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# **JPRS Report**

# **China**

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No 18, 16 September 1987

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# China RED FLAG

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**RED FLAG**

No 18, 16 September 1987

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

**Offer the People the Flower of Art That Reflects the Style and Features of the Times—Greeting the First China Arts Festival**

*HK021135 Beijing HONGQI [RED FLAG] in Chinese No 18, 16 Sep 87 p 2*

[“Forum”]

[Text] A major event in our country’s cultural life awaited fervently by the people—the First China Arts Festival—has opened in Beijing.

Since the 3d Plenary Session of the 11th CPC Central Committee, the policy of reforms and opening up has brought about an encouraging picture of boom and exuberance in our cultural and artistic cause. New literary and artistic personalities are continuing to emerge, along with excellent artistic and literary works. As far as reflecting the magnificent reality of reforms and opening up, the inheriting and developing of the fine traditions and examples in our country’s art and literature, and absorbing the best in foreign art and literature are concerned, our artistic and literary workers have attained remarkable results that should exercise greater influence and effect. On the other hand, the artistic and literary workers, in the course of accepting the people’s appraisal, should sum up experiences, exchange ideas, compare notes, learn from one another’s strong points to offset one’s weaknesses, and continue to make progress. The staging of such an activity as an arts festival is of enormous significance to a review of the achievements in the artistic and literary circles, the enriching of the people’s cultural life, the upgrading of the people’s spiritual realm as well as of their aesthetic standards, expansion of our country’s cultural exchanges with the countries of the world, and promotion of the prosperity and development of the socialist artistic endeavors of the different nationalities in our country.

In accordance with the theme of “variety and color, wholesomeness and celebration, unity and progress,” the First China Arts Festival selected more than 40 different programs of different art forms, including Chinese traditional music, operas, dance dramas and dance, traditional operas, folk arts, acrobatics, shadow plays, and puppet shows. At the same time, it held art exhibitions and launched mass-participation activities in the arts, literature, and folk customs. This large-scale and comprehensive arts festival is an experiment without precedent, but owing to the fresh experiences gained from arts

festivals in various places, and more importantly, the unity and cooperation of the comrades of concerned departments, we believe that this activity will attain its expected objective.

The public applauded the choice of the First China Arts Festival to have our country’s folk music as its main feature. China’s arts festival should demonstrate the Chinese style, which the Chinese people love and delight in. We have always encouraged the borrowing and learning of the good things in foreign cultures and arts, but the purpose of borrowing is to build a new socialist art with Chinese characteristics. Along with the opening to the outside world and cultural exchanges as well as with the upgrading of the people’s level of appreciation, the public’s acceptance of foreign art forms will similarly grow. However, the general guiding ideology should always put priority on the preservation and promotion of the distinctive arts of our country. Only in this way can we hold our own special place in the world’s cultural domain, because only by emphatically exhibiting artistic and literary works with national characteristics will we be able to march successfully onto the world stage.

The key to promoting the prosperity and development of a socialist art with Chinese characteristics still lies in upholding the direction of “serving the people and socialism.” The great masses of artistic and literary workers should be geared toward reality, toward the times of reforms and opening up, and toward the fiery lives of the people. And through artistic creations, they should praise the glorious achievements of the party and the people, depict the great creativity of the people, and extol the image of the new socialist man engaged in the building of the four modernizations. It is necessary for our artistic and literary workers to understand clearly that it is their noble responsibility to play out resonantly the main melody of these times of reforms.

The arts festival has presented the people of the entire country with a beautiful and valuable gift on the eve of National Day, and we sincerely wish it complete success.

**Communist Party Members Should Be Good at Learning From the Masses (June 1943)**

*HK040627 Beijing HONGQI [RED FLAG] in Chinese No 18, 16 Sep 87 pp 3-4*

[Article by Ren Bishi [0117 1732 2514]; this is an article written by the author to mark the 22d anniversary of the founding of the CPC; first paragraph is HONGQI introduction]

[Text] Comrade Ren Bishi was a proletarian revolutionary of the older generation of the CPC. “Selected Works of Ren Bishi” compiled by the Editorial Committee on Party Literature under the CPC Central Committee will soon be published. This journal carries this article by Comrade Ren Bishi specially on this occasion for the study by our readers.

Over the past 22 years, the CPC has developed into a major political party leading the Chinese revolution, and become the core uniting the entire nation to persist in the war of resistance against Japan, a pillar of all democratic and progressive forces of the nation, and a banner for the people in striving for liberation and victory. When we are celebrating the great progress of the CPC today, we feel at the same time the great responsibility on us. It is necessary to strengthen our sense of responsibility, confidence, and creative ability. Every Communist Party member should work hard to remold, improve and temper himself to become stauncher in the rectification campaign. Only then will it be possible to take up the great revolutionary tasks and to overcome all difficulties arising in the war of resistance against Japan, to welcome the coming great victory.

To remold the way of thinking and work method of our party members so as to maintain close ties between the party and the masses in the course of the rectification campaign, I should like to propose emphatically once again the issue that Communist Party members should be good at learning from the masses. What accounts for the greatness, wisdom, and correct leadership of Comrade Mao Zedong, the leader of the CPC, lies precisely in his modesty in learning from the masses. Whether every party member will act accordingly is by no means a matter of his own free will, but a matter that concerns whether the party leadership is correct, and whether the party will be divorced from the masses or not. It is a matter that concerns whether theory will be closely integrated with practice, and whether Marxism-Leninism will become concrete and develop. It also concerns whether we are able to possess the mass concept and purity of party spirit, and whether we will genuinely learn from Comrade Mao Zedong in eliminating the remnants of our own unhealthy tendencies in our style of study, our style in the party's internal and external relations, and our style in writing.

Why do we say learning from the masses is a matter that affects the correctness of the party leadership and our ties with the masses? Because the correctness of all party policies and decisions depends on whether they conform to the interests and demands of the masses, and whether they win the support of the masses and are capable of mobilizing the masses to actively strive for their fulfillment. Only by achieving all this will these policies and decisions prove to be correct. To succeed in this, it is imperative for our leadership to constantly face the masses, to show concern for the livelihood of the masses, to be good at listening to the voices of the masses and to understand their urgent needs. Our leadership must be good at summing up the experiences of mass struggles and drawing up the lessons and the laws governing such struggles, and only on this basis should it give guidance to the masses' actions. That means, all correct opinions from the leadership must be those summed up from the masses, and then persistently carried out by the masses. Only by first learning from the masses and from concrete matters as well, will it be possible to guide mass action

with sound measures. It is in this context that Comrade Mao Zedong has continuously instructed us that to understand the actual conditions and to have a mastery of policies, it is imperative for Communist Party members to be modest in learning from the masses; only when one has "the determination to turn one's eyes downward" and "the spirit of dropping pretentious airs and willingly becoming a pupil" will it be possible to correctly understand and solve problems, and to do a good job of one's work.

The recently published "Decision on Method of Leadership" by the CPC Central Committee is precisely the embodiment of this concept of Comrade Mao Zedong in its entity, and the crystallization of his experiences in the method of leadership over the past few decades. This is a document of great historical significance, which every party member, and every cadre in particular should master through repeated study so as to correct some grave tendencies of becoming divorced from the masses in our style of leadership. For example, the plans or decisions made by some comrades are not derived from summing up the experiences in practice and struggles of the masses; policies are more often than not formulated on the basis of subjective imagination, personal impression, or books. Naturally, such policies are far-fetched empty talk. When implementing general decisions of a superior, they are not good at studying specific measures for their fulfillment based on the actual local conditions, but will resort to bureaucratic ways characterized by coercion and commandism in their implementation. When difficulties emerge in the course of implementation, they would often pin their hopes on their superior, waiting for some remedial measures from the higher-ups, while losing completely their own initiative and creativity. They fail to understand that, so long as they rely on the masses and learn from them modestly, solutions will be found to all problems. Leading cadres at all levels must learn to adopt this method of leadership of Comrade Mao Zedong.

Why do we say learning from the masses is a matter that concerns the close integration of theory with practice and the concrete expression and development of Marxism-Leninism? In dealing with philosophy, some comrades have some abstract understanding that theory is derived from practice and should give guidance to practice, but in practical work, they often fail to correctly unify the two aspects. They may have studied "Das Kapital," but fail to tell the difference between the paper currency issued in the border areas and that issued by the KMT government, and could not do a good job in practical work. Or they would think, there was no theory, nor could they learn any theory, not to mention develop Marxism-Leninism, in conjunction with the campaign of spring farming and the work of developing cooperatives. In fact, the objective of our study of "Das Kapital" and Marxist-Leninist theory is to find the approaches and experiences in them to help us solve practical problems. To avoid blind exploration and rash actions in dealing with all practical work including the spring farming

campaign and developing cooperatives, we must be good at learning from the masses and summing up their experiences in practice and struggles to draw lessons from them, as well as the laws that govern them. When we grasp these laws, our actions will change from blindness into freedom, with a clear orientation, and we will make progress grounded on a certain plan. Therefore, theory and practice are close and inseparable in our study and work. There is need for us to lead the masses in their actions every day, hence, the constant need for theoretical guidance. Such theory does not come from our imagination, but the masses. It is derived from summing up the dispersed opinions of the masses, which is then formulated into systematic ones. It changes the blind actions of the masses into conscious ones with definite objectives; this is precisely practice under theoretical guidance. This genuinely makes it possible for Marxism to be the guide for action, not a dogma, and for the universal truth of Marxism-Leninism to be integrated with the concrete practice of the Chinese revolution, and enables the concrete expression, Sinification, and fresh development of Marxism-Leninism. With Comrade Mao Zedong as its representative, the CPC has created a whole set of theories and strategies to guide the Chinese revolution with this approach over the past 22 years, and continuously added new things to Marxism-Leninism through continual revolutionary practice. We must see that all practical work involves Marxism-Leninism and all correct CPC decisions are guided by Marxist-Leninist theories. Therefore, when studying Marxist-Leninist theories, we should not confine ourselves to the original works of Marx and Lenin, but pay particular attention to Sinified Marxism-Leninism, study Comrade Mao Zedong's works and the party decisions, and lead the masses to develop Marxism-Leninism in practice.

Why do we say learning from the masses is a matter that concerns whether we possess the mass concept and purity of party spirit? Because it is neither for our personal gains nor fame that we join the revolutionary rank; our only objective is to plan for the liberation of our basic masses. To achieve this genuinely is possible only when the masses take action by themselves. Therefore, in all our work, we should start from considering the interests and experiences of the masses, and rely on their strength. It is necessary for the party to maintain close ties with the masses; in a certain sense, this means to become one with the masses. This is precisely the mass concept, which every party member is required to possess, and this is the basic criterion to measure the party spirit of every party member. It also requires every party member to place himself among the masses and to have the determination to learn from them modestly, instead of standing above them in his attitude toward the masses. There are still many of our party members and cadres who lack such a mass concept. When dealing with every matter, they invariably show the absence of the masses in their thoughts, or the existence of the masses only in vague abstracts, not in concrete struggles. They do not

seek measures through the practice of conducting investigation and study among the masses, but through their own impressions or books. They do not give a thought for whether their decisions fall in line with the needs of the masses, whether they will win the support of the masses, or whether they are capable of mobilizing the masses to consciously and actively carry them out. They fail to place themselves among the masses and to become one with the masses, but stand above them, resorting to coercion and commandism. Hence, their divorce from the masses is inevitable, the development of bureaucratism is inevitable, and failure to do a good job of their work is also inevitable. Such people have a great problem in party spirit, which should be corrected resolutely.

