitality, the advantages of the rural industry have weakened and some favorable conditions have now disappeared. For example, the large increase in industrial products for agricultural use over the past 2 years has decreased the comparative advantage of agriculture. In addition, peasants now have strong demands for such means of production as chemical fertilizer, diesel, and good seeds, but have relaxed their efforts to strengthen farmland capital construction and basic agricultural facilities. As a result of the combination of these factors, agriculture now faces a problem of inadequate reserve strength in its development.

We must begin with deepening the reform and increasing investment and must do our best to increase the reserve strength of agriculture. Of course, to further develop agriculture state investments and other assistances are indispensable. However, we cannot merely rely on state investments, but must mainly rely on deepening the rural reform to push the rural economy to gradually switch to the orbit of paying attention to economic results in an all-round way and to gradually strengthen the ability of agriculture in its self-development.

To channel the rural economy into the orbit of paying attention to economic results, we must do the following three things. First, we must have a reasonable production structure. Second, we must upgrade rural economic combinations. Third, we must promote the rural market mechanism to develop it further.

The rationality of the production structure is first reflected in meeting social demands, that is, in maintaining the flexible ability to react. Demand changes from time to time. If production is separated from demand, then our products will be unmarketable and overstocked, decreasing economic results. Only by closely integrating production and demand is it possible to meet the demands of the domestic and international markets. To meet the demands on the market, producers and operators must have a self-regulatory ability and consciously readjust quality, quantity, and the input-output ratio. We have had many bitter experiences in recent years. When the problem of the "difficulty in selling grain" arose in 1984, we thought that we had enough grain and then reduced grain-growing areas and input in grain production. In 1986 we paid attention to grain production, and we thought our cotton output was too high and called for reducing cotton-growing areas. Some areas reduced cotton-growing areas too much. As seen from the increase and decrease of the areas for growing grain and cotton over the past few years, peasants were directed by the signal of prices and the change in prices this year will inevitably affect peasants' direction of input. Price information changes from time to time, so it is not an easy job to grasp the correct information on demand. Therefore, in readjusting the production

structure we must give more macroeconomic guidance and adopt a reasonable pricing policy and use other economic levers to reduce and avoid the radical changes in the production structure.

In readjusting the production structure, we must also pay attention to two targets, namely, increasing peasants' income and employment opportunities. There is an imbalance between China's land resources and labor force, so we must use nonagricultural development to transfer the rural labor force and bring about a reasonable scale of operations on arable land. In transferring the labor force, we cannot send too many people to large cities, but have to take the road of developing enterprises in small towns and townships. Town and township enterprises in developed areas must renew technology and adopt advanced technology. But they should not give up labor-intensive industry and should pay attention to bringing into full play the advantage of the surplus labor force. Various kinds of handicraft industries, the mining industry, building industry, breeding industry, horticulture, the elementary processing of agricultural products, and other labor-intensive industry can be developed in the rural areas; some of them may even be operated by individual households. In economically underdeveloped areas we must skillfully select this kind of enterprise to start with.

In readjusting the production structure we must also pay attention to increasing the value of agricultural products and must develop extensive processing to make full use of resources. After increasing the value two to three times, we can ease the contradiction of the excessively low prices of primary products.

In upgrading rural economic combinations we must first handle the relationship between operations at two levels. The household contract responsibility system has played a historic role and should remain unchanged for a long time and its full potential should be utilized. However, without the benefits of organization, the function of the household contract responsibility system will be weakened gradually. One family or household is unable to do many things and will unavoidably lose many chances for selection. Therefore, it is necessary to form a certain scale of operation. Forming a certain scale of operation is an inevitable trend. To reflect this trend we can either get organized according to the socialist principle and take the road of dual-level operations, or let some peasants depend on a handful of large households. The latter will cause a passive phenomenon in distribution and affect most peasants' initiative and enthusiasm. Peasants now strongly desire regional cooperative economic organizations and other service organizations to assume preproduction and postproduction services and socialized services. We must perfect the dual-level operational system and other service organizations to meet this demand. At present, peasants still have enthusiasm for two things, namely, for developing the individual economy and for getting organized. Dual-level operations are a voluntary combination on the basis of acknowledging household operations and individual interests, not a new method of putting things together.

According to our previous tentative ideas, land should have been contracted according to the labor force, but it was actually contracted according to people. Land has become a professional guarantee and has the characteristics of social welfare. Before getting a more secure job peasants will not easily give up the land they contract. This has resulted in a situation in which the scale of land operations has become more and more small and specialized. To solve this problem, first we must further understand the protractedness of the land contract system and strengthen peasants' sense of stability toward policies. Second, collectives that own land must use accumulated public funds to properly develop the services industry. Third, collectives must keep the right to readjust land. Those who contract land and do not grow crops on it must give up the land. Those who waste land must be fined by economic means. Those who upgrade the quality of their contracted land must be compensated economically when the contract relationship has changed. Since contracting land has become means of welfare we should consider compensating the transfer of contracted land in the course of readjusting land and give proper consideration to the interests of those who transfer contracted land. This will help bring about a reasonable operational scale.

In upgrading rural economic combinations, in addition to perfecting cooperative organizations at township and village levels, we must build middle economic organizations which carry out economic activities on a larger scale than those at the village level between the state and peasants and let them act as organizers of economic activities and investments, the mainstays that link most producers. Organizations of this kind have appeared in some places. On the basis of individual household operations, they have provided unified purchase and marketing and technological services. Some of them have formulated and implemented plans, and invested funds to promote the scaling up and socializing of production and to infuse traditional agriculture with new elements. Supply and marketing cooperatives also act as middle economic organizations in many places. These organizations do not aim at making profits, but mainly serve the following two purposes: 1) Readjust the economic interest between producers of primary products and tertiary enterprises; and 2) help peasants reduce risks, build stable contractual relationships between peasants, retain some profits from every year's income, set up a foundation, and help peasants share and reduce some market risks. Meanwhile, they can also act as bridges in dialogues between the government and peasants and play an intermediary role. Middle economic organizations of this kind in China's rural areas are not very developed, so supporting the development of middle economic organizations is a requirement for improving agricultural economic results and an important content of deepening the rural reform.

To promote agriculture into the orbit of paying attention to economic results, we must also let the rural market mechanism grow as quickly as possible. The growth of the market is reflected in its complete and more mature nature. The rural commodity market is not smooth now and needs to be properly developed. And the development of the market of production elements needs to be promoted step by step. In the capital funds market, except for private banks and private financial enterprises, others may adopt flexible measures and their interest rates may fluctuate. We may also further reform credit

cooperatives, raise funds from people and enterprises, and issue shares and bonds as an experiment. We must encourage the mobility of the labor force because social and economic development inevitably accompanies flow in the labor force. Generally the labor force flows from trades and areas with low economic results to trades and areas with high economic results. Over the past few years, tens of millions of laborers have been transferred to township enterprises, which is a great achievement. In the field of the transfer of the labor force, quite a few problems still exist and should be solved step by step. It is inappropriate for too many rural laborers to flow into large cities, but small towns must form a guaranteed environment for the transfer of the labor force, formulate methods, including collecting fees, establishing foundations and developing some basic installations, to provide convenience for peasants who go to cities. On the problem of contracting technology and technological personnel who are sent to the rural areas, some encouraging and preferential policies should be gradually improved and implemented.

On the market issue there is a problem in perfecting commercial organizations. Since state-run commercial units became more liberal on business, their commercial costs have become too high and the burden too heavy. But individual commercial operators are only responsible to themselves. Therefore, China still lacks commercial organizations which are responsible not only to society, but also to producers and consumers, that not only assume sole responsibility for their profits and losses, but also pay attention to social benefits. By reforming state-run commerce and supply and marketing cooperatives, we can organize peasants to enter into circulation channels and other channels and form relatively regular commercial organizations, so that they can share risks with peasants, reduce circulation fees, stabilize the relationship of supply and demand in the market, and carry out the state's planned guidance in market activities. With commercial organizations of this kind and by perfecting exchange laws on the market, it is possible to form an orderly and regular market and to guide all economic units to reduce cost, improve technology, upgrade the quality of products, increase the output of products, and increase income.

To deepen the rural economic structural reform we must also integrate adherence to reform and adherence to the four cardinal principles. Reform means the self-improvement and self-development of the socialist system and it means the readjustment of the relationships of economic interests among people. We have established the socialist system through the socialist transformation of the means of production. For various reasons this system is not perfect. The main reason is that the actual system and the economic operational mechanism have defects and have not combined closely with the interest of the masses. They have not fully aroused the enthusiasm of the masses and their economic results have not been so good. Reform is mainly for solving this problem. If this problem is not solved the socialist system cannot be consolidated and the advantages of the socialist system cannot be brought into full play. The defects in the economic system which we want to reform are not inherent in socialism. Therefore, reform does not mean giving up socialism. On the contrary, we must build socialism with Chinese characteristics through reform.

We are now still in the elementary stage of socialism. And the most striking feature of this stage is that the level of the productive forces is not high. We are thus required to adopt practical economic policies, develop the productive forces, and replenish and develop the socialist means of production. As seen from the practical situation in China's rural areas, at the present stage, China cannot adopt unitary public ownership and a pure system of distribution according to work, but must retain some elements of private ownership, such as the individual economy. For example, we have mixed private ownership with public ownership. There are some private elements in the current contract responsibility system related to production: Land is public but is contracted by peasants and peasants can buy instruments of production and expand their individual property, because they are private. Peasants' incomes through the contract responsibility system related to production come mainly from their labor, but are different to what they were given according to their workpoints in the past and to the system of distribution according to one's work in factories owned by the whole people.

We allow the existence of rural private enterprises as a supplement to the socialist economy. This also proceeds from the practical situation of the elementary stage of socialism. China's agricultural production and industrial production are not at the same level, nor are the productive forces of the countryside and cities, and of developed and underdeveloped areas at the same level. Therefore, in marching toward socialism, different areas and departments must find transitional and middle forms and skillfully use some nonsocialist factors. Thus, an economic pattern with socialist public ownership as the dominant factor and the coexistence of various economic elements and management forms has thus been set up. In the long run and with an approach toward development, this economic pattern will not remain unchanged, but will change gradually. This is a course of natural development that will go through several historical stages. So all policies must be stable at a certain stage. The current rural policy must be stable and must not be changed arbitrarily.

Upholding the four cardinal principles does not contradict the current policies. In practical work we must not only persevere in reform, but also adhere to a correct orientation in development. One of the biggest breakthroughs in economic reform is that we acknowledge that fully developing the commodity economy is an impassable stage in social and economic development and we must conscientiously apply the law of value and use the market mechanism. But the commodity economy we talk about is different from the capitalist commodity economy. It must help develop the productive forces and prevent polarization. The development of a commodity economy inevitably results in gaps; different labor performances and different management levels result in gaps; and unequal possession of natural resources also results in gaps in collectives' and individuals' incomes. Therefore, we must develop a planned commodity economy and adopt macroeconomic regulations. We must use various means, such as prices, taxes, finance, investment, and credit, to regulate the development of the commodity economy. For example, issuing discounted loans to poor areas is a regulatory measure, and levying progressive personal income taxes on those whose incomes are high is also a regulation.

The gap in incomes resulting from the development of the commodity economy has also resulted in changes in people's ideas. For example, in the rural areas some cadres and party members merely seek fortune for themselves and forget to serve the people. Some people have brought the principle of exchange at equal value into the party's organizational life, exerting a bad influence and impression. During and after party rectification we must educate party members on the party's program and correct acts which violate the law and discipline and which seek private interest by taking advantage of one's power. Communist Party members must adhere to serving the people, actively and enthusiastically develop the collective cause, and integrate setting an example in becoming rich through labor and setting an example in running collective enterprises. We cannot forget all moral principles and socialist and communist orientation in pursuit of money. We must also teach peasants to love the country, collectives, and socialism and become peasants who have noble ideals, moral integrity, academic accomplishment and who observe discipline.

In the course of reform we allow some peasants to become rich first, but we must adhere to the orientation of achieving common prosperity. On the one hand, we must protect peasants' enthusiasm for developing the individual economy and must not hurt it; on the other, we must, on this basis, encourage the masses to unite and develop together and take the road of achieving prosperity in common. We do not prohibit the private economy and allow some people to become private entrepreneurs. But what is more important is that we must do our best to vigorously develop the economy of socialist public ownership and consolidate its position.

To deepen reform we must rely on the masses and not take a laissez-faire attitude. Leaders at all levels must combine with the masses and jointly discover, study, and solve problems, carry out a pilot project on reform, and gradually formulate various regulations and laws. This is a working method that should be encouraged in the new stage of deepening reform.

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CSO: 4005/671

OPERATION ON A CONTRACT BASIS IS AN EFFECTIVE WAY TO INVIGORATE LARGE AND MEDIUM-SIZED ENTERPRISES

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 21-24

[Article by Lu Dong [0712 2639]]

[Text] In recent years, we have been carrying out experiments in the invigoration and reform of enterprises, particularly the invigoration and reform of large and medium-sized enterprises under the system of ownership by the whole people. Starting with readjusting the relationship between the state and the enterprises, we have gradually expanded enterprise decisionmaking powers in operation, definitely set up the leadership structure in the form of the plant director responsibility system, and carried out experiments on many kinds of operation forms. Looking at the situation now, the vitality of enterprises has definitely increased compared with the past, but it has still not increased sufficiently. In particular, the large and medium-sized enterprises under the system of ownership by the whole people have not truly been invigorated while many enterprises are currently still in a difficult situation, their technological equipment having become antiquated and at the same time having a serious shortage of transformation funds. Although in regard to these enterprises the state has taken up certain measures as reducing taxes and making concessions in the delivery of profits, basically speaking, this has not yet solved the problem of enabling enterprises to make their own funds, attain self-development, and strengthen their staying power.

In order to study how to proceed further in invigorating large and medium-sized enterprises, recently we carried out an extensive survey and called a series of discussion meetings in which we recalled and summed up the successes, experiences, and existing problems in the reform of enterprises in recent years. Experience in actual practice has shown that enforcing the diversified forms of contracted operation responsibility system is an effective way to separate enterprise ownership right from its operation right and to strengthen enterprise vitality and staying power. At present, enthusiastically enforcing the diversified forms of the contracted operation responsibility system and promptly summing up and promoting the experiences in this connection will play an important role in pushing forward the current nationwide extensive campaign to increase production, practice economy, increase revenues, and cut down expenditures and also intensifying the reform.

Several Forms of the Contracted Operation Responsibility System in Actual Practice

In recent years, the various regions, taking stock of actual conditions, have enthusiastically probed into the forms of operation on a contract basis and have made many new creations. Among the large and medium-sized industrial enterprises owned by the whole people, the following concrete forms of the contracted operation responsibility system are generally in practice:

1. The "two guarantees and one link" (or the "double-contract and one link"). The more typical cases are seen in the eight large enterprises including the People's Machine Building Principal Plant and the First Machine Tool Plant of Beijing. The "two guarantees" are: First, guarantee delivery to the state of taxes and profits, and in the event contracted targets are not fulfilled, self-owned funds will be used to make up the balance; and second, guarantee fulfillment of technological transformation projects sanctioned by the state for the "Seventh 5-Year Plan." The "one link" refers to linking together the gross amount of salaries and wages and the realized taxes and profits. It is also stipulated that once this measure is adopted, it will remain in force for 4 years without change. The enterprise will still deliver taxes according to existing tax laws, and by the end of the year a final accounting will be made with the finance departments of the city so as to ensure the fulfillment of the contracted agreement.
2. Progressive increases in the contract for delivery of profits. After the enterprise delivers taxes (or the value-increment tax) based on a fixed base figure for delivery of profits, profits will be delivered each year to the finance department according to the stipulated progressive rate of increase.
3. Percentage sharing of profits in excess of the contracted base figure of profits (or taxation target) for delivery to the state. The base figure for profit delivery to the state, with excess profits to be shared on a percentage basis or shared by separate groups on a percentage basis, is determined according to regulations. In some cases, following existing rules, the enterprise first makes the tax payment, settles accounts with the finance department at year-end, and any excess of the target will be returned to the enterprise; in other cases, the excess is directly retained by the enterprise.
4. Profit contracting or loss contracting by enterprises making small profits or incurring outright losses. Contracted base figures are determined in accordance with the conditions of the enterprise; in some cases the excess profits or reduced losses.
5. Industries and trades contracting for input and output. Currently, eight industries and trades use this form. They are the petroleum, coal, petrochemical, metallurgy, nonferrous metals, railroad, posts and telecommunications, and civil aviation industries or trades. Among the enterprises under these industries and trades, some also use the contract method. Undertaking this form is beneficial to the development of industries and enterprises, but invigorating the grass-roots enterprises still requires the adoption of further measures.

In addition, two other kinds of cooperation forms are being tried. One is the enterprise operation responsibility system. This involves payment of income tax at the rate of 55 percent on the basic profit, on the portion in excess of the basic profit, income tax is paid at a reduced rate of 30 percent, or a 30-70 sharing basis. Currently, six cities and towns are trying this system; namely, Shenyang, Wuhan, Shijiazhuang, and others. The second is the assets responsibility system. This form calls for selecting the enterprise operator by tender and determining its benefits on the basis of the amount of realized profits and the increase in the value of fixed assets. This method is being tried among a small number of enterprises in Shenyang and Zhongqing.

The forms mentioned above are the results of the summing up of actual experiences of a number of enterprises in the past several years. After enterprise reform has been intensified, certain other good forms consistent with the conditions of the different kinds of enterprises might be developed. In this connection, we should respect actual practices, respect the creative spirit of the masses, and permit the various localities to experiment and proceed without sticking to any one pattern; thus, through actual practice, we can gradually develop a pattern consistent with the rules.

Strong Points Manifested in Operation on a Contract Basis

Although it has not been long nor has a wide area been covered in the various localities enforcing the contracted operation responsibility system, actual practice has shown that compared with other operation forms, contracted operation has many strong points:

1. It helps promote the separation of ownership right and operation right of enterprises. Undertaking operation on the contractual form clarifies the relationship between the state and the enterprise; solidly links responsibilities, rights, and benefits; and conforms to the direction of reform of the socialist commodity economy. Through the contractual form, the state gives the operation right to the enterprise, thus, from the plant director to staff members and workers, each is aware of his own fighting target. In signing an agreement with the state, the enterprise takes the responsibilities of delivering taxes and profits to the state and of fulfilling technological transformation tasks; bears the risks of market changes rates; and fluctuations in loan interest rates and exchange rates; and also ensures that staff income will be annually increased accompanying the development of production. Having full decisionmaking powers in operation and the right to use the plant's properties, the enterprise is all the more induced to thoroughly implement the plant director responsibility system. After contracting, the enterprise faces large risks but also enjoys large benefits. It suffers from external pressures but has incentives as well as targets to strive for. In general, if the enterprise realizes profits in excess of the contracted base figure, then, after fully paying the portion belonging to the state, all that remains belongs to the enterprise. This definitely transforms the situation of "whipping a speeding ox."

2. It helps promote technological progress and strengthens enterprise staying power. Following operation on a contract basis, the enterprise gradually becomes the principal investment body and the funds required for technological transformation will principally have to depend on the enterprise's self-accumulations. In the past, the state was the principal investment body and an enterprise's development depended on state appropriations. After the changeover from state appropriations to bank loans, loan repayment was still made before payment of taxes; thus, the state still figured largely in loan repayment and in reality was still the principal investment body. After enforcing the form of operation on a contract basis, funds needed by an enterprise for self-transformation and self-development must be earned by the enterprise itself. This requires the enterprise to be calculating and meticulous, forever studying economic results. Seen from actual conditions, in respect to technological transformation projects of enterprises operating under contract, the conditions for accumulating and utilizing capital funds and the general economic results are generally better than rank-and-file enterprises. This is because the contract clearly specifies the technological transformation tasks; thus, since the enterprise faces demands for speeding up its technological progress and has the capability to do so, it will continuously strive to develop new products and augment its own competitive power. For example, after 4 years of contract operation, the Jiamushi Paper Mill has spent 56.57 million yuan on technological transformation. The amount is equivalent to 256 percent of total state appropriations from 1976 to 1980. It has undertaken 71 technological transformation projects (including 12 imported technological projects). Its fixed assets increased by 98.23 million yuan. There has been a radical change in the enterprise's technological appearance, and the economic benefits have been noticeably increased.

Operation under a contract basis also plays an obvious role in changing the backward appearance of certain industries and trades and adjusting both the industrial and product structures. At the current stage, adjusting the industrial structure still cannot wholly depend on the market but must rely on the state formulating definite industrial policies and an effective operational mechanism to guide and to lead. For example, several years ago in Beijing, though such measures as reduction or exemption of the adjustment tax and percentage retention of foreign exchange earnings were adopted, it was still impossible to solve the problem of finding the technological transformation funds badly needed for the development of Beijing's textile industry. Now, operation on a contract basis has been adopted; it provides that starting from this year and up to 1990, the entire textile industry will deliver each year an amount of profits to the state which is 1.5 percent higher than the actual amount delivered in 1986 and that this measure will continue without change for 4 years. By so doing, an enterprise may employ the excess portion of profits as technological transformation funds. Through technological transformation, it is planned that the proportion of intensive processing of export products will be raised from the current 40 percent to 60 percent by 1990 and thus increase foreign exchange earnings for the state.

3. It promotes stable growth of state financial revenues. Seen from actual practice, fixing contracted profit delivery tasks generally takes the

preceding year's record as the basis. This must be maintained. Also, the portion of increases according to the progressive increment rate of profit delivery must be maintained. The enterprise itself receives only a part of the excess profits. Simultaneously, after the contract is put into force, the portion of before-tax loan repayment originally borne by the finance department will gradually be shifted to the enterprise. After the enterprise develops production, more product tax will be paid; and with the enterprise having more self-retained funds, its payments to communications and energy construction funds will also be correspondingly increased. According to statistics of 11 enterprises operating on the contract basis with the provision of making progressive, annual increases in the profit delivery rate, from 1983 to 1986, taxes paid each year progressively increased by 26.6 percent, the progressive increase in the delivery of profits was 8.8 percent, and the progressive increase in contributions to the energy and communications construction funds was 51.5 percent. It can thus be seen that enforcement of a contract operation responsibility system can ensure the stable growth of state financial revenues.

4. It helps strengthen enterprise self-restraint mechanism. In recent years, the excessive growth in consumption funds has presented a problem worthy of close attention in our economic life. However, judging from the conditions of a small number of enterprises operating on a contract basis, in enterprises that link salary and wage increases to economic benefits, the growth in consumption funds has been negligible while economic benefits have increased quite rapidly. This is because enterprises operating on a contract basis are generally restrained on three sides in disbursing staff and workers' salaries, wages, and bonuses: 1) Growth in gross volume of salaries and wages must be determined by the conditions of economic benefits; 2) there are definite state regulations regarding the ratio of an enterprise's self-retained profits used as consumption funds; and 3) enterprises endeavoring to subsidize slack times with earnings from plentiful days must forecast as well as review and do their utmost to ensure a steady yearly growth rate in incomes of staff members and workers during the contract period. At the same time, enterprises operating on a contract basis must correctly handle the relationship between the growth rate of consumption funds and that of production development funds in its retained profits because lack of substantial input will not generate an annual growth rate in consumption funds. In certain enterprises, since the gross volume of salaries and wages and the amount of profits and taxes delivered to the state are linked, the restraining role on the growth of consumption funds is also obvious. For example, in Beijing from 1984 to 1986 the average growth rate of salaries and wages among enterprises run in the usual way exceeded both the labor productivity rate and the growth rate in taxes and profits delivered to the state, whereas in enterprises linking gross volume of salaries and wages to economic benefits, the average growth rate in salaries and wages was lower than the growth rate in taxes and profits delivered to the state and the growth rate in labor productivity.

5. It helps tap the hidden potentials of enterprises, facilitating and intensifying the campaign to increase production and practice economy and to increase revenues and reduce expenditures. Following operation on a contract basis, reliance on the state comes to an end and the enterprise can no

longer depend on it for help. It can only look to itself to implement and perfect the economic responsibility system and rely on itself to fulfill the contracted tasks. Currently, enterprises actually have vast hidden potentials. Operation on a contract basis helps to arouse the enthusiasm of the staff members and workers and to the enterprise's hidden potentials. For example, according to its quota plan, the Beijing Heavy-Duty Electrical Machine Plant is required to fulfill 59,000 working hours each month. In the past this target could hardly be realized. This year, following operation on a contract basis, the target was met in January; in February 83,000 working hours were recorded and in March 100,000 working hours were completed, thus greatly exceeding the quota. The reasons were that the contracted tasks were assigned to teams, units, and individuals level by level; the conditions for fulfilling the assigned tasks were linked to economic interests; more work led to more pay; and the workers not only went to work regularly but also truly devoted their efforts to their tasks.

Furthermore, it might be pointed out that since an enterprise operating on a contract basis has decisionmaking powers in operation, its reliance on administrative departments is correspondingly reduced and hence can be bold enough to boycott or reject any "random orders or levies" from above.

Several Problems That Must Be Noted in Operation on a Contract Basis

Under current conditions, in enforcing the various forms of the contracted operation responsibility system, the following problems should be noted:

1. Rationally determine the contract base. Ensuring steady growth in state financial revenues is a big problem which has a bearing on the entire situation. In intensifying enterprise reform, it is important to ensure the realization of the following objective. In enforcing the various forms of the contracted operation responsibility system, the various regions and departments should proceed in accordance with the provisions of the existing financial structure. The contract base and the delivery tasks (of taxes and profits) of enterprises must be rationally fixed. When fixing the base, further tax reductions or profit concessions by the state should not be anticipated in the hope that the enterprise might obtain a larger share of the excess profits. In general, the 1986 actual results should be taken as the base and a progressive rate of increase should be determined according to the various conditions of enterprises. In order to avoid inequalities among enterprises, in determining the contract base, it might be advisable to organize representatives from enterprises in the same industry or trade to take part in the evaluation work.
2. Prevent inflation of consumption funds. In paying out salaries, wages and bonuses, an enterprise operating on a contract basis must follow the relevant stipulations of the state: First, the increase in the gross volume of salaries and wages must be linked to economic benefits; second, the portion of the enterprise's retained profits used for consumption funds should be governed by the varying rates consistent with the varying levels of retained profits and the enterprise is not allowed to exceed these limits; third, payment of the bonus tax and the salary adjustment tax must be made according

to the rules; and fourth, payment of bonuses must take into consideration current as well as long-term interests and steady growth of the annual income of staff members and workers must be ensured.

3. Strengthen guidance on the use of an enterprise's funds. Following the contracting of an enterprise's operation, the enterprise's funds are increased and conditions are ripe for expanding input in investment funds. It is necessary to study the problem of losing control over the scale of investments in fixed assets. As far as enterprises are concerned, its own funds should principally be used for technological transformation projects sanctioned by the state; on the part of departments in charge, they should perform well the job of planning for the development of the enterprises and guiding the enterprises to invest more in major development projects required by the state and to avoid making blind investments.

4. Maintain product quality and prevent random price increases. Following an enterprise's operating on a contract basis, it should mainly count on tapping its hidden potentials, improving product quality, and lowering consumption of materials as ways to increase enterprise earnings. It should not rely on random price increases or shifting the burden and generally damaging the interests of the state and consumers. These should be incorporated into the contract, and supervision, inspection, and auditing in this connection should be strengthened.

5. Carefully solve new problems arising in the course of contracting work. After an enterprise's contract goes into force, if the state makes important changes or adjustments in its economic policies (such as major readjustments or taxes, mandatory plans, or prices) and the enterprise is either unable to bear the new burden or has excessive profits, a revision of the contract should be made. Otherwise, the enterprise should be responsible for taking countermeasures. If an enterprise performs poorly and fails to fulfill the contract base and the tasks of delivering taxes and profits to the state, the enterprise should make up the deficit using its own funds. When actual practice shows definitely that because the contract base was fixed too low and excess profits were not derived purely from good management, then following consultations between the department in charge and the enterprise concerned, the contract base should appropriately be readjusted. The purpose of adopting such methods of seeking truth from facts is to make the contracted operation responsibility system develop in a healthy manner.

6. Pay close attention to stability and continuity of policies. The contracted operation period should preferably be 3-5 years. Currently, we may consider extending the contract period to 1990. By so doing, we can help enterprises overcome the weak points of short-term operation. The contracts of certain large and medium-sized backbone enterprises may even be linked to the state's 5-year plans, thus providing continuity between enterprise contracted tasks and demands of state economic construction. By so doing, it will be possible to gradually regularize contracted operation.

7. Integrate contracted operation with reform of enterprise leadership structure. Currently, an enterprise's contracting mainly comprises

contracting entire personnel, contracting collectives, or contracting entrepreneurs. Whatever the case, in order to implement contract responsibility, it is necessary to enforce the plant director responsibility system in which the plant director is responsible for attaining certain objectives during his tenure and under which the performance of an enterprise is subject to supervision through auditing at the expiration of the director's term. In an enterprise which has contracted for operation, the plant director may be the current plant head or be subjected to the tender procedure in which case the person whose tender has been accepted will be the plant director.

8. Firmly insist on advancing steadily but never in a rush. The conditions of different localities are not alike and great disparities exist among enterprises. A concrete method is to follow the experiences of Beijing municipality where the government took the lead and organized such departments as a planning commission, an economic commission, a commission for structural reform, and finance, labor, and banking departments to jointly examine and decide on issues. As soon as one enterprise matured, another enterprise was in the offing; thus one enterprise after another signed the contracting agreements. As far as a locality is concerned, among enterprises signing operating contracts, there should be some that perform well and some that do not. In this way, all-round experiences should be obtained. This year, we will call nationwide for universal contracting of surplus earnings and division of profits on a percentage basis. We shall enforce the various kinds of the contracted operation responsibility system, and enterprises will not be allowed to make any change in the contract for several years. We shall follow the procedure of fixing the number of enterprises to be accepted this year and in ensuing years; this procedure will apply from one city or town to another. In short, we must grasp this important work in a planned and systematic manner.

At the moment, various regions, departments and enterprises are following the arrangements made by the CPC Central Committee and the State Council and devoting their efforts to performing well the job of increasing production and practicing economy and increasing revenues and reducing expenditures; they are also intensifying enterprise reform. We must closely link enforcement of the contracted operation responsibility system with the "double-increase and double-economy" campaign and truly make the enterprises rely on themselves, improve management, increase efficiency, tap hidden potentials, and ensure the fulfillment of the various tasks enumerated by Premier Zhao Ziyang in his "Government Work Report" this year.

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MAKING GREAT EFFORTS TO TRAIN AND BRING UP CADRES OF MINORITY NATIONALITIES
IS A MATTER OF GREAT STRATEGIC SIGNIFICANCE

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 25-28

[Article by Bu He, chairman of the Nei Monggol Autonomous Regional People's Government]

[Text] The Nei Monggol Autonomous Region, founded on 1 May 1947, is China's first region where national autonomy is practiced by the Mongolian nationality. In the 40 years since its founding, the autonomous region, under the leadership of the CPC and with the great assistance rendered by the state, has embarked on the golden road of socialism after it completed democratic reform and socialist transformation among people of various nationalities. Thanks to the unity and hard work of the Mongolian, Han, and other nationalities, based on the new type of socialist relationship with nationalities marked by equality, solidarity and mutual help, the autonomous region has made great strides in economic construction, culture and other undertakings. In the final analysis, all their achievements are attributable to the implementation of the party's national policies. It is therefore worthwhile reviewing valuable experiences gained in those aspects of work. An important experience is the training and cultivation of large numbers of cadres of the Mongolian and other nationalities.

Through 40 years of efforts, a contingent of minority cadres of the Mongolian nationality and other ethnic groups, including the Daur, Ewenki, Orogen, Hui, Manchu and Korean nationalities, has taken shape and is reaching maturity. At present, minority cadres working on the political, economic, scientific, technological, cultural, educational, medical and public health fronts in the autonomous region number 125,515 (of them 101,692 are Mongolians), an increase of 72 percent over 1979; and minority cadres account for 21.8 percent of the region's total, representing a rise of 3.1 percent over 1979.

Through 40 years of efforts, the political integrity, proficiency in work and cultural level of minority cadres have greatly been enhanced, with a large number of advanced elements holding leading posts at various levels. Now the chairman of the Standing Committee of the autonomous region's people's congress, and of the regional people's government are all Mongolians. Minority cadres make up over 45 percent of leading members in the party committee, people's congress, people's government, Discipline Inspection

Commission, Advisory Commission and CPPCC of the autonomous region; and they account for more than 40 percent of leading members in party and government organs at the league, city, banner and county levels as well as in committees, departments and bureaus.

Over the past 40 years many members of minority nationalities have become personnel in different specific fields and the structure of the ranks of minority cadres has greatly changed. By the end of 1986, members of minority nationalities in the fields of natural and social sciences such as engineers, economists, accountants, agronomists, doctors, teachers, translators, journalists, editors, writers and artists totaled 16,580 in the region, constituting 13.2 percent of the region's total of minority cadres. Among them, 3,150 have middle-grade professional titles conferred on them, making up 15.9 percent of the region's total; and 189 have high-grade professional titles, accounting for 19 percent of the region's total. Many of those professional and technical personnel have achieved great successes in work and are a mainstay in the building of socialist material and spiritual civilization.

Over the past 40 years women cadres of minority nationalities have also remarkably increased in number. Many of them have assumed the leading posts of party and government organs at different levels and work as doctors, teachers, engineers, writers and artists. This fully shows that people of minority nationalities in our country have completely stood up.

Since the 3d Plenary Session of the 11th CPC Central Committee, the party committee and people's government of the autonomous region have attached greater importance to training and promoting cadres of minority nationalities, especially of the Mongolian nationality. In employing minority cadres, the following principles are applied: There must be minority cadres holding leading posts in the party and government organs at the regional, league, city, banner and county levels; cadres of minority nationalities must be predominant in areas where minority nationalities live in compact communities; a certain proportion of minority cadres must be assigned as leaders or deputy leaders in party and government organs at various levels and in the departments under them; and priority must be given to minority cadres when leading bodies are consolidated according to the principles of making the ranks of cadres more revolutionary, younger in average age, better educated and more professionally competent.

The sound and rapid growth of minority cadres in Nei Monggol is mainly attributable to their own efforts in studying assiduously and tempering themselves in hardship and in the loving care and assistance given to them by cadres of the Han nationality. Our veteran proletarian revolutionaries including Li Dazhao and Wang Ruofei shed their heart's blood and made outstanding contributions in training minority cadres and many veteran cadres of the Han nationality aroused the class consciousness of ethnic young people and guided them to the revolutionary road. Thanks to their distinct help, a large number of ethnic young people have become outstanding cadres of our party. Some of them have given their lives for the independence of the motherland and the people's cause of liberation. The heroic deeds of

Li Yuzhi and Du Songnian in the great revolution, of Jia Ligeng and Gao Fengying in the war of resistance against Japan, and of a number of revolutionary martyrs in the war of liberation will go down in the annals of history. Meanwhile, numerous experts, professors, scientists and technicians of the Han nationality have voluntarily come from large bustling cities to bleak and desolate grasslands in our region to train ethnic minorities heart and soul. All this will always be in the minds of minority people.