The most outstanding characteristic of Comrade Mao Zedong's way of thinking and work method is precisely his solid mass concept and modest attitude of learning from the masses. He has succeeded in integrating theory with practice, and study with work. He has made the concrete expression and Sinification of Marxism-Leninism possible, while helping to do away with the blindness and spontaneity in mass struggles by turning them into conscious movement. In our rectification campaign today, every party member, every cadre in particular, should work hard to master this way of thinking and work method of Comrade Mao Zedong, and to correct all shortcomings in unhealthy tendencies in our style of study, our style in the party's internal and external relations, and our style of writing, so that the whole party may become more unified and united ideologically and organizationally, and our ties with the masses may be still closer. In this way, we will be able to lead the Chinese revolution to victory.

**Persist in Seeking Truth From Facts, Quicken the Steps of Opening to the Outside World**

*HK100647 Beijing HONGQI [RED FLAG] in Chinese  
No 18, 16 Sep 87 pp 5-10*

[Article by Chen Guangyi, secretary of the Fujian Provincial CPC Committee]

[Text] In July 1979, the CPC Central Committee and State Council gave approval for Guangdong and Fujian Provinces to implement special policies and flexible measures in their activities of foreign economic relations. Since then, 8 years have passed; how are things with Fujian in opening to the outside world? This is a matter of concern to many people both at home and abroad. Today, facts have already answered this question. Fujian took big strides in economic construction between 1979 and 1986 by grasping opening up in the spirit of reform, and promoting reform by opening to the outside world. Comparing 1986 with 1979, the provincial gross industrial and agricultural output value grew by 146 percent, with an average annual growth rate of 11.9 percent; of which, gross industrial output value grew by 193 percent, with an average annual growth rate of 14.4 percent, gross agricultural output value grew by 69.7 percent, with an average annual growth rate of 6.8

percent; national income grew by 130.5 percent, with an average annual growth rate of 11.6 percent; financial revenues grew by 92 percent, with an average annual growth rate of 8.5 percent; and per capita net income of the peasants grew by 204 percent, with an average annual growth rate of 14.9 percent. The growth in those 8 years exceeded that of the previous 3 decades. In 1986, the first doubling of gross industrial and agricultural output value was realized. Practice has fully shown, the line since the 3d Plenary Session of the 11th CPC Central Committee is completely correct; such an excellent situation in Fujian would be impossible without reform and opening to the outside world.

Comrade Deng Xiaoping said: "If there is any experience worth mentioning in our accomplishments, that will be the reaffirmation, in recent years, of seeking truth from facts, the principle advocated by Comrade Mao Zedong personally. The success of the Chinese revolution was grounded on the fact that Comrade Mao Zedong had integrated Marxism-Leninism with the realities of China and taken our own way. Today when China is engaged in construction, it is likewise necessary to integrate Marxism-Leninism with the realities of China, and to take our own way" ("Building Socialism With Chinese Characteristics," revised and enlarged edition, p 82). The proposal of the line since the 3d Plenary Session of the 11th CPC Central Committee was based on the most basic national condition that China is still in the initial stage of socialism; the line is the offspring of seeking truth from facts. The main contents of this line are precisely one center and two basic points, namely taking economic construction as the center, and adhering to the four cardinal principles and the general principle of reform and opening to the outside world. As this line continues to develop in practice, so our understanding of it continues to deepen. Over the past 8 years and more, we have continued to overcome the erroneous ideas of ossification and bourgeois liberalization by relying on the principle of seeking truth from facts, which has enabled adherence to and implementation of this line. To continue the building of socialism with Chinese characteristics from now on, we should continue to adhere to the ideological line of seeking truth from facts, to have an all-round understanding and analysis of the province's conditions, to integrate the central line, principles and policies closely with Fujian's realities, and to exert efforts in "being good at their application" and "taking a firm grasp of their implementation" by starting from the actual conditions. On the basis of conducting investigation and study in a big way, a plenary session of the Fujian Provincial CPC Committee was convened, and a "Resolution on Speeding Up the Pace in Opening and Reform, and Developing Export-Oriented Economy in a Big Way" was adopted through earnest discussion. Now we are mobilizing the cadres and masses throughout the province to exert their joint efforts to reach this target.

#### Emancipate the Mind, Strengthen the Sense of Opening

Opening to the outside world is an objective demand of a developing socialist commodity economy. In the practice of opening, outmoded concepts have continuously been pounded at, such as the frame of mind characterized by enclosure and sticking to old ways, small production mentality, egalitarianism, the patriarch mentality, and determinism; this has effectively pushed forward the development of productive forces. Every progress made over the years was realized through studying and understanding the central intentions, unifying our ideological understanding, and doing away with old concepts, while establishing new ones. We found out through investigation, the undertaking of opening to the outside world was developing fast, while the thinking of some of our comrades fell behind the ever-developing and changing situation. Consciously or unconsciously they would view the developing and changing new things with outmoded perspective and concepts. Some were rather confused in their understanding of the socialist nature of reform and opening, harbored doubts and anxieties on the party policy of making the people well off, and would not take a firm and upright stand in supporting enterprises of the "three capital sources" [foreign capital, Overseas Chinese capital, and Hong Kong and Macao capital]. Others had ideological problems; they would stick to old ruts in construction, not daring to blaze new trails. Still others were in bondage to the concept of small-scale peasant economy, satisfied with self-sufficiency, and would never seek help from others. They failed to arrange their work, production and construction based on the open pattern. Some indulged in bureaucratism to a serious degree, and there were serious departmental separatism, contradictory mandates from diverse departments, and the phenomena of arguing back and forth and dilatory style of work, as well as poor work efficiency. As a result, some matters that could have been solved were held in suspense under some pretexts simply because of some contradictions in interests and opinions, while the progress of opening was hampered. The major causes of such phenomena were "leftist" ideas and the pernicious influences of feudalism shaped over a long period of time. Those people were slow in discerning the changing world, and inert in thinking and renovating their concepts. If those problems should remain unsolved, creating a new situation would be empty words. Facing those problems squarely and solving them with a clear aim was the primary issue to settle in adhering to the principle of seeking truth from facts and stepping up the pace of opening. Proceeding from this reality, we conducted education in emancipating the mind and strengthening the sense of opening among the people provincewide, and repeatedly stressed the need to establish the following ideological concepts: First, the concept of commodity economy, organizing and guiding production and operation activities in accordance with the law governing socialist commodity economy; second, the concept of blazing new trails and competition, being brave in blazing new trails with a sharp sense of reform, and seeking survival and development in socialist competition; third,

the concepts of time and good results, focusing on the strategy of attaching importance to economic results and steady development, racing against time, seeking quality and improving standards; fourth, the concepts of enlightenment and good faith; shrewdness is important in economic activities, the more so are enlightenment and good faith; and fifth, the concept of becoming well off through hard work, bringing forward the spirit of hard struggle and self-reliance, and becoming well off through hard work and science and technology. New ideas and concepts are established only through continuously overcoming the old. In this process, we should soberly see, "leftist" ideas have already formed into a stubborn habitual force because they are ingrained, and feudalism has a long history and is deep-rooted. Therefore, we must have a clear idea that we should chiefly oppose "leftism" at present, while paying attention to guarding against rightist interference and resisting the ideological effects of bourgeois liberalization, and persist in opposing "leftism" whenever it appears, while opposing rightist tendencies whenever they emerge. Only then will it be possible to further emancipate the minds, to observe and analyze Fujian's realities with a new perspective and concepts, to draw up correct strategy for development, to do a good job in the arrangement of the opening pattern and the specific steps in fulfilling the targets of struggle, and to take our own way of development.

#### **Rationally Arrange the Open Pattern Based on the Province's Conditions**

Beyond doubt, it is a great revolution for Fujian's pattern of economic construction to be converted from a closed natural economy or semi-natural economy to an export-oriented economy open to the outside world. In carrying out this revolution, we should see, on the one hand, Fujian is a province economically underdeveloped. If it is acknowledged that the productive forces left over from old China were very backward, the productive forces of Fujian were all the more backward. For various reasons, after the founding of the PRC, the development of economic construction in Fujian was at a snail's pace. The population of the province accounted for 2.5 percent of China's population, but its investment in capital construction accounted for only about 1.4 percent of that of the whole country. Both the infrastructure and basic industry were very weak; agricultural production and the level of science and technology failed to meet the needs of modernization, and the development of both coastal and mountainous areas was unbalanced. On the other hand, we should also see, Fujian is situated in the coastal subtropical zone, and abounds in natural resources in its mountains and seas. Fujian has a great number of Overseas Chinese, who are well-informed, while the central authorities have allowed it special policies and flexible measures. Starting from such realities, we have persisted in making the best use of the advantages and bypassing the disadvantages, using our strong points as mutual supplements; thus a pattern of opening to the outside world with one target and four levels has gradually taken shape. The one target aims at stepping up the

pace of opening and reform, developing export-oriented economy in a big way, and promoting the progress of the entire national economy in a down-to-earth way. The four tiers are: the Xiamen Special Economic Zone [SEZ]; the open city of Fuzhou and the Mawei economic and technological development zone; the southern Fujian delta economic open zone formed by Xiamen, Zhangzhou and Zhuanzhou; and the mountainous areas in the hinterland. In the layout of economic development, the coastal areas play the vanguard role. It is necessary to give play to their role of a "display window." They should take the lead in developing export-oriented economy to bring along and to support the exploitation and development of the economy of the mountainous areas. The mountainous areas in the hinterland are the base and backup of the coastal areas. It is necessary to bring into full play their advantages in natural resources. We should make use of the function of "display window" of the coastal areas, and strengthen the combination of the mountainous with coastal areas, with an aim to open up the home and world markets through joint efforts, and to promote the development of commodity economy provincewide. Through the efforts of the Seventh 5-Year Plan and longer, the province will take bigger strides in developing export-oriented economy. The Xiamen SEZ has basically shaped into a comprehensive export-oriented special zone economy with industry as the key, while also operating tourism, shipping, building, trade and commerce and banking. It has implemented some free port policies step by step. Fuzhou, the open city, persists in grasping the transformation of the existing enterprises and changing their operational direction in its urban areas, while building the projects of the economic and technological development zone, and actively guiding the economy onto the export-oriented track step by step. The Mawei economic and technological development zone has rapidly developed a number of enterprises of foreign investment and joint investment with departments concerned at various levels; these are characterized by their advanced technologies and good economic results, and they bring in more foreign exchange, while actively digesting and spreading advanced technologies. Under the guidance of the regional plan for economic development, the southern Fujian delta has actively utilized its advantages in natural and geographical conditions as well as its large number of Overseas Chinese. At the same time, the delta has accelerated the development of commodity economy characterized by dual directional radiation in accordance with the requirement of the trade-industry-agriculture economic structure. As a result, it has doubled the proportion of its volume of foreign exchange derived from export in gross industrial and agricultural output value. Other coastal areas and mountainous areas in the hinterland have also actively expanded the import of advanced production technologies and managerial experiences and promoted joint investment with departments concerned at various levels, and converted their advantages in natural resources and all other potential advantages into commodity advantages. As a result, they have promoted the prosperity of commodity economy, with a marked

increase in foreign exchange earned from export. Old liberated areas, minority nationality areas, border areas, and islands should likewise center their efforts around developing production and invigorating the economy to widely open up channels of production and circulation, in order to get rid of poverty and to become well off as quickly as possible. Such an arrangement of the open pattern is practical and in conformity with the provincial conditions. It has won the support of the cadres and masses. At present, all parts of the province are deepening the rural and urban reforms, and actively developing transregional lateral economic combination; a new atmosphere of overtaking each other in friendly emulation is emerging in both the coastal and mountainous areas. The overwhelming majority of counties and cities in the province have launched activities in foreign economic relations. Marked progress has been made in construction in poor areas. Thus, the province's opening to the outside world has entered a new phase in the development of the open pattern characterized by multiple directions, multiple levels, and multiple forms.