To train and cultivate a huge contingent of cadres of the Mongolian and other minority nationalities to meet the needs of the revolution and economic construction, the following points must be carefully dealt with in line with the actual conditions in Nei Monggol.

First, enhance their level of consciousness and strengthen their sense of urgency in training cadres of minority nationalities.

Training large numbers of minority cadres has a vital bearing on whether socialist modernization in the minority areas can be soundly carried on and whether the nationalities question can be thoroughly solved. Marxists hold that the party line, principles and policies can work well only when the masses of the people go into action on their own, but there must be a link connecting the party line, principles and policies with the people's actions. This is what cadres are. In the minority areas, the link must be connected by minority cadres because minority cadres are born and brought up on their native soil, come from people of their nationalities and have close connections and "natural" sentiments with people of their nationalities. They are familiar with the history and present condition of their nationalities, have a good command of their languages, and know well their way of life and their customs. Meanwhile, they have the same demands for material and spiritual life as their nationalities do and have strong wishes to eliminate backwardness, build socialism and attain lofty ideals for communism in the areas of their nationalities. All these are the advantages and traits that minority cadres have. Just after the founding of the People's Republic, Comrade Mao Zedong then stressed: If there are no large numbers of communist cadres from among members of minority nationalities, it is impossible to thoroughly solve the nationalities question. For this reason, we often teach our cadres, and especially party and government leaders at various levels, to understand the question of training and bringing up cadres of the Mongolian and other minority nationalities from the strategic attitude of implementing the party's political line and national policies, accomplishing the great cause of the four modernizations and achieving the objective of common prosperity of all our nationalities. And they are often taught that they should deal with the issue as a matter of great importance.

Second, training minority cadres must be linked with the revolution and economic construction in the country and in minority areas.

Early in the initial stage of party building, the northern party committee expanded its activities among advanced young students of the Mongolian nationality in schools for the Mongolians and Tibetans in Beijing, recruiting new party and young league members, setting up party organizations,

dispatching a number of party and Youth League members and progressive youths for advanced studies at the Peasant Movement Institute in Guangzhou and the Whampoa Military Academy, and even sending some of them to the Soviet Union and the Mongolian People's Republic for further studies. In the first revolutionary civil war, the party trained a certain number of minority cadres when it set up revolutionary bases and aroused the people in former Rehe, Chahaer and Suiyuan Provinces. In the second revolutionary civil war, and especially after the Red Army reached northern Shaanxi on its way in the Long March, with party organizations and revolutionary armed forces established in Yimeng and other areas, cadres of the Mongolian nationality emerged from struggles in large numbers. After the outbreak of the war of resistance against Japan, a group of progressive young intellectuals of the Mongolian and other minority nationalities became mature cadres in fiery struggles establishing an anti-Japanese guerrilla base in the Daqing Shan and against the Anti-Japanese United Army in northeast China. It must be specially pointed out that the party also trained large numbers of leading cadres of the Mongolian and Han nationalities in Nei Monggol region in Yanan through the Institute for Nationalities, the Anti-Japanese Military and Political College, the North Shaanxi School, and the Luxun Art Institute. After the victory of the war of resistance against Japan, the CPC Central Committee dispatched a group of Mongolian and Han cadres including Ulanhu to Nei Monggol to develop the national autonomy movement in accordance with the principle of "training large numbers of educated youths and activists emerging from mass movements and boldly promoting them." Meanwhile, the Nei Monggol Military and Political College, the Nei Monggol Autonomy College, the Nei Monggol Military and Political University and different types of cadre training classes trained thousands of cadres of the Mongolian and other minority nationalities as a step toward the founding of the Nei Monggol Autonomous Region.

In the initial stage of the founding of the autonomous region, the CPC Central Committee sent a large number of cadres to Nei Monggol to organize and mobilize the people of all nationalities to join the liberation war, develop the economy and support the front while promoting different aspects of work for the exercise of regional national autonomy. In order to strengthen party leadership in Nei Monggol, the CPC Central Committee decided to set up the Nei Monggol CPC Working Committee with Ulanhu as its secretary. To meet the needs of building the party, the government, and the army, carrying out democratic reform and waging the liberation war, the working committee trained large numbers of minority cadres with both ability and political integrity through training classes run by party schools. Advancing together with people of all nationalities, these cadres successfully fulfilled all tasks assigned to them.

During the initial postliberation period, the main tasks for the autonomous region were to carry out democratic reform and socialist transformation on the one hand, and to engage in economic and cultural construction on the other. With the help of the state the autonomous party committee and people's government opened a number of cadre schools, secondary vocational schools and universities and colleges to train new cadres and activists who had emerged from the revolution and to implement economic construction. At the same time, they also sent some promising people to other parts of the

country for advanced studies. In this way, they trained numerous minority cadres for the revolution as well as specialized professional personnel for economic construction. After the socialist transformation was accomplished, the tasks for economic and cultural construction became more important. Thanks to the establishment of Nei Monggol University, the Nei Monggol Engineering Institute and other institutions of higher learning, another group of minority cadres were trained for economic construction. The new period of socialist modernization and the implementation of the reform, opening up and economic reinvigoration policies require large numbers of new minority cadres with good political integrity and high professional competence. To this end, the autonomous region set up the Nei Monggol Administrative Cadre Institute, the Nei Monggol Cadre Institute of Economic Management and the Nei Monggol College of Finance and Economics even though there have been many party schools and cadre training classes. By the end of 1985 over 1,000 minority young people had graduated from these institutions of higher education.

Third, in promoting minority cadres the cadre line of appointing people on their merits and the principle of having both ability and political integrity should be followed in line with the actual situation in the minority areas.

Appointing people on their merits is actually the criterion the Communist Party should apply in its cadres policy. As Comrade Mao Zedong summarized: "It is whether or not a cadre is resolute in carrying out the party line, adheres to party discipline, has close ties with the masses, has the ability to find his bearings independently, and is active, hard-working and unselfish." After the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee set new requirements for the ability and political integrity of cadres according to the general tasks in the new socialist period--making cadres more revolutionary, younger in average age, better educated and more professionally competent. Proceeding from overall needs, our concrete guiding principle is to train large numbers of minority cadres who uphold the four cardinal principles, resolutely implement the party line, principles, and policies, maintain close ties with the masses, have modern scientific and cultural knowledge and are professionally competent in different lines of work.

In applying the principle we must proceed from the actual situation in the minority areas and link the party line, principles and policies with actual local conditions. Reviewing what we did in this area in the past, we find both experiences and lessons. In terms of our experiences, we now take good care of minority cadres all the more, give them more chances to become educated and render them more assistance. Young and middle-aged minority cadres who are well-educated, uphold the four cardinal principles and are proved in practice to be able to arouse the masses and create a new situation in work should be boldly promoted, assigned more tasks and given more chances to display their abilities. Those who are full of promise but are not mature enough should be extensively trained and promoted to leading posts in accordance with their specific conditions. Comrades who are industrious in work and professionally competent but are weak in exercising leadership may be appointed to the posts which are suitable for them to give full play to their talent. Cadres who have committed mistakes, with the exception of

those violating discipline and the law should be dealt with according to the law, should be given chances to correct their mistakes through persuasion and education. Meanwhile, special attention must be given to minority elementary education. Priority must be given to minority students by lowering the minimum marks acceptable for enrolling them in middle schools, secondary vocational schools and colleges and universities so that minority students can get more chances for schooling and advanced studies. When enterprises and institutions recruit employees, minority workers must take precedence over others. In terms of lessons, sometimes we set too high demands on minority cadres and demand perfection in them, thus we dare not give them a free hand in their work. Sometimes we put undue stress on the promotion of minority cadres and ignore their training and education strictly at ordinary times. All this does not help the growth of minority cadres.

Fourth, while training and bringing up large numbers of minority cadres, attention must be given to training and promoting cadres of the Han nationality and full play must be given to their enthusiasm.

The Nei Monggol Autonomous Region is where the Mongolians practice regional national autonomy but the Hans are predominant in the region. In addition, there are still scores of other ethnic groups including the Manchu, Hui, Daur, Ewenki, Korean and Orogen nationalities. Three nationalities--the Daur, Ewenki and Orogen--also practice regional national autonomy in the autonomous region. According to 1986 statistics, the autonomous region had a population of 20.2928 million. The Mongolians account for 2.8545 million, making up 14.07 percent of the region's total; the Han for 16.8535 million, accounting for 83.05 percent of the region's total; and people of other ethnic groups number 580,480, only 2.88 percent of the region's total. While training and bringing up minority cadres the autonomous region must also pay much attention to training and promoting the Han minority cadres. Early in the initial stage of China's war of liberation and the founding of the PRC, the CPC Central Committee dispatched many cadres, teachers, scientists and technicians of Han nationality to Nei Monggol and the Nei Monggol party committee and people's government also paid attention to training the local Han people. According to 1986 figures, Mongolian cadres, cadres of other ethnic groups and Han cadres accounted for 17.7 percent, 4.1 percent and 78.2 percent, respectively, of the region's total. In the past 40 years, Han cadres have established close ties with local cadres of the Mongolian and other nationalities, fighting through thick and thin and sharing a common fate with people of minority nationalities in wartime and working in full cooperation with them in the period of economic construction. Therefore, cadres of both the Han and other nationalities deeply understand that they are "inseparable" both in the revolution and in economic construction.

Fifth, strengthen the unity of cadres of all our nationalities to build a prosperous Nei Monggol marked by unity and civilization.

The glorious career of the autonomous region in the past 40 years fully shows that the unity of all our nationalities, and especially the unity of cadres of all our nationalities, is the foundation and guarantee for the victory of our undertakings. Our party has repeatedly pointed out that safeguarding the

reunification of the motherland and the unity of all our nationalities is an important manifestation of party spirit for a Communist Party member and an important sign of ability and political integrity for a cadre. Taking Marxism-Leninism as the guide, the four cardinal principles as the basis, and stability and unity as the criterion, both the Han and minority cadres should, at any time and under any circumstances, cherish unity as they do their eyes and treasure unity as they do their lives, and they should set an example and take the lead in promoting unity.

To cement the unity of cadres of all our nationalities we must make unremitting efforts to conduct education in patriotism and socialism as well as in socialist morality and the Marxist concept of nationalities, fully understand the long-term nature of the nationalities question in the socialist period, and cultivate the concept of "being inseparable" between the Han and minority cadres in the minority areas.

The unity of cadres of all nationalities should be based on mutual trust, respect, care, support, help, understanding and learning from each other. What is most important is that when contradictions and problems arise in real life we must determine the nature of those contradictions and problems in a realistic way. Generally speaking, both parties concerned should take the attitude of "being strict with oneself and broad-minded toward others" and make more self-criticism and should not stick the label of "local nationalism" or "Han chauvinism" on others.

In the 40 years since its founding, the Nei Monggol Autonomous Region has achieved great successes and accumulated valuable experiences. The tasks ahead of us are to hold aloft the banner of unity in economic construction, uphold the four cardinal principles, persist in the policy of carrying out reform, opening up to the outside world, and reinvigorating the domestic economy, wage arduous struggles, and be thrifty and industrious so as to make new contributions in fulfilling the regional Seventh 5-Year Plan and building a prosperous Nei Monggol marked by unity and civilization.

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CSO: 4005/720

CARRY FORWARD AND FURTHER DEVELOP THE GLORIOUS TRADITIONS OF THE MOTHERLAND'S LITERATURE HISTORY--ANOTHER DISCUSSION WITH COMRADE LIU ZAIFU (CONTINUED)

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 29-40

[Second part of article by Yao Xueyin [1202 7185 0995]--completed on 4 March 1987; capitalized passages published in boldface; first paragraph is HONGQI editor's note]

[Text] The original text of this thesis is more than 30,000 characters. Because of space limitations in this journal it has been condensed a bit. The full text of this article, together with several other theses and letters on the ideological contention concerning literature and art, by the same author, will be collected in book form and entitled "Practice and Theory in Creative Writing," and it will be published soon by the HONGQI Publishing House.

III. Comrade Liu Zaifu's Erroneous Understanding of the History of Chinese Literature

1. SO-CALLED "HUMAN INDIVIDUALITY WAS ELIMINATED"

How did Comrade Liu Zaifu evaluate classical and modern Chinese literature in his article "On the Major Aspect of Literature"? Since the problems involved are far too numerous, let us focus on the history of classical Chinese literature in our discussion. Comrade Liu Zaifu said:

Chinese feudal society required people "to look not at what is contrary to propriety; listen not to what is contrary to propriety; speak not about what is contrary to propriety; and make no movement which is contrary to propriety." This turned "propriety" into an unalterable norm, with the implication that everything depended on, and was determined by propriety as a universal principle, while all human ideas and behavior were included in the fixed pattern of "propriety." Thus, human individuality was eliminated.

(Footnote 1) ("A Collection of Polemical Essays on the Major Aspect of Literature," HONGQI Publishing House, p 13)

Based on the above-mentioned understanding, Comrade Liu naturally refused to acknowledge the originality in the writings of ancient men of letters. However, he has committed a mistake in the methodology of knowledge. He has

formulated his concepts on the major aspect and originality of the writers, and not based it on the actual conditions provided by the history of literature itself, but on a few quotations from "Lun Yu," or "Confucian Analects." This style of scholarly research and method of knowledge are not truth-seeking. His quotations of Confucius are derived from "Lun Yu, Yan Yuan, Chapter 1". Its full text is as follows:

Yan Yuan asked about perfect virtue. The master said: "To subdue oneself and return to propriety is perfect virtue. If a man can for one day subdue himself and return to propriety, everything under heaven will ascribe perfect virtue to him. Is the practice of perfect virtue from a man himself, or is it from others?"

Yan Yuan said: "I beg to ask the steps of that process."

The master replied: "Look not at what is contrary to propriety; listen not to what is contrary to propriety; speak not about what is contrary to propriety; and make no movement which is contrary to propriety."

Yan Yuan then said: "Though I am deficient in intelligence and vigor, I will make it my business to practice this lesson."

Yan Yuan, alias Yan Hui, was Confucius' favorite disciple. Confucius' answers to the questions of his disciples always served some purpose. Yan Hui was indifferent to fame or gain, content with his meager life, and satisfied with the way things were. He attached great importance to cultivating his virtues, but did not seem to have a promising future in his profession. Therefore, when Confucius answered his question, he referred to how a person should cultivate his virtue, and he said: "Is the practice of perfect virtue from a man himself, or is it from others?" This question alone is enough to prove that the whole chapter focuses on the cultivation of the virtues of the individual. However, man invariably lives in a society, not a vacuum. What one sees, listens to, speaks about, and does can only be determined by oneself, and inevitably by the life one comes in contact with. That is precisely the dialectic relation between the subjective aspect and the objective aspect.

Regarding Chinese history, Comrade Liu Zaifu said: Confucius' statement on the "four don'ts" implied that "everything depended on, and was determined by 'propriety,' which was turned into a universal principle, while all human ideas and behavior were included in a fixed pattern of 'propriety.'" Such an assertion does not fall in line with the actual conditions of historical development. Although Emperor Wu Di of the Han Dynasty excluded the adherents of the 100 non-Confucian schools from the body of Bolshi ("erudites" officially attached to the court), while making Confucianism the state orthodoxy, strictly speaking, Confucianism did not become the dominant ideology in feudal society until the rise of neo-Confucianism in the Song Dynasty. The major efforts of Confucianists in the Han Dynasty were directed at editing and teaching Confucian classics, but not elaborating on their ideas. Between the late Western Han and the Eastern Han Dynasties, the social effects of superstitious ideas were greater than orthodox

Confucianism, while in individual regions, the rise of Taoism made it the dominant ideology in those regions (such as the ancient Hanzhong areas). During the period of the Three Kingdoms, Confucianism had an important place, but was not predominant. Therefore, such representative figures as Cao Cao and Zhu Geliang were legalists rather than Confucianists in their ideology. Although Confucianism still occupied a certain important place during the Wei and Jin Dynasties, it was the ideologies of Lao Zi and Zhuang Zi that were predominant. During the period of the Northern and Southern Dynasties, a tripartite existence of Confucianism, Buddhism, and Taoism took place. However, Buddhism was the fashion of the day. Hence, the peculiar phenomenon of Emperor Wu Di of the Liang Dynasty himself taking to the practice of Buddhism in a monastery by leaving his throne three times, only to be redeemed each time by his ministers. During the Tang Dynasty Confucianism somewhat developed with Han Yu as the representative on the one hand; on the other, Buddhism and Taoism also developed, with Buddhism thriving as an even greater rage, which posed a threat to the financial revenues and manpower resources of the state at one time. Based on the above-mentioned historical facts we should not exaggerate the actual social role of "propriety" in the history of feudal society to such a point that it could eliminate human individuality in the protracted history of the feudal society.

"Confucian Analects" is a component part of the "Four Books" [The Great Learning, the Doctrine of the Mean, Confucian Analects, and the Works of Mencius] which was edited, annotated, and commented on under the supervision of Zhu Xi of the Southern Song Dynasty. Therefore, it was not until then that the "Four Books" annotated by Zhu Xi won a particularly important place in propagating Confucianism. In the more than 500 years through the Ming and Qing Dynasties, the "Four Books" annotated by Zhu Xi was not only the authorized textbook for children, but also a compulsory course for those who were to take official examinations at all levels. Therefore, it was only during the Ming and Qing Dynasties that every sentence recorded in "Confucian Analects" became the ethical norm of the genteel (but not common among the lower levels). However, when we acknowledge that the ideas in the "Confucian ethical code" had major effects on the feudal society during the Ming and Qing Dynasties, we should also see that what really determined the human minds was social life and not any of the teachings of Confucius. In class society, only social life, preconditioned by the material conditions and social ideologies of various classes and social strata that plays the decisive role. Even with the so-called "genteel," behavior going beyond the "Confucian ethical code"--like with the occurrence of physical and verbal assaults--was inevitable, even immoral behavior including incest never stopped occurring. "Look not at what is contrary to propriety; listen not to what is contrary to propriety; speak not about what is contrary to propriety; and make no movement which is contrary to propriety" had never really been put into practice with the genteel, not to speak of the masses!

In feudal society, the speeches and behavior of landlords in dealing with the peasants, and those of bureaucrats in dealing with ordinary people never came under the restrictions of the "four don'ts"; while the poverty-stricken people in extreme misery under oppression and exploitation never cared a fig for what Confucius said. They even waged struggles in all forms of their survival, including armed rebellion and large-scale uprisings.

Viewing the history of Chinese literature since the Song Dynasty, it was the realities in history and people's social lives in different periods that determined its development. Although under certain conditions the "Confucian ethical code" did play a role to various degrees, it was not the decisive factor in the development of the history of literature, not to mention its role in eliminating human individuality. The poetry in the form of Ci of the Song Dynasty, the drama of the Yuan Dynasty, the novel of the Ming and Qing Dynasties and the voluminous folk literature will fully testify to this simple truth. If we view the issue by linking social life with the development of literature, we will see the history of literature as something live. On the contrary, if any of the Confucian dogma is regarded as the decisive factor in the history of literature, the history of literature will be viewed as something dead and blank.

We may assume that none of the poets of the Ming and Qing Dynasties with greater accomplishments had come under the bondage of the "four don'ts" in the ideas of their writing. Here, suffice it to cite a few poets as examples. Zhang Huangyan was a nationalist poet. We find in his poems an obsession of, and great passion for resisting the Qing court. His poems even gave expression of the queen dowager remarrying Dorgon, the regent--a scandal of the time. Huang Jingren (alias Huang Zhongze) wrote a group of "enchantment" poems, dealing with his own first love back in his hometown. Later, his sweetheart married somebody else and gave birth to a child. Huang was even invited to the banquet to celebrate the birth of the child. Was that not in violation of the "four don'ts"? However, the "Confucian ethical code" did not eliminate his individuality. That group of poems was written with profound feelings and great talent. Zhang Wentao was an official of the Qing court, and he wrote a group of poems depicting the battle between the Qing army and the peasant uprising army of the White Lotus Society in Sichuan in the early years of the reign of Emperor Jia Qing of the Qing Dynasty. They revealed the corruption of the Qing officials and army. At that time, the social realities he saw had compelled him to deviate somewhat from his own political position, and he revealed the truthful picture of some facts, with the effect that the "Confucian ethical code" was weakened. I am not a theorist or a scholar in the history of literature. I only regard the historical, social, and actual background of realities as the decisive factors in studying the literary creations of ancient men of letters. Whether I am right or wrong, I would like to solicit the criticism of the readers.

A new "rising" ideological trend in recent years has attempted to negate the brilliant accomplishments in the history of classical Chinese literature through the criticism of Confucianism, and compared its ideological bondage to ancient men of letters to that of Marxism to modern Chinese writers, with the aim of negating the brilliant revolutionary literature since the May 4th Movement. According to their "theory," ideal accomplishments in Chinese literature during the Feudal Age was nonexistent because of the Confucianist ethical yoke, and it is the same case with modern Chinese literature with a standing of several decades because of the yoke of Marxism. This argument characterized by antitradition, antiscience, and an attempt to please the public with claptrap has upset the tribune, and led astray middle-aged and

young people who have a thirst for knowledge, but are not well-read and lack cultivation in Marxism, in an attempt to create some theoretical grounds for the ideological trend of bourgeois liberalization in the area of literature and art, and to welcome the rubbish of the Western bourgeoisie in replacing the socialist orientation of art and literature.

In recent years the new "rising" theorists in art and literature have had the following characteristics in common: First, they have showed disgust for Marxist philosophy and thinking in art and literature. Second, they have lacked practical experiences in writing and genuine knowledge in the theory of writing. Third, they have known very little about Chinese history, including the history of Chinese culture, the history of Chinese philosophy, and the history of Chinese literature. Fourth, they have overestimated themselves, been supercilious and very bold at establishing new theories. Among this group of new "rising" theorists, the idealist theory in literature and art of Comrade Liu Zaifu is rather systematic and influential.

2. THE ERRONEOUS INTERPRETATION OF "ELIMINATING THE OBSTRUCTIONS OF SELFISH DESIRES TO ACHIEVE IDENTITY WITH THE MIND OF HEAVEN"

In his article "On the Subjective Aspect of Literature," Comrade Liu Zaifu said:

The policy of keeping the people ignorant and enslaved that ran through the entire feudal society aimed precisely to eliminating the major aspect of the human spirit, turning man into some ignorant instrument deprived of all human desires. The doctrine of "eliminating the obstructions of selfish desires to achieve the identity with the mind of heaven" typically expressed the essence of such a policy. The "selfish desires" referred to are precisely human desires--will and originality. In short, they are the spiritual power of man, as well as the major aspect of the human spirit, which were all to be exterminated in the eyes of the feudal ruling class. To the feudal rulers the value of the major aspect of the human spirit was dangerous. Therefore, they never tolerated writers and artists to express the richness of the human spiritual world as well as the power of the human spirit, and man should only be regarded as some symbol of the mind of heaven. Even when human spiritual activities were touched upon they were confined to how they were eventually overcome and returned to a certain political or ethical ideal. In short, the major aspect of human spirit was written off with one stroke. (Footnote 2) ("A Collection of Polemical Essays on the Major Aspect of Literature," p 9)

Here Comrade Liu Zaifu is still not starting from the specific conditions of the history of Chinese literature in his study to arrive at a correct understanding, which is truth-seeking and is capable of revealing the law governing the changes in the development of the history of literature, but is "writing off with a stroke" the brilliant accomplishments in the 3,000-year history of Chinese literature, based on a single statement by a Confucianist of the Song Dynasty.

In fact, the mind of heaven, or universal principles proposed by the neo-Confucianists in the Song Dynasty referred to the feudal ethical norm, which was regarded as an unalterable truth inherent in life, while human desires referred to all kinds of demands in life and physiological desires. Regarding the relationship between the mind of heaven and selfish desires, they were first proposed by Sun Fu, Hu Nuan, and Shi Jie, the "three representatives of neo-Confucianism" in the early years of the Northern Song Dynasty. The proposition gradually became explicit with the emergence of the two brothers Cheng Yi and Cheng Hao. Another four generations from them, this doctrine of universal principles developed and became quite complete with Zhu Xi of the Southern Song Dynasty as its exponent, and it had far-reaching effects on the history of Chinese philosophy. Zhu Xi said: "The mind is liable to be driven by selfish desires; hence the danger of such impulse. But the higher plane of the mind corresponds to the mind of heaven or universal principles. When they are investigated to the utmost, comprehension will come as a great release. Therefore, when selfish desires are quelled, the mind will be qualified as one with the mind of heaven." (Footnote 3) ("Zhu Zi Yi Shu," Vol 24) However, the earliest prose that has been discovered today was written in the middle of the Shang Dynasty, and the earliest poetry was written in the middle of the Western Zhou Dynasty; both appeared 2,000 years prior to Zhu Xi. In dealing with history, we must have a sense of time, and the time concept is one of the essentials constituting the scientific value of theory. Theoretically, does it hold water when Comrade Liu Zaifu regarded the doctrine of "the mind of heaven and selfish desires" completed in the 12th century as the dominant idea that ran through the entire Chinese feudal society?

Moreover, even when neo-Confucianism first emerged and was in its rage during the Song Dynasty, it had never achieved absolute dominance. Ouyang Xiu made great contributions to the history of Chinese culture and the history of Chinese literature. Academically he was a Confucianist, and simultaneously a famous prose writer, historian and poet. The feelings expressed in his works, his poems written in the form of Ci in particular, were entirely different from the requirements of the neo-Confucianists. To Cheng Yi and Cheng Hao, the "propriety" in "do not look at, listen to, speak about what is contrary to propriety, or make movements which are contrary to propriety" also belonged to the norm of the "universal principles." A person's eyes, ears, speech and motions were most liable to the temptation of human desires. Therefore, only by quelling human desires, will it be possible for the mind to be qualified as one with the mind of heaven. The greatest human desire is the emotion between the two sexes. However, the chief content in Ouyang Xiu's poems was love between the two sexes (including the sadness of lovers parting from each other), and marvelously done at that. Please read the following:

The last plum blossom around the guest house is withering. Willows with their lean limbs dance by the bridge over the brook. A warm breeze wafts the grass fragrance and makes the horse's bridle swing. Infinite is the sadness of lovers parting from each other. It runs endlessly on like spring waters. Ay, my fair lady, now broken-hearted and bathed in tears, take care and keep away from the railing high up on the veranda. Beyond the plains are

the hills in spring, and soon I will be traveling far away from the other side of the hills. ("Ta Sha Xin")

Although Ouyang Xiu was born somewhat earlier than the two famous Cheng brothers, he was a contemporary of, or a junior to the "three representatives of the neo-Confucianists" (namely Sun Fu, Hu Nuan, and Shi Jie) in the early Song Dynasty. But Ouyang Xiu was a Confucianist of the Song Dynasty, too, though he did not belong to the school of neo-Confucianism. In "The Ideological Controversy During the Song-Yuan Period," a separate volume, entitled "The Ideological Controversy of Luling," was devoted to Ouyang Xiu's Confucianist ideas. When Cheng Yi became a lecturer in the court of Emperor Ren Zong of the Song Dynasty, Su Dongbo, who was also a Confucianist, was serving at the Hanlin Academy. At that time, quite a number of civil servants in the court stuck together with Su Dongbo in resisting neo-Confucianism with Cheng Yi as its exponent. Why? According to "The Ideological Controversy During the Song-Yuan Period," in the volume of the ideological controversy of Yichuang, "The men of letters did not take to the idea of self-restraint as well as the proposition of the master (referring to Cheng Yi). Thus the adherents of the two great masters each sang their own praises, and gradually two schools took shape, the Luoyang school and the Sichuan school." This interesting historical anecdote serves to prove that the dogma of eliminating man's demands in life and suffocating human feelings and desires was not only infeasible among the masses, but inside the Confucianist camp. During Zhu Xi's lifetime, many people among the upper-tier of Confucianists openly waged a struggle against neo-Confucianism. They were mainly the Yongkang school with Chen Liang as its exponent and the Yongjia school with Ye Shi as its exponent. Since I have not done much research on the struggle against neo-Confucianism in philosophy, I can only say a few words about it here. Now I shall go back to the history of literature in my discussion.

Despite the rise and growth of influence of neo-Confucianism in the more than 300 years during the reign of the Northern Song and the Southern Song Dynasties, a host of artists, prose writers, and poets emerged in China. Some of them were strong in all these areas with great originality in their writings. Su Dongbo was the most typical representative of them all. If, based on the theory of Comrade Liu Zaifu, Confucianism had eliminated human individuality and originality, and turned man into a symbol of the mind of heaven, then how are we to account for such undeniable historical phenomena? Shall we acknowledge the objective historical facts, or the subjective assertion of Comrade Liu Zaifu? Moreover, during the period of the Northern Song and the Southern Song Dynasties in the history of literature, poetry, in the form of Ci, was the mainstream. Hence, we have the formulation in the history of literature as "Tang poetry and Song Ci." With respect to poetry, Ci was a great breakthrough both in form, contents and in its approach to artistic expression. Its contents mostly involved emotions between the sexes and the feelings expressed were much richer. Therefore, we can see that theory based on subjective imagination may bluff some people who have not done much reading, but will not pass the test of historical facts.

Take the great poets in the Northern Song Dynasty for example. We are quite familiar with the style of Liu Yong's poems in the form of Ci, and we may

leave him at that. Su Dongpo's personality and erudition won the profound admiration of later generations. But he could have written such famous lines originating from reality, countering to the Confucian ethical code as follows:

A wall separates the garden from the world, with a swing inside and a path outside. As I walked along the path outside the wall I heard the ringing laughter of young ladies coming from the other side. By and by, the laughter died down and the chatter was gone. I was full of vexation for their indifference when I considered myself affectionate. (Footnote 4) (To the tune of "Die Lian Hua" in the title "The Withered Red Flower and the Young Green Apricot")

Su Dongpo had studied all the Confucian classics and the works of Mencius and other saints and sages since childhood. He was a jingshi, a metropolitan degree-holder, and later became an academician at the Hanlin Yuan, the Imperial Academy. But still, he would not fully be subject to the bondage of the Confucian ethical code, and peep at some young ladies swinging in the garden through a crack in the wall and listen to their laughter while thinking that he was affectionate, only to find himself seized by vexation when the laughter eventually died down. Now, one should not speak about what is contrary to propriety. But here, he explicitly expressed his vexation on such an occasion in the poem!

An outstanding poetess, Li Qingzhao, emerged at the turn of the Northern Song and the Southern Song Dynasties. In an age when neo-Confucianism prospered, according to Comrade Liu Zaifu's view, the feudal rulers "would never tolerate writers and artists to express the richness of man's spiritual world as well as the power of the human spirit, and man should only be regarded as a symbol of the mind of heaven." Even when human spiritual activities were touched upon, they were confined to how they were eventually overcome, and brought back to certain political or ethical ideals. In short, the major aspect of the human spirit was "written off with one stroke." If that was the case with the male, it was more severe with the female. Readers, please think, if Comrade Liu Zaifu's theory could hold water, Li Qingzhao would not have emerged as an outstanding poetess in the history of Chinese literature.

Zhu Shuzeng, another poetess and contemporary of Li Qingzhao, wrote a love poem in the form of Ci entitled "Sheng Cha Zi," which has been popular throughout the years. Some people believed that it was written by Ouyang Xiu, but I believe the poem was written in the breath of a female, by the pen of Zhu Shuzeng. The poem reads as follows:

Last year, on the eve of the lantern festival, it was bright as day at the flower fair with all the lanterns burning. The full moon climbed up the tree-tops when we had a date in twilight.

This year, the lantern festival is here again, with the same full moon and burning lanterns. But where are you, my dear? Ay, tears have soaked the sleeves of my new dress.

That is a love poem that has been popular throughout the years and was written by a young lady in an age when neo-Confucianism prospered. The question is, how would Comrade Liu Zaifu explain the contradiction between the above-mentioned phenomena in literature and his subjective assertion? Even if the poem was written by Ouyang Xiu, did it not run counter to the Confucian ethical code?

In passing, I would like to make the following statement: The examples in the history of literature I have cited here are strictly restricted. First, I have refrained from citing the examples of literary works prior to the rise of neo-Confucianism in the Song Dynasty, not even citing those belonging to the Five Dynasties, which were very close to the Song Dynasty in time. The only example cited is Ouyang Xiu, who was from an earlier time than the Cheng brothers, but was largely a contemporary of, or a junior to the fore-runners of neo-Confucianism of the Song Dynasty, namely, Sun Fu, Hu Nuan, and Shi Jie. Anyway, he was honored as a Confucianist of the Song Dynasty by later generations. Second, the poems in the form of Ci of the Song Dynasty quoted here are all in good taste, and have always been praised highly even though they are love poems. Liu Yong also composed love poems, but some of them are not in good taste, which is why I have excluded them in my demonstration. Despite the intensification of the Confucian ethical code during the Yuan, Ming and Qing Dynasties, a great number of excellent and outstanding works of literature which broke through the bounds of the Confucian ethical code emerged, as in the drama of the Yuan Dynasty, and the novels and poems of the Ming and Qing Dynasties. It is unnecessary to make a long list here to demonstrate. Suffice it just to mention "Romance of the Western Chamber," "The Phoenix Pavilion," "The Golden Lotus," and "The Dream of the Red Chamber." Will Comrade Liu Zaifu explain how it was possible for such great works of literature to emerge in an age in which the Confucian ethical code was emphatically advocated? Please recall the scene "A Reply Note" in "Romance of the Western Chamber" and "Awakening From the Dream" in "The Phoenix Pavilion," which have been so popular over the past few centuries. Did they not completely turn against the Confucian ethical code propagated by the neo-Confucianists of the Song Dynasty in their presentation of the improper scenes of "rendezvous" of young lovers by the pen of genius? In addition, how are we to account for the emergence of the voluminous novelettes such as "The Oil Hawker Won the Best Woman of the Night" and "Mademoiselle Du Sinking Her Treasure Box in the Sea in a Fit of Anger," which show deep sympathy for whores, and "Governor Qiao Acts as the Arbitrary Matchmaker" and "The Tale of Jiang Xingge and the Pearl-Sewn Gown" on the marital theme in the reflection of new ethical concepts? The examples are far too numerous to mention individually, but how are we to account for them? Thus, we can see that despite the sway of the Confucian ethical code on literature advocated by the neo-Confucianists of the Song Dynasty, they are not to be neglected. In the final analysis, the genuine decisive factors in the development of literature are social life in close connection with economic development as well as the ever-developing social ideology.