#### **Take a Firm Grasp of Building Investment Climate, Work Hard To Create "Local Weather" for Opening Up**

Will the climate of Fujian meet the needs of opening to the outside world, and will it arouse the interest of foreign friends, Overseas Chinese abroad, Hong Kong and Macao compatriots? This is an important issue for our consideration. Since the implementation of the policy of opening to the outside world, we have all along attached importance to the building of our investment climate. When we succeeded in raising funds, we did not invest them in the circulation field to make money, but resolutely invested them in the production field, and carried out in a down-to-earth way the building of infrastructure and basic industry, namely, the building of a "hardware environment." Through our efforts over the past few years, we have expanded the Fuzhou Airport, and built the new Xiamen International Airport, with 52 domestic and international air routes opened, and more than 130 flights a week. We have dredged Mawei Harbor of Fuzhou, and built Dongdu Harbor in Xiamen, with the eight berths completed and put into use; the province has a newly increased capacity for loading and unloading of 7 million tons. The direct-dial service of the 10,000-circuit digital-controlled telephone exchanges of Fuzhou and Xiamen are now connected with more than 10 countries and regions including the United States and Japan and all major and medium cities in China; the installation of such exchanges is being accelerated in both Zhangzhou and Quanzhou. The electrification of the Yingtan-Xiamen Railway and the Waifu Railway is under way, and their transport capacity will be 18 million tons. Being expanded or newly built are five power stations (or plants) in Yongan, Shaqikou, Shuikou, Zhangping, and Fuzhou; the installed capacity under construction is 2.8 million kilowatts, with 900,000 kilowatts already put into production. One cement works is being expanded, and another

one is under construction, while the construction and transformation of the two major highways along the coast and southern Fujian is being organized. Besides, a local ocean-going freighter and liner fleet is being organized, and so on. Thus, the construction of a "hardware environment" to attract foreign investment has taken shape. While doing a good job in grasping the construction of a "hardware environment," we have paid attention to the construction of a "software environment." A lot of work has been done in making rules and regulations complete and perfect, improving administration, strengthening cooperation in production, establishing the market system, and improving the qualities of personnel, to further guarantee the decisionmaking power of enterprises of foreign investment, and to render them more convenient services. Many places have set up leading groups for harmonizing enterprises of foreign investments, advisory companies for foreign investment, service agencies and associations for enterprises of foreign investment. The gradual improvement of the investment climate has greatly improved the province's appeal to foreign businessmen to invest in Fujian. By the end of July 1987, Fujian had approved 1,087 contracts on utilizing foreign capital and imported \$1.091 billion of foreign capital, with \$604 million actually spent.

#### **Import Advanced Production Technologies and Managerial Experience, Promote Joint Investment With Departments Concerned at Various Levels, and Transform Old Enterprises While Building New Ones**

Each of the four SEZ's in China has its own characteristics. On the basis of learning from the experiences of construction of other SEZ's, the Xiamen SEZ has proceeded from its own actual conditions and based itself on transforming its existing enterprises while importing foreign capital to build new ones. Fujian had a rather weak economic foundation and limited capital, and it has many old enterprises and medium and small enterprises; only by adopting the measure of importing advanced production technologies and managerial experience and promoting joint investment with departments concerned at the various levels, will it be possible to score quick results with little investment, to help raise our standards, to improve our competitive power in export, and to achieve rather great economic results. That is precisely the path of "import-transformation-digestion-earning foreign exchange." To achieve this, we have paid special attention to grasping well two links, opening to the outside world, and opening to the interior. We have implemented the policy of importing advanced production technologies, and promoting joint investment with departments concerned at the various levels in agriculture and enterprises in towns and townships as well as in industrial enterprises, and worked hard to develop agricultural and industrial products that promise greater income in foreign exchange. Importing advanced production technologies and managerial experience is aimed at accelerating the transformation of the technology and equipment of old enterprises and the reform of their managerial structure. In our imports, we

have paid attention to the importation of not only "hardware," but also "software," and the importation of projects of high standards and economic results. We paid special attention to shortening the import cycle so as to step up the pace in digesting, absorbing, and blazing new trails. Joint investment with relevant departments at the various levels is aimed at making use of the advantages of opening to the outside world, giving play to the role of a "display window," and promoting lateral economic ties with provinces and enterprises on a wider scale in natural resources, raw materials, technologies, equipment, funds, and factory sites. All this serves to make the production elements combine as best as possible on a larger scale, to promote the progress of technology, and to form new capabilities for commodity production. Over the past few years, the province has achieved rather great economic results through importing advanced technology and managerial experience and transforming old enterprises; this has, in turn, strengthened the province's attraction to foreign businessmen. By the end of June 1987, the province had developed 3,400 lateral economic combines and 76 combined groups both inside and outside the province, and imported a volume of 1.1 billion yuan in capital from other provinces, with more than 1 billion yuan worth of goods and materials involved in cooperation. During the Sixth 5-Year Plan, more than 100 old enterprises in the Xiamen SEZ underwent transformation through importing advanced production technology and managerial experience. As a result, the gross industrial and agricultural output value of the city grew by 140 percent. Between 1979 and the end of July 1987, 787 imports of technological transformation of old enterprises were approved by the provincial authorities. By the end of 1986, 422 of them had been put into production. About two-thirds of the increase in the province's gross industrial output value from 1980 to 1986 was realized through technological transformation. An analysis shows, every yuan put into technological transformation would yield additional output value of 3 to 4 yuan, and additional profit or tax of 0.8 yuan as well. In the practice of import and joint investment with relevant departments at the various levels, a large number of entrepreneurs, qualified people in foreign economic relations and trade, technicians and professional people have emerged. The import of advanced technologies and managerial experience, joint investment with relevant departments at the various levels, and transformation of old enterprises have enabled us to further develop our ability in self-reliance and laid a solid foundation for opening to the outside world on a still larger scale.

**Take Measures Suittable to Local Conditions, Follow the Way of Development Characterized by the Combination of Labor-Intensive Type With Technology-Intensive Type**

On the one hand, Fujian is weak in industrial foundation, and began its takeoff rather late; however, its labor forces are abundant. On the other hand, its science and technology forces are rather concentrated along the

coastal areas, and the cultural quality of its population is rather high. Moreover, there are many experts, scholars, scientists and technicians of Fujian origin in other provinces and abroad; this is of great advantage in the importation of intelligence and advanced technologies. Proceeding from these realities, we determined to combine the development of labor-intensive industries with that of technology-intensive industries, and to combine the development of large backbone enterprises with that of medium and small enterprises and town and township enterprises. In two aspects we have tried our best to take measures suited to local conditions. The first is "doing things in a big way with major projects." We developed in key coastal cities some technology-intensive industries in the fields of power, optics and instruments, such as the technology of sensitization, the technology of collision-avoidance radar for shipping, the equipment for ground reception of satellite telecommunications, new materials, and other comparatively advanced technologies including color television, digital telephone, and optical apparatus. The second is "doing things in a big way with minor projects"; namely, paying attention to developing labor-intensive commodities with low cost and high economic results based on Fujian's characteristics, so that famous-brand, good-quality and special local products and those commodities that have already become key products may form whole-range production or specialized production systems through the development of lateral ties. In this way, the advantages of a single unit will become the advantages of groups, with labor combined with technology and the fulfillment of "small commodities with a big market," and "small commodities bringing in high income in foreign exchange." Such examples are many. For instance, Putian, which has a reputation as a "shoe-making city," has adopted the measure of backbone factories leading along "satellite" factories in towns and townships, while the latter establish ties with thousands of household workshops. As a result, annual shoe production increased from 180,000 to 10 million pairs, with an output value of 100 million yuan, earning more than \$10 million in foreign exchange and creating more than 70,000 jobs in both urban and rural areas. A number of towns and townships with an output value exceeding 100 million yuan have emerged in Quanzhou characterized by specialized and serial production in glazed tiles, plumbing equipment, and garments. The "Aihua" brand brassieres, products of Shishi, Jinjiang, have become well-known export commodities, selling well in more than 10 European countries and falling short of demand even with an annual output of more than 100,000 dozen. The products belonging to the category of "doing things in a big way with minor projects" are characterized by their good quality, low production cost and prices, and great market competitiveness. Such a practice has brought into play the province's advantages in its abundance of labor force, and the role of Hong Kong and Macao compatriots in providing capital, technical know-how, market information and marketing channels in developing commodities that earn foreign exchange. The development of

either technology-intensive enterprises or labor-intensive enterprises with high economic results must depend on improving the quality of the labor force. Therefore, we have assigned science, technology and education a strategic position in Fujian's economic development of opening to the outside world. We further relaxed our control over scientific research organs, promoted lateral ties in scientific research and production with various levels and forms, and brought into play the enthusiasm and initiative of scientists and technicians, so that more of them may enter the major battlefield of economic construction. Based on Fujian's realities, we have attached importance to guiding scientists and technicians to focus their attention on the technological transformation of old enterprises, on digesting, absorbing, and blazing new trails in the importation of technologies, on the development of export-oriented economy, on the comprehensive exploitation of the mountain, sea and farmland, as well as on helping old liberated areas, minority nationality areas, border areas, and islands to get rid of poverty. While grasping a number of projects "that are short-range, ordinary, but will bring quick results" and pushing forward the implementation of the "spark plan," we should grasp a number of key projects that will shape into some "momentum." At the same time, great importance should be attached to educational work, especially to the technical training of workers and staff of enterprises in towns and townships and collective industry, so that opening up may be gradually built on a high level of skill and intelligence.

#### **Strengthen the Building of the Agricultural and Industrial Bases and Boost the Reserve Strength for Opening Up**

The foundation of agriculture, especially grain production, raw materials industry, and processing industry, has a direct bearing on the pace in developing an export-oriented economy. Fujian has a large population, but its arable land is scarce. The conspicuous contradiction in the supply and demand of grain has long existed. Its industry and foreign trade also depend on agriculture to a rather large extent; 70 percent of the raw materials in light industry are derived from farm and sideline products, while more than 50 percent of the foreign exchange earned from the province's exports also depends on farm and sideline products or processed products using farm and sideline products as raw materials. Objective realities require us never to neglect grain, an important factor in the whole situation of developing an export-oriented economy. Great importance should be attached to mountainous areas as well as to coastal areas where commodity production is relatively developed. In restructuring agriculture, we have adopted effective measures to stabilize the acreage planted to grain. In places where enterprises in towns and townships are relatively developed, we stress that the support of farming with income derived from industry should be focused on the development of grain production. We have adopted the measures of increasing the state input and mobilizing the masses to invest in the land, to transform medium and

low-yielding farmland and to strengthen the capital construction of the irrigation system on the farmland. We have popularized experiences of scientific farming in increasing per-unit output, exerting every effort to strive for steady increase of grain output. This will not only raise the province's level of self-sufficiency in grain, but provide favorable conditions for developing the export processing industry and the farming and breeding industry. Starting from Fujian's actual conditions, which are characterized by abundance of natural resources in its mountains and seas and its advantageous natural conditions, we persist in the principle of grasping simultaneously the exploitation of the mountains, seas, and land, actively developing fruit, aquatic products, forestry, vegetables, flowers, and township and town enterprises that manufacture famous-brand, good-quality, and indigenous products and products designated for foreign consumers, and increasing the proportion of these products in our exports, to gradually set up an agricultural system that will bring in foreign exchange. At the same time, we have built or expanded a number of large and medium backbone enterprises, and actively transformed and built a number of pillar projects in energy resources and raw materials such as power, coal, metals, building materials, oil, and chemical industry to lay a more solid foundation for the development of an export economy. Only by strengthening the construction of infrastructure and basic industries will it be possible to guarantee the continuous and steady development of the entire national economy, and the smooth progress of opening to the outside world.