3. DID THE DOCTRINE OF THE MEAN OBSTRUCT THE DEVELOPMENT OF CHINESE LITERATURE?

In Comrade Liu Zaifu's literary theory he has evaded the question of how writers should elevate their cultivation in ideology and personality and how they should go deep into the realities of life. This practice has been the major tradition of progressive literature since the May 4th Movement as well as the orientation and road of the development of socialist literature. Perhaps in his view the so-called tradition of revolutionary literature is already outmoded and has become an obstinate obstruction in the development of contemporary literature. That is a common view among various schools and sects of new "theories" that negate Marxist thinking on art and literature and the approach of socialist realism over the past 7 or 8 years. Comrade Liu Zaifu vigorously opposes the approach of class analysis in the treatment of literature. However, there is no way for us "to stay away from the scene of contention," because classes do exist in our contemporary world, and all ideological schools and sects of art and literature as well as philosophy are stamped with the brand of a class. Whether Liu Zaifu's theory on art and literature possesses the so-called transcending nature, free from any brands of class is common sense to any Marxist. We will leave it to our readers for their contemplation.

Comrade Liu Zaifu has laid great stress on the transcendency of writers and their works. In his article "On the Major Aspect of Literature," he said:

The so-called transcendence means precisely transcending the bondage of the traditional and habitual prejudices in secular concepts, and conventional rules of life. A writer who attempts to accomplish something will never allow himself to be bogged down in the doctrine of the mean. On the contrary, he must possess some extraordinary power of wisdom and personality as well as a strong and extraordinary aesthetic sense, he is never willing to repeat the conception of his predecessors, unwilling to follow in their footsteps and to repeat the way of thinking and even the literary style they are fond of, but will pursue "those things in everybody's mind, but not found from others' pens," and with firm determination, he will open up a path in the wilderness. (Footnote 5) ("On the Major Aspect of Literature," p 26)

The language in this passage itself is transcendent and rather mysterious. I have never witnessed any writer or theorist in art and literature who can live apart from a certain society formed under the specific conditions of material and spiritual civilization. No one can live and transcend the living standards predetermined by the material conditions of a given society, nor can he lead a life transcending the habits and customs, ethical norms, and legal bounds formed by various national, historical, and social factors. If he is a communist, he cannot transcend the party's interests and discipline. The originality of a theorist is not embodied in his transcendency, but in his new accomplishments scored on the basis of the knowledge provided by his predecessors. Now let us take a look at the result of what Comrade Liu Zaifu suggested, "never willing...to repeat the way of thinking and even the literary style their predecessors were fond of"; it is precisely this thesis of Comrade Liu Zaifu's which is far beyond the grasp of the general

readers. Even I, who have devoted a lifetime to study, have found it difficult to follow. Now, what is the objective of all this transcendency? Is it not to purposely turn simple things into mysteries? As for Comrade Liu Zaifu's pursuit of "things in everybody's mind, but not to be found from others' pens," is that really the case? Why has the theory on art and literature that he propagates never occurred to me?

The terminology "transcendancy" has constantly appeared in Comrade Liu Zaifu's representative work "On the Major Aspect of Literature," and the spirit of subjective transcendency is elaborated to the extreme! For instance, he believes that "the genuine realization of the major aspect of the writer is precisely the self-fulfillment of the writer, while the process of self-fulfillment is one of the writer transcending a lower realm of thought. The result of the transcendence will lead to the inner freedom of the writer. Therefore, the subjective sense of the writer lies primarily in the inner sense of freedom resulting from the writer's sense of transcendency." (Footnote 6) (Ibid., pp 25-26) Regarding his views on transcendency, I have read them over and over again and still found it quite beyond my grasp. All useful theories of practical significance come from social practice. Any talented, outstanding writer with great originality in the history of literature has been a person who has lived during a specific time, in a specific social environment, and under specific conditions of material and spiritual civilizations. A man who subsists totally severed from all social ties never exists, nor is a man capable of transcendence in complete freedom. In this matter Comrade Liu Zaifu is no exception. Is it not doubtful that Comrade Liu Zaifu's theory can be of any positive role in helping us understand the writers in the history of literature, and in guiding our literary creation today?

Now I will deal with Comrade Liu's view on the bondage of the Confucian doctrine of the mean to classical Chinese literature. He said:

For various historical reasons, a universal mentality took shape among Chinese intellectuals, namely, cruel self-repression through self-criticism, resulting in ruthless suffocation of their sense of freedom and sense of creativity. This self-repression has formed the greatest psychological obstruction to self-fulfillment. (Footnote 7) (Ibid., p 26)

Now, this is talking about the intellectuals and writers in China and a so-called universal historical phenomenon at that. Then, in doing so, one should be truth-seeking, based on the fundamental principle of seriousness in doing scholarly research; one must speak on good grounds, and not irresponsibly. There have been hosts of writers and poets in the history of China. Referring to them, Comrade Liu Zaifu talked about their "cruel self-repression through self-criticism, resulting in the ruthless suffocation of their sense of freedom and sense of creativity." I cannot help asking on what grounds he was saying this? To my knowledge, the writers and poets in the Feudal Age could in no way have possessed this sense of freedom and transcendency like Comrade Liu Zaifu. In no way did they go through the so-called "cruel self-repression through self-criticism, resulting in the ruthless suffocation of their sense of freedom and sense of creativity."

In Chinese history the excellent (not to say the outstanding) writers and poets of every generation have scored indelible accomplishments with originality. Otherwise, how can we account for the existence of the brilliant history of classical Chinese literature?

To my mind, Comrade Liu Zaifu has exaggerated the role of the Confucian doctrine of the mean on classical Chinese literature, to the point of departing from the actual conditions in history. Here, let us read again what Comrade Liu Zaifu said:

The philosophy of the doctrine of the mean that was popular in China affected some writers, and accounted for their lack of a sense in breaking through. This is because any breakthrough means running counter to the doctrine of the mean as well as convention. Those writers dominated by the doctrine of the mean were always in blind contentment. For them, any expression of mediocrity and incompetence could find spiritual escape, with all sparks of creativity stamped out by themselves. (Footnote 8) (Ibid., p 26)

The role of the Confucian doctrine of the mean in the history of Chinese literature will be touched upon further in my discussion. Here I will not deal with it in full length, but propose the following viewpoints:

First, the ideas concerning the doctrine of the mean actually existed in the history of Chinese literature and philosophy. The effects are found not only in the times of the imperial examination system, but even prior to its emergence. For example, Ban Gu criticized Qu Yuan for "showing off his talent to make himself famous," and criticized Sima Qian's "Shi Ji" or "Historical Records" saying, "Its criteria for judging right and wrong had deviated from those of the saints." These criticisms were based on the Confucian orthodox concepts and the doctrine of the mean. However, Ban Gu's criticism did not cast any shadow on Qu Yuan's "Li Sao" and Sima Qian's "Historical Records" as monuments in the history of Chinese literature.

Second, in feudal society not every poem could be free from the so-called conventional social life and feelings. Works of literature always give expression to human life, ideas and feelings because man is always living in a specific social environment and specific historical conditions. No person has ever transcended time and space. Therefore, the conception of Comrade Liu Zaifu on continuously breaking through convention is an impossibility. Works of literature expressing conventional social life and feelings are always voluminous and major, and the great number of fine works of literature are always expressing people's conventional lives and feelings. However, every one of them sparkles with its unique originality. Otherwise, how can we account for such an abundantly rich content in the history of Chinese literature?

Third, the doctrine of the mean was never the dominant force in those talented writers with comparatively great accomplishments, and they were never in "a blind contentment."

Fourth, any philosophical ideas can only affect creative writing to some degree, but they cannot be the decisive factor. The decisive factors in literary creation are the social life of the writers and poets, their attitude toward it, as well as their profundity in expressing life and the attainments of their artistic skills. This is perhaps a law of universality regarding literary creation and it is precisely this which Comrade Liu Zaifu neglected. For example, Du Fu was a genuine Confucianist, and was honored as the greatest poet in history by later generations. One of his long poems entitled "Bin Che Xin" [The March on Chariots] is heart-rending, with a theme on opposing the policy of bellicose wars to extend the frontiers of the Emperor Xuan Zong of the Tang Dynasty, without a trace of the concepts in the doctrine of the mean to be seen. In another of his long poems, entitled "A Poem in 500 Words on My Trip From the Capital to Fengxian," he wrote: "Gorgeous fabrics are bestowed on us by the court. They are laboriously woven by poverty-stricken peasant women. Those fabrics are extorted from them, collected, then sent to the capital city. What are their husbands given in return but a sound beating and whipping." "Behind the vermilion gates meat and wine go to waste, while out on the road lie the bones of those frozen to death. Ay, such sharp contrast should take place within just a few feet. My melancholy is beyond words." These lines are a profound exposal of the court. Can we detect any trace of the doctrine of the mean in them? For another example, Liu Zongyuan's essay entitled "On the Snake Hunter" and some satirical poems by Bai Juyi, and those poems written by Lu You seethed with patriotism. Do they fall into the category of the doctrine of the mean?

Historically, Confucianism had an aspect which was more positive as compared with Buddhism and Taoism, namely, the idea that "the wise will benefit the world" as Mencius put it. Such a positive idea of providing relief for the world is closely related with a "sense of worldly concern and anxiety," which has often been referred to by many comrades in recent years. Du Fu was not the only poet that had a strong "sense of worldly concern and anxiety." Many accomplished poets and men of letters with a Confucianist educational background shared this "sense of wordly concern and anxiety." Therefore, we cannot say that the doctrine of the mean destroyed the individuality and creativity of the poets in the Feudal Age, nor can we generalize the entity of Confucianism with the doctrine of the mean.

4. COMRADE LIU ZAIFU HAS EXCLUDED AN IMPORTANT ISSUE CONCERNING THE THEORY ON ART AND LITERATURE

The Confucianists had a whole range of theory on art and literature. Poetry was sometimes discussed together with li or rituals and yue or music. In other cases, poetry was dealt with exclusively. In "Confucian Analects" several passages on Confucius discussing poetry and music are recorded, with four statements specifically devoted to poetry, which are very important. They are quoted as follows:

The master said: "In the Book of Poetry are three hundred works, but their design of all of them can be embraced in one sentence--'having no depraved thoughts.'" (Footnote 9) ("Confucian Analects, Wei Zheng")

The master said: "The Guan Zui expresses enjoyment without being licentious, and grief without being hurtfully excessive." (Footnote 10) ("Confucian Analects, Ba Yi")

The master said: "My children, why do you not study the Book of Poetry? The odes serve to stimulate the mind. They teach the art of sociability. They show how to regulate feelings of resentment. From them you learn the more immediate duty of serving your father, and the remoter one of serving your prince. From them we become largely acquainted with the names of birds, beasts, and plants." (Footnote 11) ("Confucian Analects, Yang Huo")

The master said to Bo Yu: "Do you give yourself to the Zhounan and the Shaonan? The man who has not studied the Zhounan and the Shaonan is like one who stands with his face right against a wall. Is he not so?" (Footnote 12) ("Confucian Analects, Yang Huo")

The above four statements by Confucius are all very important, and they are common sense in the history of Chinese literature and Chinese philosophy. The third statement proposed the concepts of "stimulation," "self-contemplation," "sociability," and "resentment," which have been regarded as the essentials of Confucius' view on poetry in particular, and still have some enlightening and educational significance to present-day Chinese writers.

The Confucianist theory on art and literature also proposed the concept of "Shi Yan Zi" [poetry expressing lofty ideals], which is also very important. "Zi" implies two meanings: Man's ideas and feelings, which is the original implication of the character. When the character is connected with society, a second implication is produced, namely, the social effects of poetry on man in enlightenment, infection, and education. In ancient times in China the three forms of art, poetry, music, and dancing, were closely connected with each other. Therefore, the social functions of poetry were manifold. The four great social functions of poetry (namely, stimulation, self-contemplation, sociability, and resentment) proposed by Confucius was closely connected with the doctrine that "poetry expresses lofty ideals." This doctrine had far-reaching effects on the thinking of art and literature for more than 2,000 years in China. Through the expounding of "Shi Da Xu" or "General Preface to the Book of Odes," this concept (doctrine) was supplemented quite completely by the Confucianists:

The role of poetry is education, to move and to change people through exemplification. Poetry is the conveyer of lofty ideals which are in people's minds. When spoken these lofty ideals are poetry. When one is seized with emotion, one wishes to express it in words. He sighs for the inadequacy of language in expressing the emotion, and turns his sighing into a song. When singing still fails to express himself to the fullest, he helps it with the movement of his limbs in dancing. One gives a voice to his emotion and the voices when recorded in written form are turned into tidings. On good days, the tidings invariably ring with peace and joy in praise of the harmonious administration. In turbulent times, the tidings are invariably full of complaints and anger against a perverse government. The tidings of a fallen nation are characterized by their mournful sorrow, for the people are in great distress.

Therefore, nothing is stronger than poetry in its power to move heaven and earth as well as the ghosts and gods. It was precisely by relying on poetry that the late king propagated the ethical norm of man and wife, filial piety, and other human relations in elevating the mind and bettering the social atmosphere.

That is the "General Preface to the Book of Odes." Legend has it that it was written by Zi Xia, one of Confucius' disciples. But his authorship of the preface has been in question since the Song Dynasty, and it was believed to be the work of Wei Hong of the Eastern Han Dynasty, who forged the name of Zi Xia. This passage has also discussed the linking of poetry with music and dancing. Its effects have been very profound on Confucianist thinking on art and literature since the Eastern Han Dynasty. Throughout the Ming and Qing Dynasties till the early years of the PRC, young pupils at old-style private schools had to memorize the "General Preface" and "Shi Xiao Xu" [Supplementary Preface to the Book of Odes] as well, when they were educated on the "Book of Odes."

Another doctrine that was predominant in the history of Chinese thinking on art and literature was the Confucianist doctrine of "shi jiao" [the educational role of poetry]. The origin of "shi jiao" dated back even far earlier than the "General Preface to the Book of Odes," first seen in "The Book of Rites, in the Chapter Jing Jie":

The master said: "Visiting any state one can easily find out about its educational condition. The effects of the education role of poetry are shown if its people are gentle and sincere.... If its people are not only gentle and sincere but also intelligent, that proves the profundity of their knowledge in poetry."

Although these may not be the actual words of Confucius, it does truly reflect the Confucianist thinking on art and literature in conformity with the "General Preface to the Book of Odes." I hold the view that "gentleness and sincerity" is an aesthetic principle as well as a moral principle, has a dual meaning in both aspects. It has a negative aspect. For example, it is unfavorable in revealing acute social contradictions and in expressing the sense of resistance. However, it is simultaneously an extensive theoretical category resourceful in contents in traditional Chinese aesthetics. It is philosophically connected to the doctrine of the mean, which accounts for the subtle beauty and melodious sweetness of poetry. In his explanation of the appreciation of subtlety in the book "Gaolan Explanatory Notes on Shi Pin" [The Appreciation of Poetry] the anonymous writer said: "Creation is a gradual process in which the pursuit of all-inclusiveness is impossible. That is where the role of subtlety comes in. If, in one's impetuosity, everything is revealed without reservation, will magnificence and profundity be achieved? In dealing with scenes that are difficult to capture, the Golden Silence may well serve as an effective means. Indirect and melodious expression will help to maintain the teaching in the Book of Odes for the accomplishment of gentleness and sincerity." (Footnote 13) (Quoted in Guo Shaoyu's "A Collection of Annotations on Shi Pin" [The Appreciation of Poetry]) In Si Kongtu's "appreciation of subtlety" in his version of "Shi Pin," the very first sentence reads: "The whole scene is captured without using a

single explicit word." Therefore, as a traditional aesthetic category, "gentleness and sincerity" should not be negated in an oversimplified way. One of the reasons is that the complete implication of "gentleness and sincerity" goes beyond its negative aspect. Volumes of poems in the history of Chinese literature are characterized by their brevity, profound implication, and strong feelings, and their extraordinary power in generalizing realities. So strong is their vitality that they have been passed down one generation after another without a break; all of them belong to the category of "gentleness and sincerity." Another reason is, in the final analysis, the attainment of any literary work is determined by the writer's profundity in grasping social life, his attitude toward life, and his talent in artistic expression. Herein lies the life of art. For example, Sun Deqian lived in the times of Emperor Qian Long of the Qing Dynasty. He believed in the Confucian ethical code that women should preserve their chastity in widowhood, and honored the educational role of poetry in accomplishing "gentleness and sincerity." But his evaluation of Cai Yan and her "Poem of Grief and Indignation" could not be more favorable:

The reader is overwhelmed by the strong passion and distress of the poetess. The whole scene has come back to life. She sits alone in the dreadful tent. Out in the desolate desert, the sand and stone whirl up in the howling wind storm.

This poem used to have a strong impact on the people of the Eastern Han Dynasty with its great power and charm. Reading it through, one forgets about the loss of her chastity, and feels sad about her situation. The truthfulness of the scene stems from the profundity of the poetess' feelings. (Footnote 14) ("Gu Shi Yuan" [Poetry in Ancient Times]: a commentary on "A Poem of Grief and Indignation," Vol 3)

Therefore, we can see what the decisive factors of the success and attainment of poetry really are.

The foregoing briefing on the Confucian thinking on art and literature is far from being inclusive. What I cannot understand is why the article "On the Major Aspect of Literature" has not mentioned a single word about the above-mentioned passages, which are so very famous? Could it be that Comrade Liu Zaifu has evaded them on purpose, or is he totally ignorant of these written materials which are universally well-known?

IV. How Should We Treat the History of Chinese Literature?

The Chinese nation is a fine nation with a very long history. It has made great contributions to the civilization of mankind, including art and literature. We must oppose the doctrine of adhering to the quintessence of Chinese culture on the one hand, and national nihilism on the other. Those upholding the doctrine of adhering to the quintessence of Chinese culture are liable to take the floss in the national culture as quintessential, to indulge in blind national pride, and are helplessly conservative. They simply refuse to absorb any fine foreign cultures to serve China, while national nihilists are wont to negate the brilliant accomplishments of Chinese culture, and to

blindly negate tradition. Filled with national inferiority, they believe everything Western is good, and even that the moon is fuller in the West than it is in China. This mentality of blind worship of the West and currying favor with foreigners is the ideological groundwork for the doctrine of "total Westernization." Neither the doctrine of adherence to the quintessence of national culture nor national nihilism is favorable to building socialism with Chinese characteristics.

As mentioned above, the three articles including the one entitled "Pan Geng" of the Middle Shang Dynasty are the earliest prose works of China, based on reliable materials provided by well-preserved historical documents. Some of the poems in "The Book of Odes" are works of the Early Western Zhou Dynasty. Both have a history of more than 3,000 years. The latest poems collected in "The Book of Odes" were written in the spring and autumn. They, too, have a history of 2,600 years. Regarding "The Book of Odes," it is by no means worthless trash to Chinese writers living in the late 20th century, nor by any means just some materials for the study of ancient history. On the contrary, it provides us with direct references to the skills of literary creation and tells us about the objective law governing the development of literature. Here I will leave alone the resourceful contents of "The Book of Odes," and offer my shallow views concerning its artistic skills.

The poem in the title of "Jian Xia" [Tender Weeds] in the chapter of "Qing Feng" [Odes of the Qin Dynasty] is indirect and subtle in artistic expression, well rhymed in a good beat and melodious. People never tire of reading it and find that it provides much food for thought. Take for instance the first stanza of the beginning chapter: "A vast expanse of green comes in view, tender weeds with frost on white dew. Off I row to the other shore, in my longing to see my doll. Behold, a whirlpool, a barrier there; an arduous, longer voyage how unfair. Should I take the other course, the wider span will keep me in the midst of it with no end." Is it not worthy of reference in its artistic skills for our contemporary writers? In the poem entitled "Cai Wei" [Collecting Grass] in the chapter of "Xiao Ya" in "The Book of Odes," the poet dealt with the warriors of the Zhou nationality marching to war against the Xianyun (namely the Huns). They marched off in the spring, and only returned in the winter. The poet marked the time through images:

The willows were lovely in all their luxuriance when we marched off. Now we are back home at last with the snowflakes welcoming us.

Is it not surprising that our ancient poets were capable of using such images in expressing time? In the poem "Shuo Ren" [A Man of Virtue] in the chapter of "Wei Feng" [Odes From the State of Wei], the following lines are used to describe the beauty of Zhuan Jiang, the duchess of Wei:

Her hands soft as tender weeds, her skin glossy as cream, her neck in scorpion shape, her teeth white as melon seed. O, the elegance of her feature, the sweet smile in her face, and her lovely, lovely eyes.

If you succeed in paraphrasing these lines, you are sure to be amazed by the sophisticated description of this ancient poet as well as the fresh ideas and

appropriate use of the figures of speech. It would be really surprising if you were not. Do review the poem entitled "Ming." In simple and vivid language it tells of the life of an ordinary woman, who met a complete stranger, how she fell in love with him, and later became his wife, only to be abandoned by her husband a few years later. The language is lively and the feelings true and sincere. It is a very original poem. To those so-called new "rising" modernist poets, who have done their utmost to oppose the approach of realism, I would like to advise them to read this poem and ponder it deeply. Is it really true that this poem does not help them a bit in any way?

Tracing the origin of the short story, historians specialized in Western literature would often cite as proof the parody of "The Prodigal Son" as told by Jesus in Chapter 15 of "the Gospel according to Luke" in the New Testament of the Bible, and believe that this parody marked the beginning of the short story, possessing all the essentials. However, in "Zuo Qiuming's Commentary on the Spring and Autumn Annals," an incident was recorded, telling of the conflict between the Earl Zhuan of the State of Zheng on one side, and his own mother and blood brother Shuduan on the other. The incident took place in 722 BC (the first year of the reign of Duke Yin of the State of Lu). In the selections of ancient prose writings, the story was given the title "The Victory of Zheng Po Over Shuduan in Yan" [the present-day Yanling, Henan]. The story has integrity and the characterization of Earl Zhuan is portrayed in great depth. "Zuo Qiuming's Commentary on the Spring and Autumn Annals" was probably written in the early years of the warring states, around 400 BC. The emergence of "the New Testament of the Bible" took place at a far later period. Christianity was still underground in the Roman Empire between the 1st and 2d centuries. Legends of all kinds about Jesus' life as well as controversial hand-copied versions were spread by his disciples in various places. By the 3d century, Christianity had become the state religion of the Roman Empire, and a unified church was established and Christian churches were then set up in the Mediterranean countries. With the emergence of talented archbishops, the political conditions were ripe for the emergence of a unified version of "the full text of the Old Testament and the New Testament" (namely, the Bible). "The Old Testament" was inherited from the Jewish church, and manuscripts in Hebrew were available. So it was not too much of a problem to edit. The greatest problem was editing of those oral legends and controversial written materials passed down since the birth of Christ, namely, "the New Testament" of "the Bible." It was not until the 4th century or a little later that the edition of the "New Testament" was completed and the parody of "The Prodigal Son" in the "Gospel according to Luke," the last of the four gospels, was included in it after several religious conferences. Therefore, it must have been the 4th century when the parody of "The Prodigal Son" made its first appearance, 1,000 years later than the appearance of "The Victory of Zheng Po Over Shuduan in Yan" in "Zuo Qiuming's Commentary on the Spring and Autumn Annals."

The lifetime of Tao Qian [alias Tao Yuanming] the immortal Chinese poet spanned two centuries, between the latter half of the 4th century and the early 5th century. His "Taohuayuan Ji" [The Land of Peach Blossoms] is a fable reaching perfection. European fable writers invariably paid little attention to

characterization. That was also true with Tao Qian in his fable "The Land of Peach Blossoms." Both Chaucer and Boccaccio, the founders of the short story and forerunners of humanism in modern Europe, were contemporaries of the 14th century. The Renaissance as well as the Medieval Age were absent in the history of Chinese culture, which did not fall into the same historical category as its European counterpart. Actually there is no way to draw a comparison between the two. Focusing on the development of the art of the short story in our studies we find that it took two different ways and three separate periods of prosperity to fully develop this peculiar literary form. The first period took place during the middle and late Tang Dynasty, corresponding to the 8th and the 9th centuries, several centuries prior to the times of Chaucer and Boccaccio, who laid down the foundation of the short story in Europe. During this period, the Tang romance emerged in all its brilliance. The second period took place between the Song Dynasty and the Yuan Dynasty, the Southern Song Dynasty in particular. This period between the 12th and 13th centuries saw the thriving of short stories reflecting urbanite life in the vernacular. That was the second way in which the short story developed. The short stories in this period are characterized by their presentation in the breath of story-tellers, and their popularity about the people. The stories preserved in written form today are all the original scripts or synopses destined for story-tellers to abide by in doing their job. They are called "hua ben" [story books]. The third thriving period was in the late Ming Dynasty, corresponding to the latter half of the 16th century and the first half of the 17th century. Prosperous in this period were the novelettes in the vernacular, developed along the way of the story book of the Yuan and Song Dynasties. Hence, modern scholars specializing in the history of literature regard the novelettes of this school as "ni hua ben" [imitation story books]. Many masterpieces are included in this category, which are still widely read today. Perhaps none of the European short stories of the same period could hold a candle to them.

Making a survey of Chinese novels, we find the Song and the Yuan Dynasties the period of preparations for great novels. The early Ming Dynasty in the 14th century saw the emergence of such immortal masterpieces as "The Three Kingdoms" and "All Men Are Brothers." "Record of a Journey to the West" and "The Golden Lotus" first appeared around the 16th century. The 18th century saw the publication of "An Unofficial History of the Literati" and "A Lantern Leading People Astray," the immoral "Dream of the Red Chamber" in particular; and "Strange Stories From a Chinese Studio" in the area of novelettes. These all exemplify common sense in the history of Chinese literature familiar to all. Here I shall not go into detail about them.

Chinese poetry has a long history and is well established. It is really the pride in the history of the Chinese nation. We have a host of great poets such as Qu Yuan, Cao Zhi, Tao Qian, Li Bai, Du Fu, Wang Wei, Bai Juyi, Li Shangyin, Su Dongpo, Li Qingzhao, Lu You, and Yuan Haowen. The heritage of poetry they left us with is highly valuable to our appreciation and study.

In the area of drama in the history of Chinese literature, we also have a series of conspicuous masterpieces in the various genres of plays of the Yuan Dynasty and romances of the Ming Dynasty. It would take quite a long list to

cite them one by one. For example, the names of such great masters as Guan Hanqing, Wang Shipu, and Tang Xianzhu each have their high place in the history of world literature. Regarding prose in the narrow sense, great masters emerged one after another in every dynasty throughout the history of China. Each work shines with its own brilliance. Is this not simply the truth?

The history of classical Chinese literature is a mine of art and literature with abundant resources, which are rarely exploited by our contemporary writers. The inexhaustible resources in art as well as the series of laws governing creative writing contained in the history of Chinese literature as well as the law governing the changes in its development will provide us with extremely rich experiences, from which many scientific theories on art and literature can be extracted. These issues are very significant to our contemporaries. If I were to summarize them briefly I could turn them into a book. However, since this is not within the bounds of the discussion in this thesis, I might as well leave it at that. I hold the view that to build socialist literature with Chinese characteristics it is necessary to attach importance to the historical tradition of Chinese literature and to make full use of our rich literary heritage. In addition, we must have a full understanding of Chinese social life, customs and habits, national history, aesthetic habits, and criteria for the usages of language. The fine literature of foreign countries is referred to only on this basis, but not arbitrarily. The argument which states that in developing contemporary Chinese literature "we should only take a horizontal view and not a vertical one" is entirely wrong. The Chinese nation is a great nation with a population of 1 billion, a 5,000-year history of culture and a 3,000-year brilliant history of literature. In building socialist spiritual civilization and blazing new trails for socialist literature it is imperative to take into consideration China's specific conditions, to strike roots in its national soil, and to take our own road. It is not a question of whether we want to or not, but one history has compelled us to take into consideration. Only by making full use of China's national wealth of culture and literature, taking China's own road, and turning out literary works with Chinese characteristics, will it be possible for us to make genuine contributions to world literature. Comrade Mao Zedong's proposal to "make the past serve the present and make foreign things serve China" is, and will always be, a truth. Departing from the study of the history of Chinese culture and the history of Chinese literature, Comrade Liu Zaifu criticized the 3,000-year history of Chinese literature as a failure with his criticism against Confucianism as a weapon. As a result, writers have lost their enthusiasm for writing. But his assertion has not the least historical grounds. So how can this "new theory" be convincing?

V. Conclusion

To draw an appropriate conclusion through in-depth research in the long history of Chinese culture and the history of Chinese literature it is indispensable to develop Chinese literary theory. However, this involves a scientific world outlook and methodology. For that matter, how to understand the role of the Confucianists in Chinese history is a very complicated academic issue which should not be treated in an oversimplified way. The

period prior to the one between the Western Han Dynasty and the Middle Tang Dynasty can be regarded as the period in which feudal society was on the rise. If Confucianism was entirely negated, how can we account for its suitability in such a long period, when feudal society was on the rise? A great deal of negative effects left over from feudal society still exist among us today, but not all of them belong to Confucianist concepts. For example, even when some people are strongly feudal-minded, can their serious bureaucratic style and favoritism in appointing people be entirely attributed to the effects of Confucianism?

It is my sincere hope that Chinese literary and art theorists will have a better grasp of modern and ancient social history, the history of culture, and the history of literature, possess a rather extensive and profound basis of knowledge, and simultaneously master Marxist philosophical concepts and theory on art and literature, so that they can have a perfect command of their rich knowledge in a scientific way. Of course we should study and absorb foreign theories only with some selection. We should not go after what is fashionable, nor pick up trash. In referring to foreign things we should make them serve China. We should attach importance to substantial learning, but refrain from empty talk. In this way, we shall build China's own contemporary theory on art and literature. This theory is characterized by sincerity and honesty, and refrains from deceitful tricks and games of concepts. At the same time, articles should not be presented mysteriously on purpose, beyond people's grasp. This theory will not deal with so-called "transcendancy," but will pay attention to linking itself with practice. To link theory with practice we must draw it from voluminous actual data that will stand the test, and will in turn be capable of guiding specific social practice. Such a theory will help us solve practical problems we have come across. Herein lies precisely its scientific and academic values. Such a theory will help us blaze new trails in the area of theoretical research, be helpful to the teaching and research in Chinese college departments, and guide middle-aged and young writers in their literary creation along a healthy path.

I believe, in the literary and art theoretical circles at present, it is necessary to adhere to two major aspects with a clear-cut stand: First, we must adhere to the study of Marxist theory (personally, I have always included Mao Zedong Thought in it); and second, we must adhere to the scientific style of study, namely, seeking truth from facts. The fatal weaknesses in Comrade Zaifu's theory lie precisely in its running counter to Marxism and its lack of a serious style of study. Therefore his theory has failed the test even though the reputation of his theory was at one time a rage, and has won acclaim both at home and abroad in the past few years. Just as an ancient scholar put it: "A 7-story pagoda, ornate with all kinds of precious stones though dazzling, will become a pile of rubbish when pulled down." (Footnote 15) (Quoted from Zhang Yan, of the Song Dynasty) What good is this undeserved reputation to the motherland, the people, and the "theorist" himself?

We should uphold serious reading and serious research under the guidance of Marxism. We should not draw conclusions on things we have no knowledge of in

supercilious way, resulting in harming others as well as ourselves. "When you know something, to hold that you know it; and when you do not know something, to allow that you do not know it--this is knowledge." (Footnote 16) ("Lun Yu, Wei Zheng") Since 1957 one political campaign has taken place after another, culminating in 10 years of disasters, with a whole generation almost ruined. Many middle-aged literary theorists today do not have a very solid foundation in their knowledge to speak of, and lack strict training in their scholarly research. The more this is the case, the bolder they are, and the louder their voice. "At present, everyone claims that he has found the pearl of wisdom, and every academic school asserts that it possesses the jade of truth." (Footnote 17) (Cao Zhi: "Letter to Yang Dezhu") It is the same case with some of our new "rising" theorists. But for them, the pressing issue of the moment is not to build a new theoretical system in the pursuit of world fame, but to set upright their style of study, to forget about undeserved reputation, and to work hard in serious study by starting with rectifying their attitude in scholarly research, and approach to lay down a solid foundation. Confucius said: "Friendship with the upright; friendship with the sincere; and friendship with the man of much observation--they are advantageous." (Footnote 18) ("Lun Yu, Ji Shi") To develop China's undertakings in art and literature, which are our undertakings as well, I would like to become a "useful friend" to Comrade Liu Zaifu, but not one of his vulgar friends who would blow the trumpet for him. I am not extensively read and I may not be a friend "of much observation," but I believe I am at least not too far from the "upright" and "sincere" type.

At a time when diversified theories emerge in literary and art theoretical circles, when the true and the false are mixed, I understand that it is time for genuine Marxist theorists in the area of literature and art to "fight for justice with their pen in hand." But to my regret, I will fail to play the role of an old writer, for I deeply know the limitation of my academic and theoretical attainments. I feel helpless and powerless even if I want to further my study because I am quite advanced in age and find it too late for that. Aside from consulting with Comrade Liu Zaifu in my thesis, a more important wish of mine is to face my friends in the art and literary circles at home and abroad and middle-aged and young college teachers and senior students as well, to rouse their contemplation, to elevate their understanding, and to widen the visions in their minds. I have never considered myself a theorist and I am still not bold enough to admit that I am one today. If this thesis will be of any positive role to the readers, rouse them to reopen their discussion in reevaluating the "new theory" with Comrade Liu Zaifu as its representative, my wish will be fulfilled.

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CSO: 4005/720

MARXIST THEORY ON SOCIALIST OWNERSHIP AND ITS DEVELOPMENT

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 41-45

[Article by Zhu Guanghua [2612 0342 5478]]

[Text] China's economic system reform since the 3d Plenary Session of the 11th CPC Central Committee includes the reform of both the ownership system and of the functioning mechanism of the economy. In a sense, the reform of the ownership system is of more fundamental significance. In delivering his report at the Fifth Session of the Sixth NPC, Premier Zhao Ziyang said that we must vigorously develop many effective ways of separating the ownership and management of enterprises, and gradually develop a socialist path of enterprise management and operation which conforms to the principle of having ownership as the main form of ownership, which enables enterprises to enjoy ample vigor and vitality, and which has Chinese characteristics. In view of this situation, it is very important to study the Marxist theory of socialist ownership, and in particular, the development of this theory in practice.