#### **Build a Backbone Contingent for Opening Up To Meet the Needs of Developing Export-Oriented Economy**

From practice, we have come to recognize profoundly that to build an export-oriented economy, it is first necessary to build a backbone contingent capable of leading and organizing such an economy. This contingent must be able to correctly and thoroughly adhere to the two basic points in the line since the 3d Plenary Session of the 11th CPC Central Committee, while acquiring a certain degree of professional knowledge and skill. It must be competent in organizing domestic economic construction and also in joining in world competition. It must be able to master the law governing the development of a socialist commodity economy, while being familiar with the characteristics and trends of foreign markets. It will study diligently and absorb the most advanced contemporary managerial methods, while acquiring the spirit of blazing new trails; at the same time, it must be capable of linking with realities to create work experiences in foreign economic relations suitable to the characteristics of the province. These are the specific requirements we have proposed in implementing the central criteria for cadres in being "more revolutionary, younger in average age, better educated, and more professionally competent," by linking with the actual conditions of open regions. Proceeding from these specific requirements, we find it essential to build a

cadre system that is favorable to discovering and bringing up qualified people. In recent years, we have conducted exploration in the reform of the personnel system, and implemented the system of inviting cadres' applications for jobs, examination, and appraisal of cadres' work accomplishments on an annual basis. Xiamen has conducted an experiment in the reform of the cadre system, and adopted the measure of appointing cadres through examination and inviting applications for jobs in units involving foreign affairs or departments with rather high professional requirements. This is a method of combining organizational appraisal with appraisal by experts, and helps the emergence of young cadres that have both ability and political integrity. At the same time, the province has conducted training among on-the-job cadres in various forms, doing its best to improve their skills in work involving foreign economic relations. Over the past few years, more than 30,000 cadres engaged in foreign economic relations at various levels and of different categories have gone through training. Mayors, county heads, and professional backbone elements have all gone through training in batches. More important is the fact that in practice, we constantly help cadres to sum up their experiences, and to improve their abilities and qualities. At present, a number of qualified people with a sense of opening and the spirit of blazing new trails have emerged in the Xiamen SEZ, the southern Fujian delta open zone, and the open city of Fuzhou.

#### **It Is Necessary To Always Adhere to the Socialist Orientation in Reform and Opening to the Outside World**

Our aim in implementing reform and opening to the outside world is to develop social productive forces. Reform is the self-completion and self-perfection of the socialist system; therefore, it must be carried out step by step in an orderly way under party leadership with the guarantee of a social environment characterized by stability and unity. Bourgeois liberalization negates the four cardinal principles, sabotages the political situation of stability and unity, and gravely tampers with the progress of reform and opening; therefore, we must firmly oppose it. Fujian is located in the coastal areas, and is in the course of opening to the outside world; decadent bourgeois ideas will take the opportunity to infiltrate, while the reactionary forces abroad will conduct reactionary propaganda and sabotage through various channels. It is imperative for us to resolutely resist such corruption and sabotage, and put up resistance in the whole course of reform and opening. The Fujian Provincial CPC Committee has proposed that, in the whole course of modernization, it is imperative to always stick to the principle of one center, two adherences, and grasping with the two hands, namely, take economic construction as the center, adhere to the four cardinal principles and the general principle and policy of reform, opening to the outside world, and invigorating the domestic economy, and adhere to building socialist

material civilization on the one hand and socialist spiritual civilization on the other. Based on this guiding idea, we have paid attention to strengthening ideological and political work, supervision and administration, attached importance to the rule of law, and cracked down on serious criminal activities in the course of reform and opening. We have attached great importance to strictness in governing the party, while consciously resisting the infiltration and corruption of decadent bourgeois ideas and the pernicious influences of feudal ideas. The CPC is the core in the leadership of reform and opening; it should stand the test of being a party in power. It should refrain from abuse of power, while standing up to the test of the environment of reform, opening to the outside world, and invigorating the domestic economy. The more we open up, the stricter we must be in governing the party. Just as Comrade Deng Xiaoping put it, "the work of rectifying party style, correcting unhealthy tendencies, and the crackdown on crimes will go on as long as the policy of opening to the outside world and invigorating the domestic economy survive. Only then will it be possible to guarantee the correct implementation of our policy of reform and opening to the outside world." ("Building Socialism With Chinese Characteristics," revised and enlarged edition, p 137) In sum, adherence to the four cardinal principles and adherence to reform, opening to the outside world, and invigorating the domestic economy supplement each other; neither should be overemphasized at the expense of the other. Only then will it be possible to guarantee the development of reform and opening up along the socialist direction.

#### **The Establishment and Development of the Market for the Means of Production in Shijiazhuang City**

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#### **[Text] Establishing a Means of Production Market Is a Must**

The establishment and development of a market for the means of production in Shijiazhuang city, including reforming the materials circulation structure and ordering the price system, was started in 1984. This is part of the city's "colliding and reflecting" type of comprehensive reform.

Many defects in the original methods of materials circulation and price system prompted this type of reform. The circulation of materials was not smooth, and this impeded the development of enterprise production. The major problems were:

1. Large gaps in the ratio of materials supplied to those planned was too low: The volume of planned supply of steel materials for the whole city was only 48.4 percent of the volume actually required, and that of timber was only 32.8 percent. Enterprises had to find the materials to make up for the shortfalls by themselves, and this was literally like "finding rice for cooking." Enterprises described the situation as "wanting the horse to gallop faster and also wanting it to eat less grass."

2. The materials circulation channel was unitary, and enterprises had no power to choose the best when purchasing materials. The availability of materials within the plan was low, and the materials department could only supply the amount received from the upper levels. In some cases, the categories of materials under the plan were not up to specification. The materials department supplied whatever it had in stock, and at times mixed supplies with other materials. In the event that an enterprise rejected the materials, targets became invalid or worthless. Since the materials were under unified state distribution, those found unsuitable after purchase were barred from resale or exchange. This literally made the goods "dead upon arrival."

3. The supply of materials according to department and locality made each party act separately and in accordance with its own administration and distribution. Any measure of intermediate transfer would incur an extremely complex procedure. Each and every level had to set up its own storehouse, which greatly increased the cost of circulation of materials. With each and every level of organs collecting charges of some kind, the enterprise's burden was increased heavily.

4. In planned supply, and in case of materials shortage, supply enterprises became virtual materials "yamen's" of "government houses." They were the only source available, and there were no other sources. This encouraged a breed of "merchant-officials." All they had to do was to wait for the clients to come to their doors. Service was very poor and the customers had much to grumble about.

5. Because of the low prices of materials expected in the plan, enterprises all had to fight for supply targets under the plan. Whoever obtained the most benefited from the cheap prices. Hence, frequently unequal competitive conditions were formed between the enterprises simply because some had more of the low-priced materials, and some relatively less. At the same time, because the materials under planned supply were few and low in prices, a loophole formed whereby certain units and individuals adopted various methods to purchase the materials under the plan then resell them and reap private gains.

Following the daily intensification of reform in the economic structure, the old materials management structure has grown increasingly unsuited to the needs of invigorating the enterprises, and enterprises' demands

for reform have steadily increased. In practice, Shijiazhuang city's materials bureau felt that the old materials management system must be reformed. The means of production being commodities, it is necessary to establish marketplace for the means of production so that they may enter into the realm of commodity circulation in accordance with the demands of the law of value; the many kinds of prices of the means of production must gradually become unified; targets designated in mandatory plans must be gradually reduced, and the materials distribution system must be replaced by the trading system. After several years of piloting and probing, a set of measures for the reform of the materials management structure has gradually formed, which has such features as "unified sales price, combined opening up and compensation, combined, progressing gradual and orderly progress, and step-by-step implementation."

#### Major Methods and Special Features of Reform

In 3 years Shijiazhuang city took three large steps forward in establishing and developing the means of production market and reforming the materials management structure.

First step: In August 1984 the Municipal Materials Bureau in Shijiazhuang city set up a materials trading center. First of all, materials outside the plan were liberated and allowed to enter the market to be traded in following the rules and regulations of the relevant trade or industry. As for prices, those materials that had been purchased at high prices were sold at high prices, while those purchased at low prices were sold at low prices. By so doing, the channels of materials supply grew from one to two (planned supply and market adjustment), while one category of price was changed to two categories of price (plan price and market price). In less than half a year the volume of steel products outside the plan that entered the trade center amounted to 49,000 tons, exceeding the planned distribution volume for the whole city for the current year. The volume of timber transacted in the trade center amounted to 41,000 cubic meters, an increase of 100 percent over the distribution under the plan for the whole year. This played an extremely beneficial role in easing the tension in the supply of the means of production and solving the problem of many enterprises not having "enough rice to cook."

Despite the opening up of extra-plan materials, materials under or inside the plan were still subject to planned distribution and allocations, and the old method of supply still impeded the market mechanism from fully playing its role and enlivening the flow of materials. In particular, the "double-track system" in the price structure meant that in the same place a commodity had two prices, with a fairly great difference between the two. This attracted certain enterprises and individuals to buy the materials at lower prices and resell them at higher prices, thus infringing upon the plan and disrupting the

market. For this reason Shijiazhuang city proceeded to bundle the materials inside and outside the plan together and sell them at one market price. This started some new probing work.

Second step: Beginning in 1985 the major work was the establishment of a market in means of production. (This was concurrently handled by the original specialized company, there being two signboards but one set of personnel.) Four categories of materials (except those supplied directly)—namely steel products, timber, pig iron, and sodium carbonate—regardless of whether they were inside the budget or outside the budget, were directly incorporated into the market, and the practice of a single selling price was enforced. With regard to those enterprises given planned supply targets, the city's materials department refunded the whole of the differences between the market price and the planned supply price according to their targets, regardless of whether they had made any purchases or not and regardless of where they made a purchase. By so doing, the two portions of materials, that is, those outside the plan and those inside the plan, could all be treated as commodities entering the market for circulation. However, since the price differences were wholly refunded to the enterprises, the planned supply price had really not changed at all, and the planned supply structure was basically unaffected.

Third step: Concurrent with the expansion of the market in means of production, the same sales price was set for materials both inside and outside the plan, but the refund of the entire price difference was changed into a sort of compensation according to the different circumstances. The three main features were as follows:

1. Expanding the scale of the market operations: The number of categories of materials for which a single sales price was enforced increased from 4 to 16. (The added materials included copper, copper materials, aluminum, aluminum materials, lead, zinc, caustic soda, rubber, high-pressure polyethylene, polypropylene, urea, and sodium.)

2. Changing reform of price differences into separate compensation: After selling the materials inside the plan at market prices, the price difference is no longer to be returned in its entirety to the user enterprise. A reduction equivalent to 10 percent of the price difference is made (equivalent to reducing the planned supply volume by 10 percent), which is retained by the materials department to be incorporated into the materials resources development fund in order to increase the number and volume of the categories of materials in the market for means of production. The remaining 90 percent of the price difference is incorporated into the compensation fund. The city planning commission and relevant departments, taking account of (but not exactly according to) past distribution targets and differential treatment and the principle of paying attention to the principal or

major points, then separately determine the compensation amount to be given to each user enterprise. The materials department is responsible for making the compensation, which is disbursed to the enterprises through the bank.