Prior to the triumph of the proletarian socialist revolution, Marx and Engels put forth some tentative ideas on socialist ownership. The basic idea is: "The direct possession of all the means of production--land, railroads, mines, machinery, and so on--by society as a whole, and the common use of these things by all for the benefit of all." ("Selected Works of Marx and Engels," Vol 4, p 258) This is what we usually call ownership by society. However, they held that ownership by society could not be instituted immediately after the proletarian seized state power, but instead, "the means of production must be turned into state property in the first place." ("Selected Works of Marx and Engels," Vol 3, p 320) This means the institution of socialist state ownership, a form which must necessarily appear during the transition from capitalist ownership to ownership by society. In reviewing the experience of the Paris Commune, they also put forth some tentative ideas on the economic management system under state ownership; for example, various enterprises under state ownership should be "combines" based on the alliance of workers, and on a nationwide scale these individual enterprises "in the form of combines should be integrated into a large coalition." ("Selected Works of Marx and Engels," Vol 2, p 333); moreover, the relationship between the enterprises and the state amounts to a relationship between combines and the coalition of combines. The enterprises may undertake "cooperative production," that is, they may use the state-owned means of production, carry out independent

operation under state leadership, and have their own specific interests, but the state should "retain its ownership of the means of production" and the enterprises' specific interests must not "overshadow society's overall interests." ("Collected Works of Marx and Engels," Vol 36, pp 416-417) They also held that "in any case the possession of all the tools of labor by workers should not preclude the retaining of renting and letting." ("Selected Works of Marx and Engels," Vol 2, p 545)

After the triumph of the Russian October Socialist Revolution, Lenin and Stalin undertook the actual establishment of socialist ownership. Proceeding from the situation of their times, they relatively strongly emphasized centralization in socialist ownership. Lenin said: "Directly or indirectly legalizing the exercise of ownership by workers of individual factories or industries over their own production sectors, like giving them through legislation the right to undermine or obstruct the implementation of national administrative decrees, amount to a terrific distortion of the basic principles governing the Soviet regime and an utter renouncement of socialism." ("Manuscripts of Lenin," Vol 3, p 79) Although this idea later underwent modification, its influence has been very far-reaching. Stalin basically carried on this idea and established the Soviet type of economic management system characterized mainly by a high degree of centralization and management by administrative authorities. For many years this system has been the traditional model for many socialist countries. Of course, Stalin's theory and practical implementation of socialist ownership embodied some new ideas different from those of Marx, Engels, and Lenin. For example, he clearly put forth the viewpoint that there are two forms of socialist public ownership: state ownership and collective ownership, but the latter is a lower form compared with the former. This viewpoint has prevailed for many years as a traditional viewpoint.

In the 1950's some socialist countries, with Yugoslavia taking the lead, put forth new theories of socialist ownership and launched economic system reforms. China's economic system reform has led to new breakthroughs in socialist ownership theory. Briefly speaking, there are several new viewpoints:

First, new knowledge has been gained about the stages of development of socialist society and its characteristics in terms of ownership.

According to a viewpoint which prevailed in China for many years, socialist society can no longer be divided into different stages and it is characterized by a single mode of public ownership; and although public ownership includes both ownership by the whole people and collective ownership, the former is superior to the latter, larger collectives are superior to smaller ones, and the higher the degree of development of public ownership and the wider its scope, the better; and moreover, in order to successfully build socialism, it is necessary to effect a continuous transition toward larger scale and more advanced public ownership. This viewpoint obviously turns tentative Marxist ideas on socialist ownership into a dogma.

Marx and Engels' tentative idea of a social society with a single mode of ownership is based on the premise that the productive forces are highly developed, and in particular, various national economic sectors are highly socialized. However, socialist revolution first scored triumph in Russia where capitalism was not well developed and the small-scale peasant economy predominated. Lenin held that an economically backward country like Russia would take a much longer time than developed capitalist countries to achieve the transition from capitalism to socialism, during which the economic structure would be characterized by the coexistence of many different economic sectors. He also specifically analyzed the five economic sectors existing shortly after the triumph of the Russian October Revolution and the historical tasks for the transitional period. He said: "Under the condition that the means of production are under public ownership and the proletariat has won class victory over the bourgeoisie, the system of civilized cooperative workers will be tantamount to the socialist system." ("Selected Works of Lenin," Vol 4, p 684) However, his early death prevented him from further expounding the question of ownership structure in socialist society subsequent to the transition period. In 1936, Stalin announced that the Soviet Union had accomplished reform of the ownership of the means of production and entered the stage of socialist society. He held that the ownership structure in socialist society consists of ownership by the whole people and collective ownership only, and other forms of ownership are incompatible with socialist society.

Various socialist countries' practice has shown that owing to differences in various countries' national conditions, there should be more than one model governing socialist society's development and ownership characteristics. A country should establish an ownership structure compatible with its own national conditions. Judging from the experience of China and other countries, when an economically backward nation has won triumph in socialist revolution, not only must it undergo a transitional period marked by the coexistence of many different economic sectors, but it must also undergo a stage of less developed socialism, that is, the initial stage of socialism, before it can become the developed socialist society envisioned by Marx and Engels. In the initial stage of socialism, the level of development of the productive forces is relatively low, and the productive force pattern is characterized by the existence of many levels and imbalance, with vast differences existing between various national economic sectors, between various localities, and within each sector. In China, both large-scale and small-scale production, both modern production equipment and crude primitive tools, and both capital-intensive and labor-intensive industries coexist at all levels. This existence of many levels and imbalance in the productive force pattern, coupled with the constraint of various other social factors, necessarily calls for a corresponding ownership structure with many different economic forms. This follows from the objective law that production relations must be compatible with the nature of the productive forces. This new knowledge about the initial stage of socialist society and the characteristics of its ownership system undoubtedly represents a new development of the Marxist theory of socialism.

Second, diversification in socialist society's ownership structure differs from the coexistence of many different economic sectors in the transitional period. It implies a new structure with socialist public ownership as the main body and other economic sectors as complements.

The "Decision of the CPC Central Committee on Restructuring Economic Systems" states: "It is our long-term policy to adhere to the joint development of many different forms of economy and modes of operation. This is necessary for the advance of socialism and definitely does not imply returning to the new-democratic economy of the initial period after the founding of the PRC, when socialist public ownership had not yet gained absolute predominance in urban and rural areas. It will never shake China's socialist economic system and will only promote its consolidation and development."

While China's ownership structure reform is in progress, six forms of ownership can be identified, namely, state ownership, collective ownership, joint ownership, individual ownership, state capitalist ownership, and private capitalist ownership. The rational combination of these six forms of ownership is an important matter in China's current ownership structure readjustment.

Whether state ownership should occupy the leading position in the socialist ownership structure is a controversial issue both at home and abroad. I think that in the stage of socialism, it is necessary for ownership by the whole people to take the form of state ownership, because a management center is necessary for economic activities under ownership by the whole people, the state can organize socioeconomic activities in the interests of the whole people, management under socialism still entails a certain extent of coercion, socialist relations of material interests must be regulated by the state, and the collective and other economies also need state guidance in developing in the socialist orientation. That is, because of the questions of management center, society's representative body, political coercion, regulation of interests, and adherence to a set orientation, state ownership and its leading role in the national economy must be adhered to. Marx said: "In every form of society there is a particular kind of production which dominates the role and effects of other kinds of production, so that its relations also dominate the role and effects of all other relations. It is a universally illuminating light which renders all other shades invisible and alters their characteristics." ("Selected Works of Marx and Engels," Vol 2, p 109) China's economic sector under state ownership is the light which illuminates the entire national economy. Its leading role in the national economy should be firm.

However, adhering to the leading role of state ownership does not imply that all sectors and industries in the national economy must be under state ownership. The irrationality in China's past ownership structure was essentially reflected in the overly wide scope of state ownership. A major aspect of our ownership structure readjustment is that we must appropriately reduce the scope of state ownership, vigorously develop collective ownership and explore other new forms of ownership, persist in simultaneously developing many different forms of economy, and practice the guiding principle of

simultaneous development of the state, the collective, and the individual. Considering China's realities, aside from various forms of ownership which have been in existence, like state ownership, collective ownership, individual ownership, state capitalist ownership, and private capitalist ownership, there is also a new form of ownership, namely, joint ownership, represented by new transownership system, transregional, and transdepartmental enterprise-combines and enterprise-groups formed by breaking through original lines of demarcation between ownership systems, between localities, and between departments. They must necessarily arise in developing the planned commodity economy and reinforcing lateral links between enterprises. The combines can accommodate various existing forms of ownership, make them merge into and permeate one another to generate a new set of production relations, and hence show enormous vitality and superiority in promoting the rational combination of productive forces, the rationalization of enterprise organization, and the improvement of economic results. Therefore, they have broad prospects of development and may probably gradually become a new form of socialist public ownership. The classical Marxist writers' tentative idea of the socialist economy being a combined economy will develop into this concrete form of economy in socialist practice. The overall line of development of China's ownership structure reform should be guided by the goal of creating a new form of socialist public ownership and should not be the reversion to those ownership forms which existed in the past. Socialist society's ownership structure should be marked by the coexistence of many different forms of ownership with public ownership of the means of production as the main body.

Third, considering the internal structure of socialist public ownership, the model of "larger size and a higher degree of public ownership," which is marked by a high degree of centralization, has been broken through, and many different forms of existence marked by the appropriate separation of ownership and management have appeared.

The so-called internal structure of an ownership system means the interrelationships between several elements of the ownership system: ownership, possession, control, and use. The classical Marxist writers did discuss this question. Over many years, however, people have simplistically interpreted this as a matter of belonging at the expense of analyzing the internal interrelationships. As an economic category, ownership of the means of production actually refers to the system of relations between people and the means of production in production, which include economic relations like people's ownership, possession, control, and use of the means of production. Ownership is the primary factor, but not the totality, of ownership relations. The possession, control, and use of the means of production also have relatively independent economic significance. What is usually called rights of operation and management specifically reflect relations of possession, control, and use. In economic reality, possession, control, and use can either be combined with the owners to form a main body or be separated from them. An ownership system of a given nature can exist in different forms owing to separation of relations of ownership, possession, control, and use, or differences in their combination. Therefore, the "Decision of the CPC Central Committee on Restructuring Economic Systems" states: "According to

Marxist theory and socialist practice, ownership and management can be appropriately separated."

Reform of the internal structure of China's public ownership system began with the reform of rural collective ownership. Institution of the household contractual system whereby responsibility is linked to output has caused major changes in the internal relations of the rural collective economy. Considering relations of the ownership system, with the introduction of household contracts, collective organizations continue to retain ownership of collective land, but the rights of possession, control, and use, that is, operational rights, have been transferred to the peasant households. Thus ownership and management have been separated. Considering the mode of operation, the completely centralized operation of the past has given way to operation marked by integration of centralization with decentralization. These changes show that new combinations embodying separation have appeared in the internal structure of rural collective ownership. They represent new forms of existence of collective ownership. They have greatly promoted rural economic development and opened up a new path of agricultural development in China.

The experience of rural reform teaches us that in reforming the internal structure of state ownership, we should correctly handle the question of appropriately separating ownership and management. Currently, an important job is to vigorously examine various effective methods of separating ownership and management and perfect the mechanism of enterprise operation. Four tentative categories of enterprise operation are proposed below: First, special enterprises which are important to the lifeblood of our national economy, like those belonging to the rail transport, banking, postal and telecommunications, and space navigation sectors, should be put under the mode of state monopoly with all four categories of rights fully integrated. This means that the state should centrally possess the rights of ownership, possession, control, and use, exercise direct management, formulate directive plans, and centrally assume full responsibility for profits and losses. Of course, this does not preclude certain grass-roots units from undertaking various categories of experimentation in operation and management. Second, large key enterprises belonging to important economic sectors like iron and steel, coal, oil, and so on should be put under the mode of vertical division of rights, whereby both the state and the enterprises exercise ownership, possession, control, and use rights to various extents. The state manages these enterprises mainly through directive planning, with guidance planning as a supplement. Direct management is integrated with indirect management. The state and the enterprises jointly assume responsibility for profits and losses. Third, the majority of large and medium-sized enterprises should be put under the mode of horizontal division of rights. The state possesses the ownership right only, and assigns possession, control, and use rights to the enterprises. We usually call this state ownership with enterprises taking charge of operation. The state indirectly manages these enterprises through guidance plans. The enterprises operate under many different forms of systems of responsibility for operation, enjoy decisionmaking powers over operation, and assume full responsibility for profits and losses. Fourth, in the case of the vast numbers of small enterprises, particularly small

commercial and service trade enterprises, some should be operated under leases or contracts, and some should follow the mode of transformation of the four categories of rights; that is, they must be gradually converted into constituents of the collective economy or the individual economy, either directly or through certain forms of transition. The four modes mentioned above amount to adopting various forms and systems of separation and combination in the light of the theory of the internal structure of systems and the role and functions of enterprises in the national economy, so that state ownership will take a number of different forms. Thus, the traditional view that there can only be a single mode of state ownership will be broken through and state ownership can be continuously perfected and developed. Of course, other paths of reform of state ownership may also be explored, like instituting the shareholding system in medium-sized and small enterprises, and so on.

To sum up, socialist society's ownership structure has developed beyond the classical writers' tentative ideas in the orientation of diversification, variety, and creation of many different forms. That is, with the diversification of the social structure of ownership, many different forms of ownership are allowed to coexist under the precondition that socialist public ownership is the main body; increasing the variety of forms of public ownership gives rise to state ownership, collective ownership, joint ownership, and so on; and within every system of public ownership, many different forms of operation can be created, which embody various forms of separation and combination of ownership and management. This practice in the reform of ownership structure will greatly develop the Marxist theory of ownership. This is the important task facing us.

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WHAT ARE SHARES AND BONDS?

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 pp 45-46

[Article by Wu Xianling [0702 2556 7227]]

[Text] Shares and bonds are both negotiable securities. They are important instruments for financial transaction in the financial market.

Shares are negotiable securities and are issued by stock companies to raise funds (capital). They are proof of the holder's investment in the company or corporation and with them the holder can receive income in the form of dividend or interest from the corporation. The kinds of shares frequently seen are preferred shares and ordinary shares. Preferred shares are entitled to priority in the distribution of the corporation's profits at a fixed dividend rate. If the corporation is bankrupt and in liquidation, the holders enjoy a priority right in the demand for the corporation's residual properties. However, holders of preferred shares have no decisionmaking power in the corporation's operation policies. Ordinary shares enjoy the distribution of the corporation's benefits subsequent to priority distribution to the preferred shares, but their holders have the right to participate in the decision of the corporation's operation policies. If the corporation is bankrupt and in liquidation, they have the right to demand for distribution the residual properties of the corporation. They also have the subscription right to new shares if the corporation issues new shares. Under ordinary conditions, the risks borne by holders of ordinary shares are higher than holders of preferred shares. Generally speaking, shares cannot have the capital sums refunded but the holders may sell their shares and thus recover their investment. The market for shares, that is the share prices, is determined by the corporation's profit making conditions and the market interest rate. The computation formula is: share price equals share dividend/interest rate. Share price and share dividend are in direct ratio whereas share price and interest rate are in inverse ratio.

Bonds are a kind of negotiable securities which yield fixed earnings and on which principal repayment and interest payment are made at regular intervals. In accordance with the principal body issuing them, bonds are divided into government bonds and corporation bonds. The former are issued by the state, the local government, and government organs. The latter are issued by civilian corporations. Bonds are either secured or unsecured and accordingly

are divided into secured bonds and credit bonds. According to their payment methods, they may be divided into bonds with principal repayment in one lump sum, bonds with principal repayment in separate periods or installments, and bonds with principal repayment at notice (that is, prior to the bonds' maturity date, principal repayment may be made in advance with the holders being so notified). In accordance with the issuance forms, bonds may be registered bonds, nonregistered bonds, transferable bonds, and interest coupon bonds. Transferable bonds are those that may be transferred into shares. Interest coupon bonds are bonds the holders of which may use the coupons to draw the bond interest. In general, bonds can circulate and be transferred, the prices being determined by the bond interest rate and the market interest rate. If the bond interest rate remains fixed, the buying and selling prices of bonds are determined by the market interest rate for loans. Thus, bond prices = bond interest rate/market interest rate.

Shares and bonds are instruments by which enterprises raise funds, but between them there is fixed disparity: Viewed from those raising funds, shares can enable them to raise a large amount of funds within a short period of time. This thus helps in the forming and organizing of large enterprises and enables the enterprises to have a stable source of funds for their operations, but the over-issuance of shares may affect the amount of the share dividend and may result in the dispersal of the enterprise's decisionmaking power in operation. Hence, after an enterprise has raised or pooled a fixed amount of capital funds, it must issue bonds to satisfy the demand for more funds. Bonds require principal repayment and interest payment; hence in general, corporation bonds are all long-term bonds. So far as the investor is concerned, shares can yield him relatively large income and benefits and provide him with the right of participation in the enterprise's decisionmaking but shareholders must bear the investment risks; earnings from bonds may not be as high as those from shares and the holders do not have the right to take part in the operations, but principal repayment and interest payment are guaranteed and hence the holders enjoy a sense of security. People raising funds and investors will thus proceed from different starting points in their selection of either shares or bonds.