3. If enterprises in Shijiazhuang that are subordinate to the central government departments or provinces turn their supply targets over to the market in order to enforce the one sales price system, the whole of the price differences is refunded to them.

The center of this reform step was the combination of "releasing and compensating." "Releasing" refers to setting aside the supply prices of the materials encompassed in the plan, enforcing market prices in unison with materials outside the plan, and further expanding the scope and scale of the market operations. At the same time, the volume of distribution under mandatory plans is reduced and the proportion under market regulations enlarged. "Compensating" refers to not only abolishing distribution in kind and desisting from refunding the whole of the price differences, but also giving appropriate compensation to enterprise units that have planned supply targets for materials. The principle governing compensation calls for six differentiations—namely: differentiation between products subjected to mandatory plans and those that are not; differentiation between major products and projects and lesser ones; differentiation between products with planned prices and those with open prices; differentiation between enterprises that suffer losses or make only minor profits as a result of policy and the usual run to enterprises; differentiation between cases of different digestive or absorption capacities; and differentiation between ordinary enterprises and administrative business units. Shijiazhuang city's method of establishing and developing a market in means of production as a means by which to reform the materials management structure has the following special features: Changing two prices into a single price and converting distribution in kind into regulation by funds, and changing the closed supply structure into an open market, creating benign conditions for the market mechanism to fully play its role. By so doing, the old materials management structure, which featured the stature of real goods and planned distribution, was broken and materials both inside and outside the plan were merged in the market, thus effectively regulating the supply and demand of materials. At the same time, reduction of the planned distribution volume and the differential issuance of compensation funds helped to solve the problem of the enterprises "eating from the same big pot" at the expense of the state so far as materials are concerned and also helped to increase the enterprises' materials suitability and their ability to absorb and digest. In turn, this was significant in enlivening the enterprises and developing a planned commodity economy.

### Results of the Reform and the Problems Confronted

After more than 3 years of probing work Shijiazhuang city has achieved relatively good results in reforming the old materials management structure and price system.

First, on the side of putting the prices of the means of production in good order, it has offered a set of positive and safe programs. Whether or not circulation is smooth now depends on prices. Shijiazhuang city's method for solving the problem of the prices for means of production being highly divergent from value was to unify the sales price, offer a combination of releasing and compensating, proceed gradually according to order and implement in stages. Their principal action was to prevent state prices from rising all at once. Instead, the city's means of production market raised the prices gradually and according to enterprises' absorptive power, which was continuously strengthening. A unified market price was gradually realized. First releasing and then compensating, buffering the released prices with a breathing space, and then gradually putting the twisted price structure in order dispersed the pressure brought about by raising prices and enabled various sectors of society to gradually bear and absorb it. Thus, too great a disturbance was avoided. In concrete enforcement, movement proceeded in gradual, orderly stages and steps, based on coordination between the maturity of the various conditions and the reform. This brought about a gradual transition from a change in quantity to a change in quality. By so doing, it was relatively safe and reliable and was significant to the stable development of the economy.

Second, it has strengthened the capacity of the central cities and towns in economic regulation. This reform endowed the central cities and towns with the power to release materials compensation funds and use materials development funds. As a result, the enterprises' differential receipts from materials can be regulated. This has positive significance in gradually forming an environment of equal competition, ensuring major construction, and readjusting the industrial structure and the product structure, within the sphere of a single city or town and even within a much larger sphere. For example, the development of the food and packaging industries in the whole city was deeply affected by a shortage of raw materials for the nonpoisonous plastic materials industry. In 1986 the city gave the municipal plastic materials manufacturing plant a compensation fund of 296,000 yuan. As a result, following technical transformation, this plant's polypropylene workshop achieved an annual production capacity of 5,750 tons. This satisfied the whole city's needs.

Third, while increasing their vitality, enterprises handling materials have changed their track and pattern of operations. In the past, materials departments only attended to the distribution and allocation of materials and were devoid of operational functions. They were not concerned with the clients' needs or demands—rather,

they supplied according to plan and the quantity of the supply was in accordance with target. As a result, there were many drawbacks. Materials enterprises not only were motivated internally by the benefit incentive, but suffered externally from the pressure of market competition. They had to rapidly change their closed-door type of supply and open up. A new situation of "opening the sources, harnessing and conserving the water, and practicing economy" thus appeared. In the past 2 to 3 years materials departments in Shijiazhuang city and materials production units in various parts of the country have extensively carried out joint operations and marketing activities, as well as compensation trade, and built many stable bases for the supply of material resources. They have formed 64 combined bodies of varying forms with some 400 enterprises in over 10 cities and towns. From 1984 to 1986 the quantities of extra-plan steel materials transacted in the market were respectively 49,000 tons, 61,000 tons, and 75,000 tons and 106 percent, 135 percent, and 160 percent of the planned distribution figures. Similarly, the quantities of extra-plan timber transacted in the market were respectively 41,000 cubic meters, 75,000 cubic meters, and 76,700 cubic meters, accounting for, respectively, 170 percent, 310 percent, and 350 percent of the planned distribution figures for these years. Prior to 1984 the quantity of steel materials under planned supply for the whole city could satisfy only 45 percent of the total demand, and in the case of timber only 30 percent of the total demand could be filled. However, by 1986 the percentage of the city's gross demand for these two commodities that was filled was, respectively, 85.2 and 87.8. Furthermore, the commercialization of operations helped to raise the standard of service offered by materials departments. In order to render better services to the enterprises' production activities, at the same time as it perfected seven specialized transaction markets the city's materials department established 169 supply network stations both inside and outside the city, set up materials supply files for 834 enterprises, and organized 6 market and rural service corps. For the benefit of a number of enterprises it started the so-called "three fixed, one delivery" (fixed place, fixed quantity, and fixed time delivery of goods to client's doors) business services; and in addition, a "steel products savings projects" was initiated, with over 90 clients participating. In the second half of last year the quantity of steel materials stored under this scheme amounted to 6,000 tons and the quantity of steel materials employed in meeting urgent needs was over 5,800 tons.

Fourth, the enterprises were given the autonomous power of selecting and regulating the supply of materials. With the means of production entering into market circulation as a kind of commodity, production enterprises are no longer subjected to the bondage of the materials departments and are free to select and purchase materials that are up to specifications, suitable in quality and also suitable in prices on the market. Since

the materials department will refund the price differences according to targets in the plan or provide necessary compensation or subsidy regardless of where the materials are purchased, the production enterprises, which have the decisionmaking power to choose the units that supply their materials, can buy their materials through many channels. Since sources of goods are plentiful, enterprises are able to make the best choice and avoid such extravagant and wasteful phenomena as putting fine timber to petty uses, cutting up large boards liberally but using them sparingly or for narrow purposes, or using substitute goods. This should not only ensure the quality of the products, but also save expenses, lower the cost of production, and greatly help to strengthen the enterprises' vitality and improve the economic benefits. For example, in order to manufacture flour shivers the city's grain machine-making plant required a large quantity of good-quality lined wood. In the past the state supplied a very small quantity of this kind of wood and the plant had either to buy some other kind of wood to exchange for it or, failing to do so, use another kind of wood to substitute. This increased the cost of production and caused products to be of inferior quality. Despite many complaints by both the supplier and user to their respective higher authorities in charge, no solution was made and the matter became the plant's "old, big, and difficult" problem. With the opening of the market in means of production the plant was no longer subject to the limitations of the original channel of supply and proceeded to select and buy good-quality lined wood from outside sources. In 1986 it purchased 1,400 cubic meters of this kind of wood directly, averaging a unit price of 345 yuan. The city's timber company gave it a compensation fund of 120 yuan per cubic meter. The compensation funds were used to offset part of the market prices paid for the purchases from the outside, parity was gained with the price specified in the planned supply, no losses were suffered in prices, the quality of the products became suitable, and production demands were met.

Fifth, abolition of the two stages of intermediate transfer inside the same city and reduction of the stockpiling of goods helped enterprises increase receipts and save expenses. In the past, the 11 bureaus in charge of materials supply in Shijiazhuang city all established their own supply and marketing companies, which were responsible for the intermediate transfer of materials designated in the plan. At present, with the abolition of distribution in kind and with the planned targets directly being assigned to the enterprises there is no further need for two stages of intermediate transfer among the bureaus in charge. This not only speeds up the circulation of materials but also reduces expenses for intermediate transfer. Take for example steel materials, timber, and pig iron: In 1984 the quantities involved in the two intermediate transfer stages by the bureaus in charge were respectively 6,588 tons, 7,173 cubic meters, and 2,468 tons. With intermediate transfer charges for the three categories of materials averaging at 5 percent, the total amount for the year was 199,000 yuan. Following

the abolition of the intermediate transfer, user enterprises were able to save this amount in transfer expenses. Due to the change in the form of the supply of the materials, user enterprises could at any time procure the needed materials through varying channels and the price differences would be refunded to it or due compensation made regardless of whether or not the materials specified in the plan were purchased. Hence, there was no more need to store the materials, and this in turn meant reduced use of funds and acceleration of funds turnover. According to estimates by the relevant departments, in 1986 reductions in storage volumes of steel and timber by enterprises subordinate to the city resulted in savings in a single year of 7.5 million yuan as compared with 1984. This saved interest disbursements of about 600,000 yuan.

Sixth, improper flows in the circulation of materials were prevented and overcome. As a result of enforcing a unified sales price for materials both inside and outside the plan, materials at parity prices were no longer available. There was no longer any phenomena such as in the past, when people would go through the back doors and obtain writs for the sale of materials at parity prices from the leadership of organs. Similarly, the evil practice of reselling goods procured at parity prices was halted.

Basically, the road taken by Shijiazhuang city in this reform was correct, and the results achieved were relatively good. Still, there are certain problems needing further solution. For example, the present scale of the market is still relatively small and possesses definite limitations. Materials inside the plan that enter the market are still confined to those enterprises subordinate to the city and the city's supply enterprises, while within the same city materials under the plan that belong to large backbone enterprises subordinate to central departments and the province have not yet been incorporated into the market. Individual kinds of materials in short supply have also not been so incorporated. Reform of the materials management structure and of the price system requires the coordination of reforms on other sides. If the lower level is reformed while the upper level remains unchanged, or if one place is reformed while others remain unchanged, then the role of the market mechanism will be restricted. In addition, further study must be devoted to making the determination, accounting, and refund of compensation or subsidy funds more rational, scientific, and prompt in actual practice in the course of the reform.

#### **How To Promote the Mechanization of Agriculture Under the New Situation**

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[Article by Zhu Peiwei [2612 1014 1983], Fang Yan [2455 6056], and Zhang Tianzuo [1728 1131 0146]]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, China has readjusted its rural economic policy, and the rural economic structure has also

been reformed. Under this new situation, do we still have to strive for the mechanization of agriculture? Once, there were great differences in people's understanding of this matter. China's agricultural mechanization has achieved rapid development, and the results are better than we could have expected. Up to the end of 1986, the total power of agricultural machinery nationwide was 228.1 million watts; there were 5,394,000 agricultural tractors; the total value of agricultural machinery fixed capital was 61.45 billion yuan. During the Sixth 5-Year Plan, the total power and the total number of agricultural tractors in China increased, and was 43.9 and 79.4 percent more than that of the previous 28 years (i.e., from 1952 to 1980) respectively. The number of small agricultural tractors was 1.04 times that in the pre-Sixth 5-Year Plan period. In reviewing this development path, we feel that we should clearly understand the role and the position of agricultural mechanization in the process of agricultural modernization. Following is our point of view.

#### **The Basic Way To Develop China's Agriculture Is To Increase Agricultural Labor Productivity**

China's socialist economy is a planned commodity economy. The development of socialist division of labor is the precondition for development of the commodity economy; and the growth of agricultural labor productivity is the base of various types of social division of labor. Being the primary department of material production, the agricultural sector should produce surplus output to supply food and raw materials to other sectors. Such surplus can also enable labor to transfer to, and capital to accumulate in other sectors. At the same time, it can open markets for other sectors, and can expand the scope and scale of commodity exchange. How can we increase the rate of surplus agricultural production? The basic requirement is to increase agricultural labor productivity. A few years ago, after observing that, even though some Western countries had very high agricultural labor productivity, land productivity was not very high, and the land was not fully utilized, some people considered that China's agricultural development should not depend on high labor productivity but on the increase in land productivity. These people misunderstood the real situation. In fact, the low output per unit of land in some Western countries is due to natural factors and social economic reasons in those countries, and is also due to their high agricultural labor productivity. On the contrary, and as we see from a historical perspective, the growth of the output rate of land in these countries follows the increase in their agricultural labor productivity. For instance, from 1880 to 1975, U.S. agricultural labor productivity increased 14.7 times; During the same period, the output per unit of land doubled. (Footnote 1) (Yan Ruizhen: "Talks on the Basic Duties of China's Agricultural Modernization," JINGJI YANJIU, No 9, 1980) In 1978, the average grain output per agricultural labor was 979 kilograms, increasing to 1,132 kilograms in 1984. (Footnote 2) ("China's Agricultural Statistical Yearbook 1985," China Statistical Press)

In the same period, grain output increased from 169 to 241 kilograms per mu. (Footnote 3) ("China's Statistical Yearbook 1986," China Statistical Press) We have to point out that about 100 million rural laborers transferred to nonagricultural industries in recent years. Therefore, the real rate of grain output per agricultural laborer is, in fact, higher than 1,132 kilograms. It is thus clear that, putting agricultural labor productivity and output rate of land in opposite directions is an unrealistic point of view.

Currently, China's land output rate is rather high. On the basis of this, China's agricultural output can be continually increased in two ways. One is to substantially increase active labor; and the other to increase agricultural labor productivity. If the first method is adopted, the situation where a majority of laborers is engaged in the same production process cannot be changed, and the scope of the division of labor and that of industry throughout society would be limited. We have been using this method for many years, and the result gained has been less than the effort we have put in. From now on, it will be more difficult for us to adopt this method. It is because, under the present level of technology, the potentiality of China to increase output by increasing active labor is very low. Relatively, China's potential to increase output by increasing agricultural labor productivity is very high. In 1985, the average grain output per agricultural laborer in China was 1,300 kilograms, and the average output of meat was 30 kilograms. When compared with the countries which have a flourishing agricultural sector, grain output per agricultural labor of hundreds of thousands of kilograms, and meat output of several thousand kilograms, the gap in the grain and meat output levels between China and these countries is very high. This gap implies that China has the potential to develop its agriculture. We can substantially increase agricultural labor productivity if we adopt appropriate advanced technology and vigorously increase material input. With the increase in agricultural labor productivity, the population directly engaged in agricultural production and labor will decrease, and the number of people engaged in industry, transportation, commerce, and the catering industry, and cultural, educational, and scientific activities will increase. As a result, the entire national economy will become more active. Since the 3d Plenary Session of the 11th CPC Central Committee, we have basically followed this path, and remarkable results have been achieved. However, we are still in the initial stages. From now on, we should continue to follow this path.

#### **The Increase in Agricultural Labor Productivity Cannot Be Achieved Without Agricultural Mechanization**

Marx pointed out: "Labor productivity is determined by many factors which include: the average proficiency of laborers, the level of scientific development, and the extent to which it is applied in technology, the social integration of the production process, the scale and efficiency of the means of production, and the natural

conditions." (Footnote 4) ("Collected Works of Marx and Engels," Vol 23, p 53) Labor productivity can be increased in many ways. In the past, we unilaterally emphasized agricultural machinery development, and neglected the role of the enthusiasm of labor (it will affect the degree of labor proficiency), and the role of the formation of production organizations (i.e., social integration of production processes) in agricultural production. As a result, the efficiency of agricultural machinery had not been brought into full play. We should learn this lesson seriously. However, we shall fall into another extreme if we consider that, under the conditions in China, we can still increase agricultural labor productivity and achieve agricultural modernization without the realization of agricultural mechanization.

Some people believe that, as China has limited land and a huge population, and has a surplus of agricultural labor, the peasants in China do not have an urgent need to use agricultural machinery. The real situation is rather different. Generally speaking, China has surplus labor. However, the situation is different in different areas. For instance, in northeast China and in Xinjiang, the population is small, while the land area is huge and, on the average, every laborer has to cultivate several tens of mu of land. Under this situation, it would be very difficult for the peasants to cultivate the land if there were no agricultural machinery. Therefore, peasants in these areas do have an urgent need for mechanization. In most parts of southern China, the land is densely populated and, on the average, each laborer only has to cultivate 1 to 2 mu, or even less than a mu, of land. The multiple crop index in these areas is very high, and the labor force is not evenly allocated over the year. In the busiest seasons, particularly in the busy harvest and planting seasons, though the labor force is very strong, there is still a shortage of labor. Machines are therefore needed in these areas to replace the manual operation of some production steps. In many economically developed areas, a large portion of the rural labor force has been transferred to secondary and tertiary industry. The remaining portion of the labor force is quantitatively insufficient to carry out agricultural tasks, and the quality is very poor. Thus, extensive cultivation and the phenomenon of leaving the land uncultivated have resulted. Peasants in these areas also demand agricultural mechanization.

How can we increase labor productivity without the mechanization of agriculture? Some comrades think that we can achieve this by intensive and meticulous farming. However, we should note that China has already had a very high degree of traditional intensive and meticulous farming, mainly relying on manual operation. The present problem is how to further increase the level of intensive and meticulous farming. In practice, the employment of advanced agricultural machines will not hinder intensive and meticulous farming, but will bring intensive and meticulous farming to a higher level. For instance, sowing from the air is faster than sowing by hand; and the seeds are more evenly sown from an

aircraft and the rate of sprouting of the seeds is very high. The quality and speed of mechanical operations are far higher than that of manual operations.

Some people consider that we do not need the mechanization of agriculture if we vigorously adopt a biological technology of ecological farming. This is not a comprehensive point of view. Agricultural mechanization and biological technology measures complement each other. Contemporary scientific experiments have to rely on advanced equipment; and the promotion of new varieties of agricultural products also has to depend on the adoption of advanced means of production. Besides, biological engineering is in its preliminary stage, and it can only be adopted on a large scale, and can be applied extensively in production only after a considerable time period. We should understand the situation. Under the present state of technology, China has a high potential to increase agricultural output by employing machinery. Under such a situation, it is not sensible to give up agricultural mechanization. Moreover, one very important aspect of ecological farming is improving the natural environment. How can we improve it? We cannot improve the natural environment by relying only on manpower and not on machines.

In short, agricultural labor productivity cannot be increased if we only rely on agricultural mechanization, or if there is no agricultural mechanization. The employment of agricultural machinery will save labor, increase the quality of labor, improve the soil structure, maximize the uses of the fertility of land, and bring the role of biological technology into full play to the maximum extent. These advantages of agricultural mechanization have been proven by numerous facts. Without agricultural machinery, the role of other measures in increasing agricultural output cannot be brought into full play. Therefore, it is realistic to say that the increase in agricultural labor productivity cannot be separated from the mechanization of agriculture.

#### **The Mechanization of Agriculture Can Also Be Realized by Implementing the Household Contract Responsibility System**

Since the implementation of the system of household contract responsibility, with remuneration linked to output, land and capital have been relatively decentralized. Can agricultural mechanization still be implemented under this situation? People once doubted this, and were concerned about it. In the 8 years of reform, China's agricultural mechanization has achieved new developments. This proves that this doubt was unfounded.

After years of practice, the broad mass of peasants have realized the important role of agricultural mechanization in developing agricultural production. However, under the old system, and because for a long time the peasants did not have the right to make their own decisions, they did not have great enthusiasm about using agricultural

machinery. In many areas, the mechanization of agriculture has become a movement handed down from the central government to the local governments, and it has not been closely linked to the producers' enthusiasm. Since the implementation of the system of household contract responsibility, with remuneration linked to output, peasants have been given the right to make their own decisions. Their sense of responsibility, along with the feeling that they are the masters of their land, has thus been strengthened. In order to increase production, they will demand machinery to replace manual labor. This conscious move by thousands of people will have long-term vitality.

With the deepening of reform, the objective conditions for the realization of agricultural mechanization have matured. First, readjustment of rural industrial structure, and the development of division of labor and industry, have formed the trend in some areas where farmland is concentrated in the hands of capable farmers. Under such a situation, if the capable farmers, controlling huge areas of land, do not employ machinery, they have to employ workers to work the land. However, the cost of employing workers has become higher and higher. In some areas, this cost is even higher than that of using machines. This situation is advantageous in the development of agricultural mechanization. In areas where arable land is, relatively, not concentrated, the peasants, in order to meet the requirements of mechanical operation, and on the basis of decentralized household management, have also developed many methods of gathering small pieces of land into larger. Second, after several years' exploration, the system of combining centralization and decentralization, and the double-tier management system, have been perfected. Besides, various areas have accumulated experiences in using the strength of the collective economy to improve the services offered to agricultural households. Third, the income of peasants has substantially increased, and their ability to acquire fixed capital and to expand the scale of secondary production has also been strengthened. Fourth, under the new situation, where the economy is being reformed, opened, and enlivened, the ability of agricultural machinery enterprises to respond to market demands has also been strengthened.

In short, the system of household contracted responsibility, with remuneration linked to output, is highly adaptable to developing China's agriculture. It can arouse the enthusiasm of labor under the conditions of manual operation, and it is also advantageous for laborers to use advanced technology and agricultural machinery through various forms of social integration. We should not set agricultural mechanization and rural reform in antagonistic positions. On the contrary, we should fully utilize the advantageous conditions developed by the rural reform program to promote the development of agricultural mechanization.

### Ways To Promote the Mechanization of Agriculture Under the New Situation

The mechanization of agriculture has achieved significant results in recent years. However, it also has many problems. For instance, under the situation where rural transportation and agricultural sideline processing machines have been substantially developed, the level of mechanization in the farming industry has decreased. This is mainly due to the decrease in the volume of field work. Moreover, the coordinated proportion of the number of tractors to the number of mechanical agricultural instruments has decreased; the phenomenon of double-purchase of agricultural machinery is very frequent, and the rate of its utilization is low; the increase in the number of agricultural machines and in the supply of oil is not balanced, the task of renovating agricultural machinery has not yet been scheduled, and the proportion of the number of average agricultural machines to the total number has grown higher, and so on. Some of these problems are old and some are contradictions emerging in recent years. If these problems are not properly solved, they will hinder the further development of agricultural mechanization. It is not possible for us to analyze all the problems in this article. We consider we should pay particular attention to two problems: On the aspect of guiding the ideology of the mechanization of agriculture, we have not clearly defined the starting point of the implementation of the mechanization of agriculture; planned guidances are weak, and macroeconomic control is insufficient.

At what point can the mechanization of agriculture be implemented?