Shares and bonds are generated and developed on the basis of the commodity economy and socialized production. Under different social systems, shares and bonds have different sources of funds, provide different methods in the distribution of profits, and the economic relations they manifest are different from each other in nature, but the role they play is basically similar in the following respects: Serving as important forms of financial transactions on the financial market, accumulation of idle funds of society, transforming a portion of consumption funds into production and construction funds, strengthening the lateral relations between enterprises, enabling the investors to improve their utilization benefits of funds, and so forth. In recent years, following the intensification of the reform, opening to the outside, and invigoration, certain provinces, municipalities, and regions in our country have formed and opened up financial markets, and carried out piloting work in the issuance and flotation of shares and bonds. By so doing, they have played a definite promotional role in invigorating the economy and improving the economic benefits of the whole society.

By raising funds through flotation of shares and bonds, the enterprises help in rectifying and changing the method of principally relying on administrative measures to decide on the direction and structure of the investment; this facilitates the improvement of the economic benefits of the investment. When an enterprise solicits subscriptions from society to their flotation of shares and bonds, the buyers at large make a comprehensive study of such factors as the enterprise's reputation, its production and operation conditions, development prospects, and market condition of the shares. Enterprises which have fared poorly in operation or have no prospects for making profits will find it difficult to raise funds from the market. This ensures the flow of funds to departments and enterprises which yield high economic benefits and is beneficial to the employment of economic measures to readjust the industrial structure and the enterprises' production scale. In stock enterprises, the ownership right and the operation right are separated. The board of directors decides on the appointment of the manager and on such important affairs as profit distribution and is the highest decisionmaking body of the enterprise. Following their appointment, the management personnel exercise full autonomous power in the enterprise's operations. The shareholders can only restrict the manager's acts through the board of directors and the stock market movements. The social status of the managing personnel is determined by the good or poor performance of the enterprise and the share market duly reflects society's objective evaluation of the enterprise's production and operation. This compels the entrepreneurs to devote their utmost efforts to the use of advanced scientific technology and management methods to improve the operation conditions. This kind of relations reflecting the separation and reciprocal restraint between the ownership right and the operation right helps in persuading the enterprise to decide on the direction, scale, and structure of the investments in accordance with society's demands, and thus improves its economic benefits.

Floating of government bonds and special debentures constitutes an important form of the state making use of economic measures to raise and accumulate funds. Since the reform of the economic structure, the pattern of the primary distribution and secondary distribution of the national income have undergone changes. The funds distributed to the local governments, enterprises, and individuals have relatively increased whereas funds available for direct disposal by the central government have relatively been reduced but the expenditures borne by central finance have not been reduced on a similar scale. In particular, certain investments on basic facilities and basic industries related to the direction of the development of the national economy must still be borne by central finance. These are the important causes for the difficulties of the central finance in making ends meet. Resort to compensating the deficits of central finance by means of increased taxation, additional levying of funds for special projects, and non-compensatory levies and collection of funds will hamper the enthusiasm of the localities and the enterprises. But raising and assembling funds through flotation of government bonds and special debentures can, on the one hand, meet the needs for funds on the part of central finance and effect no change in the ownership right of the funds and, on the other hand, attend to the economic interests of the localities and the enterprises. In order to carry out the flotation of bonds smoothly, it is also necessary to allow the bonds

to freely circulate and be transferable and also to gradually open up the stock market. The central bank's buying and selling of government bonds in the security market can affect the volume of money supply and demand and thereby achieve the purpose of easing or tightening the money market. This is the usually so-called open market business. It is an important measure with which the central bank administers its monetary policy and is beneficial to displaying and perfecting the central bank's functions of macroeconomic control.

Shares and bonds are both credit forms of society. Society's scale of credit is under the restriction of the scale of the economy. At the moment, it is necessary, under the state's strict supervision and control, and among a small number of collectively owned enterprises, to float shares and stocks and carry out some piloting work; as for the flotation of bonds, the state should formulate and promulgate highly effective control measures. This volume of the flotation of bonds by governments of the various localities must be strictly controlled within the central bank's targets and should not be extended at will. For its part, the central bank should devote its efforts to perform well the task of balancing society's credit scale.

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COMMENTS ON A MODE OF THINKING

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 p 47

[Article by Jiang Xia [3068 7209]]

[Text] Equating Chinese history and culture with feudalism, and then extending feudalism without limits from the past to the present and to the various aspects of real life, and even claiming that Marxism and socialism have been feudalized in China has been a very popular view for some time. But many people find it incredible. Is it possible that history passed without leaving anything constructive? Are we still living in a feudal society? What on earth is the matter?

If we cut the matter short and draw a quick conclusion, we can only say that this is simply a fantasy, which is plausible largely because it is supported by a very special mode of thinking.

For instance, when you say that revolutionaries and Communist Party members should put people's interests in the first place and overcome their selfish ideas and personal considerations, you will immediately be responded by such a mode of thinking: This is truly "upholding heavenly principles and doing away with selfish desires." Do you advocate the unity of ideas, concerted efforts, and centralism? Your advocacy is then haunted by the feudalistic spirit of "grand unification." Do you criticize people for "doing everything for the sake of money"? Your criticism is then haunted by the Confucian spirit that opposes the principles for material benefits and that "respects righteousness and despises profits." It is said that the viewpoint supporting the need to "listen to the cries of the masses" is also related to the so-called "showing concern for the people's feelings," and thus it has a feudalistic hue. All this is really profound.

Where does the subtlety lie? If we go into close scrutiny and take time to think about the matter, we will know its subtlety is none other than this: Either interpret the inheritance of certain expressions and languages of certain nationalities as the expression and continuation of feudalism; or play analogy, go all out to exaggerate superficial similarities and say they are essentially the same, disregarding the general historical background, and ignoring what is of decisive significance. Other tricks include giving strained interpretations, stretching meanings, making groundless accusations, and affixing feudal labels recklessly, and nothing else.

In order to be concise and succinct, we may discuss the matter in this way.

In the song "Red Detachment of Women" there are two lines which read: "We had Hua Mulan in the past, and we have women soldiers at present." If people take these two lines as evidence and speak plausibly and at length that Hua Mulan's joining the Army on behalf of her father was an indication of feudal filial piety, women soldiers will be feudal in nature too as women soldiers are like Hua Mulan. What will be your feelings then? I am afraid any normal person will find the above reasoning strange and unusual. Yet, it does represent the kind of thinking that had been very popular in the ideological trend in the past.

In the story of Hua Mulan, protagonist Hua Mulan joined the Army on behalf of her father and we cannot say that there is no trace of feudal filial piety at all in this plot. But what touches our heart and the very basic thing in it are the courage and resourcefulness of Hua Mulan and her heroic spirit of "loving battle array and not silks and satins." The focus of these two lines of the song lies in the metaphor. Metaphor is designed to link different people and matters together by putting similarities of certain phenomena side by side, and it is employed in compliance with rhetorical techniques. But the use of metaphor does not imply that people and matters under comparison equate with each other. As far as judgment on the nature of matters is concerned, as in the case of judging the nature of women soldiers, neither metaphor nor analogy can be employed. Those who saw the drama or movie "Red Detachment of Women" will not agree with such strange views for they know the content of the revolutionary struggles of the women soldiers.

Logic tells us that even if analogical deduction is employed properly to seek "identity" from matters of "similar" nature, it does not imply that these matters are "identical" to each other. Such type of analogy embodies elements of probability and may be inspiring. But it cannot be taken to replace the actual investigation and detailed analysis of a matter. If detailed analysis is not conducted with reference to the actual condition and the analogy is merely based on the similarities existing in the format of various matters, confusion in the nature of matters which are basically different will be caused in most cases since conclusion is drawn upon superficial and simple analogy. In social history, this method is known as "superhistory" or "putting questions beyond concrete historical links." It is, therefore, very distant from science.

In contemporary China, there are certainly some remaining influences of feudalism. Some of these remains are in fact dregs of the feudal society, some are old elements appearing in new form, some are ideological inheritance, and some are outmoded customs. We have to understand and know what these harmful things are exactly and fight against them. However, no matter what happens, we must not forget the fact that we have already built up a socialist system. This is a basic point which we cannot ignore if we are to look into and observe clearly the various conditions of feudalism in our society. In August 1980, Comrade Deng Xiaoping put forward the proposal: "To continue to eliminate the surviving feudal influence in the ideological and political

fields." He clearly pinpointed that: "In accomplishing this task, we must adopt the scientific approach of seeking truth from facts"; "we must draw a clear line of demarcation between socialism and feudalism and never allow anyone to oppose socialism under the pretext of opposing feudalism"; and "it is also absolutely wrong to think that in trying to eliminate surviving feudal influences we may spread capitalist ideology"; etc. When I read this important speech again today, I find it especially touching. It enlightens me and gives me confidence and strength.

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A FASCINATING RURAL TRILOGY--WATCHING TELEPLAYS 'SPRING SILKWORMS,' 'AUTUMN HARVEST,' AND 'THE LAST DAYS OF WINTER'

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 p 48

[Article by Tang Zhi [0781 2304]]

[Text] Zhejiang Television Station recently put Mao Dun's rural trilogy "Spring Silkworms," "Autumn Harvest," and "The Last Days of Winter" on the screen as an artistic integral whole. These teleplays described the misery and state of mind of those peasants struggling hard at the lower social stratum in the thirties in face of oppression and exploitation, and presented every minute detail to the audience. Though I read the original many years ago, I was still greatly shaken and touched by the work when I watched the teleplays adapted from it. In the thirties, under the pressure of domestic trouble and foreign invasion, the rural economy was bankrupt and peasants did not have enough to eat or wear, no matter how hard they struggled against wretched circumstances. The tragic conditions of the peasants were honestly and profoundly portrayed by this master of literature, through the application of a high degree of realism. Even if there have since been earthshaking changes in history, the strenuous life and tragic fate of the peasants in those years are still heartbreaking to us today. It helps us to recall the past, and compare it with the present, further understanding the paths and stages of history. I think this explains why realistic art is so vital.

In the trilogy, Old Tongbao, the protagonist, can be regarded as a typical figure among the peasants in Jiangnan in the thirties. He is diligent, steadfast, and persevering, and satisfied with what he has. But he is conservative, superstitious, and so stubborn that he seems to be benighted. He believes that he can have enough to eat and wear if he pays for them with diligence and sweat, and honors and respects gods and spirits. He dares not have any extravagant hope; what he desires is only petty and small. He hopes to maintain his livelihood, but the corrupt rule and the economic decline are like a grim, iron hammer crushing his fascinating and colored hopes, one by one. When there is a good harvest, the wrinkled and weather-worn face of Old Tongbao carries the trace of a relieved smile. But, he suffers blows eventually. Old Tongbao cannot reason why it is so unfair and unjust for him that a good harvest could turn out to be a disaster. His conflict with Little Son Duo Duo Tou is, in fact, one arising from two different attitudes

to life. It also reflects the contrast of two different states of mind. He behaves himself, knows his place, and is willing to be governed by fate. But, in the purgatory of reality, he is no longer willing to be ordered about, but stands up to fight and struggle. Contrary to Old Tongbao's small peasant conservatism and procrastinating attitude of being self-satisfied, Duo Duo Tou is not satisfied with what he has; he is rebellious and goes against the teaching of his ancestors. Though he strictly follows the way set for him, he still falls into the state of desperation and utter disappointment. What Duo Duo Tou and his companions manage to get hold of, through resistance and struggle, is a path to livelihood. In the midst of poverty and sickness, and when life is failing him, Old Tongbao realizes that, in a world of suffering and hunger, Duo Duo Tou's road is correct. Duo Duo Tou's resistance is self-initiated. But the self-initiated resistance of the rural areas in the thirties was fraught with a more severe, revolutionary storm--"the rising wind forboded the coming storm." It was under such a background that the strong organization and leadership directed the revolutionary struggle of the peasants from self-initiation to self-consciousness. The revolutionary struggle was like a tempestuous mountain torrent, surging forward and affected the whole countryside. The rural trilogy of Mr Mao Dun vividly portrays the natural conditions of history, through deep historical insight and artistic generalization. It also embodies high ideological value and considerable significance in understanding to this time.

Zhejiang Television Station and the director of the teleplays deserve our great applause for adopting a very serious and earnest attitude in adapting this great literary work. In fact, this is a very difficult task. They have to preserve the spirit of the original, avoid spoiling its essence, and explore and explain in great depth from the point of view of contemporary consciousness, so that the audience can understand it further and in greater perspective. This explains why the task is not easy. We are also happy to see that the teleplays achieve great success in various respects, adaptation, direction, acting, and shooting. The plays are loaded with an oppressive atmosphere, and the performance of the actors is fine and implicit. The content and connotation of these works is presented honestly and clearly. With a mind for constant improvement, both the adaptor and director have been extremely responsible; they have adopted a serious attitude in conducting an in-depth study of the work. Having mastered a good grasp of the basic spirit of the original, they have adapted the story in such a way as to fit into the form of teleplays and explored, stressed, and developed the original boldly. The typical figure of Old Tongbao runs through the trilogy. The personality and psychological outlook of this steadfast and persevering, but stubborn and foolish, peasant are enriched, made more complicated and intact. His misfortune, and the rugged road to faint consciousness, are inspiring to us in our profound understanding and comprehension of the psychological dregs of traditional culture.

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INTERESTING, POPULAR, AND INSTRUCTIVE--RECOMMENDING 'GETTING ALONG WITH PEOPLE AND CONDUCTING ONESELF IN SOCIETY'

Beijing HONGQI [RED FLAG] in Chinese No 9, 1 May 87 inside back cover

[Book review by Li Xin [2621 2946]]

[Text] Comrade Li Gengchen's essay collection "Getting Along With People and Conducting Oneself in Society" is a good experimental work that describes and portrays human relationships from the Marxist point of view. The book is simple in language but subtle in meaning. It is plain in style but rich in content. It is interesting, popular, and instructive as well. No matter if the reader is a youth, adult, or aged person, he will be considerably enlightened by it.

In the resolution related to the guiding policy for building socialist spiritual civilization, the party Central Committee put forward the idea that improvement of the entire people's quality was a necessary requisite for the success of our nation's socialist modernization. If efforts to improve human quality are made in the light of socialism, labor productivity of society will be greatly raised, a new type of human relationship can be further developed, and the outlook of society can be altered profoundly. The manifestation of human quality in society is both concrete and historical and is therefore ever-changing. Its change is basically determined by the ever-changing social relations of mankind. Human quality cannot be discussed on its own without reference to human relationship and social practice. In the light of our nation's present condition, if human quality is to be improved and raised, building of both socialist spiritual civilization and material civilization must be carried forward in order to bring about the development of a new type of human relationship. While socialist construction is in the historical process of reform and exploration, the practical conditions in various respects are very complicated whereas such social scopes as relations among people are far more complicated. The book "Getting Along With People and Conducting Oneself in Society" meets such needs as extensive and useful investigations are recorded in it. Eighty questions that arise from social contracts and relations were selected by the writer. Taking related matters and views from both ancient and modern history and from both the Chinese and foreign press as examples, the writer chooses to use the essay, a form that is widely welcomed by readers, as his form of writing and explains with both reason and emotion the way of getting along with people

and conducting oneself in society with reference to the practical condition of our society. This is in fact a rather difficult project.

The "360 industries" of socialism are industries established to serve people. The new type of human relationship is in fact a relationship that leads people to serve each other. Contemporary essays are compiled to serve the 360 industries; they are tools for implementing the ideological and political work in face of the new situation and tasks. In my opinion, the compilation of essays and related activities should be conducted for the sake of smoothing relations, easing conflicts, supporting righteousness and driving away evils, and healing and rescuing people's lives. All this contributes to reconstructing both society and the world. The book "Getting Along With People and Conducting Oneself in Society" is in fact the fruit that grows out of the diligent plowing and weeding of the writer. It smoothens relations between people in socialist society and promotes reforms. Having read through the whole book, I cannot help admiring the writer's extensive and profound knowledge. In the first 10 chapters of the book, there are 135 quotations cited from human affairs, people's sayings, and their behavior while in the first 20 chapters are 115 quotations cited from our nation's ancient works. This helps to enrich the readers' knowledge of history and culture. The upgrading of cultural quality forms the foundation for upgrading mental quality; its effect on the proper handling of human relationships in our society is not to be overlooked. This book is plain and simple in style, popular in content, and easy to understand. There are some paragraphs that do not look like written works but are meant to be spoken out. In writing essays to review ideologies and politics, the writer applies some commentary techniques by using the form of story-telling. He talks volubly and discusses freely ancient and modern topics. He freely cites examples and does not mind taking trouble explaining and elaborating a certain principle. When you read the book, you may feel as if you are chatting leisurely with friends near the fireplace. Some people say that the works of the writer are not strong enough in essay flavor, but I do not think that is a definite weakness. Essay is a form of writing which is "varied" in style and is still in the course of development. As to the question: "What is the flavor of an essay?" that is a matter subject to individual judgment and interpretation. The needs of society are general and wide. The style adopted for it should be so varied as if we had hundreds of flowers vying for beauty with one another. "Taste is strictly a matter of personal feeling, and why should what tastes good be necessarily chili!" Thus, it can be seen that Comrade Li Gengchen's works have their own style and characteristics.

As a matter of fact, though this book is good in certain respects, it still has some significant weaknesses. Its weaknesses lie in the large number of quotations which sometimes cause lack of clarity. The writer tries his utmost to integrate examples and events of different times, societies, and countries together, to make the past serve the present, and to make foreign things serve China so that comments on certain modern social ideologies can be made and order restored. His motive is not to be doubted. However, if analysis, criticism or absorption is not conducted properly with adequate selection and repudiation, absurd problems will inevitably arise.

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