As analyzed by Marx in "Das Kapital," every advanced machine can be divided into three parts: engine, gear and instrument or task. If there were no engine, the gears would be useless. From an historical perspective, machines are the starting point for previous industrial revolutions. On the basis of having advanced instruments, and to fully use their functions, the demand for innovative engines has emerged. The development history of the mechanization of agriculture has proved that Marx' analysis is realistic. The United States began to use machinery to develop its agriculture in about 1860. Animal-powered machines, such as harvesting and threshing machines, were first developed. Later on, steam tractors, petrol and diesel engines were gradually introduced. The development situation in the USSR is similar to that in the United States. As early as before the October Revolution, the Russian rural sector had already employed animal-powered machinery in agricultural production. We can see from these facts that the mechanization of agriculture starts from instrumentalization.

The agricultural situation in China is different from that in the United States and the USSR. Up until the early days after liberation, China had basically no agricultural

machinery. To implement the mechanization of agriculture under such a situation, we should especially emphasize the development of machinery. On the one hand, at the time when tractors are extensively used, the development and the supply of auxiliary agricultural instruments should be properly handled. Otherwise, tractors cannot play a role in agricultural production, even if the number of tractors has been substantially increased. On the other hand, we should emphasize the development and production of various types of semi-mechanical machinery and instruments using animal or human power. These types of machine should be supplied to the peasants and the areas which do not have the financial capability to acquire tractors. This arrangement, to a certain extent, can liberate manpower and increase labor productivity. On the other hand, it can also prepare conditions for the realization of a higher level of agricultural mechanization in the future. China is huge in area, but its development is unbalanced. Therefore, in order to realize the mechanization of agriculture throughout the country, we should have different developmental speeds for different areas, and should not aim at achieving the mechanization of agriculture at a single speed. We should only adopt the principles of formulating suitable measures for different areas according to the situation, their adaptability, and the principle of gradual promotion. These principles are mainly reflected in the flexibility and diversity of machinery. However, we have not defined this point in the guiding ideology of the mechanization of agriculture in these years. We have only taken the proportion of the total power of agricultural machinery to the total power of rural laborers as the main standard to evaluate the degree of agricultural mechanization. As a result, we have produced a large number of tractors, but have not produced a sufficient number of auxiliary agricultural instruments. Thus, a large number of tractors cannot play their role in agricultural production. Masses of peasants have said: "Whether agricultural mechanization can be achieved or not depends on whether we can link the number of tractors to the number of agricultural instruments." This saying clearly points out the nature of the problem. Since the 3d Plenary Session of the 11th CPC Central Committee, theorists have clearly pointed out that the mechanization of agriculture should be started from instrumentalization. (Footnote 5) (JINGJI YANJIU, No 2, 1979) However, this point of view has not received wide attention. In the recent several years, the coordinated proportion of the number of tractors to the number of mechanical agricultural instruments has not increased, but decreased. This is one important factor leading to a decrease in the volume of mechanical field operations and in the rate of utilization of agricultural machinery. In order to overcome the blindness in implementing the mechanization of agriculture, the guiding ideology of the departments concerned should be corrected, and the development, production, and the promotion of the use, of various types of machinery should be seriously grasped.

The planned guidance for agricultural mechanization should be strengthened.

Since the implementation of the system of household contracted responsibility, with remuneration linked to output, agricultural production has been decentralized. After the opening and enlivening of enterprises, the right of agricultural machinery enterprises to make their own decisions has been expanded. Under such a situation, it is inevitable that managerial blindness will emerge in the development of the mechanization of agriculture. Therefore, the planned guidance in this aspect should be strengthened. In reviewing our work over the past several years, we consider old problems, such as the aging of agricultural machinery, the decrease in the coordinated proportion, and the uncoordinated supply of oil and machinery, can be solved if the planned guidance can catch up with the situation.

In strengthening planned guidance for the mechanization of agriculture, the state should first appropriately arrange the related proportions when formulating economic and social development plans. For instance, the plan to produce tractors should be linked with the production plans and supply of agricultural diesel and auxiliary agricultural instruments. Besides, the situation in the renovation of existing tractors should also be taken into account. For the production of those products priced by the state, the supply of raw materials and energy should be arranged appropriately. On the basis of the fact that the coordinated proportion of the number of tractors to the number of mechanical agricultural instruments has been very low for long into the past we should, from now on, emphasize the production of auxiliary agricultural instruments. We should also properly arrange the development and the production of animal-powered and man-powered machines. The reluctance of agricultural machinery enterprises to produce agricultural instruments is mainly due to the problem of pricing. Besides, the small quantity of orders for agricultural machines, and the increase in production costs are also important factors in this situation. To solve this problem, we should, on one hand, perfect the market structure and smoothen the production and sales channels, and on the other, agricultural machinery enterprises should not be widely dispersed but reasonably located in a coordinated way.

The strengthening of the planned guidance for the mechanization of agriculture is also magnificent in various principles and policies. For instance, the general useful life for China's large and medium tractors is about 12 to 15 years, and that for small tractors is even shorter. According to statistics, up to the end of 1986, a total number of agricultural machines of about 80 million horsepower had been used for more than 12 years. Peasants in the Heilongjiang area said that, if the renovation of agricultural machinery is not seriously and promptly grasped, the existing agricultural machines will become obsolete after a short time. This is one of the reasons for the low efficiency, high wastage rate of oil,

and high maintenance cost, for China's existing agricultural tractors and internal combustion engines. The serious problem of the aging of agricultural machinery is mainly due to the relaxation of management after the relative decentralization of agricultural production in some areas. As a result, these areas cannot withdraw money from the depreciation fund, and thus do not have the financial capability to renovate agricultural machinery. The relaxation of the management of subordinating levels is due to the improper management in the upper levels. In implementing the agricultural responsibility system, some areas do not understand the importance of the relationship between renovation of agricultural machinery and the effect reserve energy has on the development of agricultural production. Thus, they have not clearly defined the withdrawal from the depreciation fund as an important economic policy. This is a failing, and we should adopt effective measures to correct it. One acute problem in the mechanization of agriculture in China is the low price of agricultural mechanical products. In the past 20 years, the price of agricultural mechanical products had been reduced 10 times. The price of agricultural machinery in these 20 years was far lower than their actual value. The profit margin for the entire agricultural machinery industry was only 7 percent, far lower than the average profit margin of other mechanical industries. Under such circumstances, a substantial number of enterprises have made insignificant or no profit, or incurred losses, having to shift to other products. This is one of the main reasons for the backwardness of China's agricultural machinery industry. From now on, when conditions allow, the state should gradually readjust the price of agricultural mechanical products, so that the profit level of the agricultural machinery industry can reach, or come close to, the profit level of other industries. At the same time, the state should give peasants an appropriate amount of subsidy or favorable loans to purchase agricultural machinery. This method will change the form of subsidies from implicit to explicit, and can protect the benefits of peasants and also

arouse their enthusiasm to purchase agricultural machinery. Currently, the situation of various aspects shows that agriculture lacks reserve money. As a way of improving this, to strengthen the reserve energy of agriculture has been taken as an important strategic duty, as has been stated in the Seventh 5-Year Plan. The fulfillment of this duty will mainly depend on reform of the economy, in which reform of the pricing policy of agricultural mechanical products will be an important aspect. The relative prices of agricultural mechanical products should also be straightened out. The present profit margin of agricultural instrumental products is lower than that of machinery; and the profit margin is only 4 percent. This is also an important reason for the decrease in the coordinated proportion of agricultural machinery. It will be impossible for us to vigorously develop auxiliary agricultural instruments if the relative price between agricultural instruments and engines has not been readjusted.

**Statistical Data on the Achievements of 8 Years of Economic Structural Reform—Part VI**

*OW151215 Beijing HONGQI [RED FLAG] in Chinese No 18, 16 Sep 87 pp 20-21*

[Article by the State Statistical Bureau]

**[Text]VI. The Central Role of Urban Areas Has Been Strengthened Day by Day**

The objective requirement for developing the socialist commodity economy is to bring the central role of urban areas into full play. China's urban economic structural reform is first implemented in the trial areas of some urban areas. The purpose is to explore a new path for comprehensive reform. After several years of reform, the economic areas that are relying on urban areas have been established; horizontal links among areas and between urban and rural areas have been strengthened; urban economic development has been promoted; and the economic functions of urban areas have been strengthened.

**Status of Urban Areas Nationwide (Including City-Administered Xian)**

	Percentage of whole country which is urban	
	For 189 cities in 1978	For 353 cities in 1986
Total population at end of year	19.2	57.5
—Of which: non-rural population	58.7	78.2
Total industrial enterprises at end of year	30.4	69.4
GVIO	73.1	89.8
Whole-people industrial enterprises with independent accounting		
—Original value of fixed capital at end of year	67.8	84.6
—Total value of profit and tax	82.1	90.6
Output value of grain	13.0	57.5
Basic construction investment of whole-people units	50.1	73.8
Retail value of consumer goods	43.8	73.1
Number of post-secondary school students	78.3	98.9
Number of medical organizations	36.9	67.7
Financial revenue planned in local government budgets	54.8	48.3

Note: GVIO for 1978 is calculated on the basis of 1970 constant prices, and that of 1986 is calculated on the basis of 1980 constant prices. GVIO does not include the industrial output value of enterprises at or below the village level.

**General Situation of the 72 Experimental Cities That Have Adopted Comprehensive Reform (1986)**

	Unit	Total for 72 cities	Proportion of all cities in China
Total population at end of year	thousand	262,796	43.3
—Of which: non-rural population	thousand	78,178	47.8
Land area	square km	865,193	36.7
GVIO (based upon 1980 constant prices)	billion yuan	400.11	43.3
Total fixed capital investment	billion yuan	68.6	42.0
Total retail value of social commodities	billion yuan	163.3	45.7
Revenue of local government budgets	billion yuan	46.76	43.6
Yearend savings balance of urban and rural residents	billion yuan	83.96	48.1

Notes: (1) This table includes city-administered xian. (2) GVIO includes the industrial output value of enterprises at and below the village level

**General Situation of the 14 Coastal Cities and the 4 Special Economic Zones (1986)**

	Unit	Totals for 14 coastal cities	Totals for the 4 SEZs
Total yearend population	thousand	81,377	11,293
—Of which: non-rural population	thousand	26,616	2,479
Land area	square km	145,292	15,149
GVIO (based upon 1980 constant prices)	billion yuan	220.4	11.74
Total fixed capital investment	billion yuan	35.13	48.2
Total retail value of social commodities	billion yuan	68.04	8.75
Revenue of local government budgets	billion yuan	34.5	1.79
Yearend savings balance of urban and rural residents	billion yuan	35.3	36.5

Notes: (1) This table includes city-administered xian. (2) GVIO includes the industrial output value of enterprises at and below the village level.

**Experimental Cities for Economic Structural Reform**

I. Cities that have adopted comprehensive reform (72)

- Shijiazhuang, Tangshan, Handan, Qinhuangdao, Taiyuan, Hohhot, Baotou, Shenyang, Dalian, Dandong, Yingkou, Fushun, Changchun, Xiping, Jilin, Harbin, Mudanjiang, Qiqihar, Jiamusi, Jixi, Nanjing, Changzhou, Hangzhou, Huzhou, Ningbo, Wenzhou, Hefei, Bengbu, Fuzhou, Quanzhou, Sanming, Xiamen, Nanchang, Jingdezhen, Pingxiang, Jiujiang, Jinan, Qingdao, Weifang, Zhengzhou, Kaifeng, Luohe, Anyang, Wuhan, Shashi, Xiangfa, Changsha, Hengyang, Guangzhou, Foshan, Jiangmen, Zhanjiang, Nanning, Liuzhou, Chongqing, Chengdu, Zigong, Panzihua, Deyang, Dongshan, Guiyang, Zunyi, Douyun, Kunming, Dali, Xian, Baoji, Lanzhou, Tianshui, Xining, Yinchuan, Urumqi

II. Cities that have adopted a particular reform

A. Medium-size cities that have adopted organizational reform (16)

- Dandong, Changzhou, Suzhou, Wuxi, Shaoxing, Maanshan, Xiamen, Weifang, Anyang, Luoyang, Huangshi, Hengyang, Jiangmen, Zigong, Baoji, Tianshui

B. Cities that have adopted financial structural reform (27)

- Shijiazhuang, Shenyang, Dalian, Dandong, Changchun, Harbin, Nanjing, Changzhou, Suzhou, Wuxi, Ningbo, Wenzhou, Hangzhou, Fuzhou, Weifang, Qingdao, Wuhan, Shashi, Guangzhou, Chongqing, Chengdu, Baoji, Xian, Lanzhou, Beijing, Tianjin, Shanghai

C. Cities that have adopted housing system reform (14)

- Shijiazhuang, Tangshan, Xingtai, Jinzhou, Changzhou, Zhanjiang, Bengbu, Nanping, Yantai, Wuhan, Foshan, Jiangmen, Chongqing, Lanzhou

D. Cities that have set up markets for the means of production (13)

- Shijiazhuang, Shenyang, Nanjing, Changzhou, Suzhou, Wuxi, Hangzhou, Weifang, Wuhan, Shashi, Guangzhou, Chongqing, Lanzhou

**Research on Superconductors in Retrospect and Its Prospects**

OW270053 Beijing HONGQI [RED FLAG] in Chinese No 18, 16 Sep 87 pp 22-26

[Article by Huang Xingzhang [7806 5821 4545]]

[Text] Ever since the autumn of 1986, a number of "dark horses" have emerged in the realm of research on superconductors. An unprecedented scale of international scientific competition and a fierce technological rivalry

started in research on high transition temperature superconductors and practical superconductor materials. Why did people become so interested in superconductors, which are rarely seen?

### I. Spectacular Phenomenon of Superconducting

Usually, objects or particles are classified as conductors, semiconductors and insulators on account of their conductivity (that is their level of resistance). It is widely known that metals are good conductors, whose resistance is gradually reduced as the temperature falls. Hence, what would happen to resistance at extremely low temperatures? This was the train of thought people followed, and therefore began research on the conductivity of objects at extremely low temperatures.

In 1908, Kamerlingh-Onnes, a Dutch scientist, successfully turned the last type of "permanent gas" in nature into liquid helium, and made the temperature fall to 4.2K (K is the symbol for absolute temperature; K is equal to minus 273.15 degree Celsius). In 1911, he unexpectedly discovered that the resistance of mercury was totally absent below the temperature of liquid helium. The electrons of mercury could move without any resistant force or loss. Such phenomenon is called the superconducting phenomenon (or superconductivity). Later, scientists further discovered that superconductivity exists in lead and many other metals and alloys.

Similarly, the magnetic nature of superconductors attracted people's attention. In 1933, Meissner, a German scientist, discovered that the inner magnetic flux of a pure and stress-absent superconductor was zero when being exposed to an outside magnetic field. This kind of perfect diamagnetism, allowing no outside magnetic field to penetrate, is another basic property of superconductors, called the Meissner Effect.

In order to illustrate the spectacular phenomenon of superconductivity, scientists spent great efforts and conducted various theoretical research methods on phenomena relating to superconductivity. They also proposed many hypotheses and explanations. For instance, in the 1950's, Jin Zi Bao [6855 5417 1027] and Lan Dau, Soviet scientists, proposed a theoretical formula demonstrating, in a better way, the state of motion of electrons in superconductors. They also computed the degree of order of parameters, which describes the characteristics of superconductors. This is a very practical phenomenological theory concerning superconductors, thereby laying the foundation for the practical industrial production of superconducting materials. In 1957, U.S. scientists Bardeen, Cooper, and Schrieffer published their classical scientific theses. Based on the quantum theory, they conducted research into the mechanism of superconductivity, and proposed the noted BCS Theory. We all know that conductivity is an electronic process of motion. Under normal circumstances, negatively charged electrons repel one another. However, this theory pointed out that the superconducting phenomenon is developed

from gravitation among electrons. Electrons attract one another when passing through the lattice (called the phonon) vibration of solid objects at low temperatures. The Cooper doublet is thus formed, equal to superconducting electrons without resistance. The BCS Theory has successfully hypothesized many properties of superconductors, and has thus become a powerful theoretical tool in research on superconductors.

Later, scientists discovered other new phenomena in superconductors. For instance, British physician Josephson theoretically predicted a tunneling phenomenon that a superconducting doublet can penetrate from a superconductor to another superconductor through a thin insulating layer. This phenomenon is called the Josephson Effect. Furthermore, people use a very thin insulating layer to link two superconductors, thereby developing the extensively useful Josephson tunnel junction (called the superconducting junction or junction in brief).

In the developmental history of science, Kamerlingh-Onnes, Badeen, Cooper, Schrieffer, and Josephson were awarded the Nobel Prize because of their scientific contributions to research work. Today, many scientists hold that a new breakthrough in superconducting technology may once again help them win this scientific laurel, the Nobel Prize.

### II. Prospects About the Application of Superconducting Technology

The discovery of superconductors is a significant achievement in physics in the 20th century. It has projected a new technological realm, which is very useful and has great potential. Once superconducting technology is widely used, it will exert immeasurably profound influences on the national economy, military technology, medicine, public health, and high technological production.

To supply electricity by using superconductors is the most effective way to conserve energy. The transmission of power without loss will be the most important application of superconductors. Today, the proportion of electric energy loss in the process of transmission is 20 percent or more, and it is necessary to put an end to this situation. When we are able to use a lot of superconductors to transmit electric energy, their influence on energy resources can be likened to a technological revolution. Moreover, by replacing the copper conductor in generators and motors with superconducting materials, we can effectively conserve the electric energy and reduce the weight and size of this equipment down to one-tenth of the present scale. Superconductors will replace the currently widely used good conductors in the power generation industry, such as copper and aluminum, and will bring remarkable economic results.

Laser weapons have unique advantages in various weapons systems in countermissile engineering. However, these weapons require the installation of an energy

accumulator, which can hold energy up to a billion, or even tens of billions of joules. If we use the superconducting materials to produce an inductive energy accumulator, it will be light in weight, small in size and the charging equipment will be small. When the powerful electric energy in the accumulator is released, it will continue to work under the state of continuous current, so that the weapons can be constantly in a state of alert. Furthermore, such a superconducting energy accumulator may readjust the difference of electrical load between day and night on the cirilpower generation industry, to bring into play the capability of power generation equipment.

Magnetohydrodynamic generation is a promising and new energy generation method. Its advantages are that it is efficient, light in weight, small, and starts easily. It is particularly useful for military purposes, where a high power pulse power source is required. At the same time, it is also favorable for civil use. Currently, excitation winding is made of copper conductor. A major part of motor-generated electric power is consumed by the excitation winding itself. It is therefore inevitable that the excitation winding will be made of superconducting magnet. Japan took the lead in research on magnetohydrodynamic generation by using superconductors. It has built a superconducting magnet which can hold energy up to 70,000 billion joules and weighs about 50 tons. In another instance, the operation maneuverability and mobility of warships can be improved if they are powered by electricity. The speed of warships and submarines' ability to hide will be greatly enhanced if we use superconducting magnetofluid. Thus, the superconducting technology has brought new hope to improving the properties of vessels.

To solve the problem of high-speed operation on the ground, by making use of superconductive magnetic suspension, signifies an important technological innovation in the transport industry. At present, Japan has the world's fastest train, traveling at a high speed of over 200 kilometers per hour. If it replaces the train by a superconducting magnet suspension train, the speed may be up to more than 550 kilometers per hour, which will bring into full play the reduced size and light weight of the train body. Japan has classified this type of train as one of its engineering projects, and conducted manned operation experiments.

Some of the applications for superconductors in such fundamental research areas as high-energy physics, controlled thermonuclear reaction, and solid-state physics have been realized. The particle accelerator operates by depending on a strong magnetic field, which makes particles accelerate by a reciprocating motion on an orbit. Particle accelerator laboratories in the United States and some Western European countries have built large-scale superconducting magnets for hydrogen pao shi [3133 1358]. The weight of some coils in these superconducting magnets is about 200 tons, capable of

holding energy up to 730,000 billion joules. The performance of these superconducting magnets is quite good. Such bulky magnets, with a strong magnetic field, cannot be realized without using superconducting technology. It is predicted that the application of superconducting technology is the only possible way to enhance the high-energy accelerator up to the level of superhigh energy. The use of a superconducting resonant cavity and superconducting helix resonator in the accelerator may, because of their unique performance, change the work pattern of linear accelerators from the pulse to the continuous type, thereby facilitating the process of feedback and improving the monochromaticity of particles from the accelerator. Success in controlled thermonuclear reaction will fundamentally improve the energy resources of mankind. The most effective way to control the high-temperature plasma, which develops thermonuclear reaction, is by using a strong magnetic field. The superconducting magnets will be an indispensable key component in the future projects of thermonuclear reaction. Furthermore, superconducting magnets with a small aperture and strong magnetic field are often required in the fundamental research of physics and in other kinds of advanced science and technology. Now, superconducting magnets, with a strong magnetic field up to about 150,000 gauss, are widely used. There are also tens of thousands of superconducting magnets installed in a number of modern laboratories throughout the world. They have an aperture width of several centimeters and a strong magnetic field ranging from tens of thousands to more than 100,000 gauss.

In addition, superconducting magnets may also be used in magnetic shielding of spacecraft, devices for magnetic dressing, surgical operation, paravane and high-resolution electronic microscopes for observing atoms and molecules, as well as in medical science, such as imaging systems for observing the nuclear magnetic resonance of pathological changes in the human body.

In the instrumentation industry, people make use of the perfect diamagnetism of superconductors and are conducting research on superconducting gravimeters, accelerometers, frictionless bearings, gyroscopes, as well as detectors for gravitational wave in astrophysics and elementary particles in the nuclear physics.

Various instruments to which the superconducting junction is applied following the discovery of the Josephson Effect are marked by such characteristics as high sensitivity, low noise, quick responsiveness and limited consumption. At present, considerable achievement has been made in utilizing the superconducting junction as a component for developing computer and other telecommunication systems which operate at high speed, have large capacities, are small in size, have low consumption. The superconducting junction plays an important role in detecting electromagnetic wave, monitoring voltage reference and measuring magnetic field. In particular, the superconducting quantum inference device, which uses the superconducting junction, helps us develop an

extremely sensitive meter for measuring magnetic field, and is capable of detecting changes in a magnetic field with a strength of about  $10^{-11}$  gauss. It is widely used in such areas as mine detection and military reconnaissance and provides us a powerful tool for studying the biological magnetic field such as the magneto-cardiogram [xin ci tu 1800 4318 0956].

In short, the strong and weak magnetic behavior of superconductors, which are developed from such fundamental properties as ideal conductivity, perfect diamagnetism and tunneling effect, have been or will be applied for practical use in the vast technological realm. Nevertheless, we still do not have a thorough understanding about superconductors and what we have known can hardly be all of its application.

### III. Unremitting Efforts and Astounding Breakthroughs

The basis for developing superconductors is the accumulation and development of cryogenic technique and practical superconducting materials. Though the outstanding properties of superconductors are very remarkable for technological application, the extensive use of superconductors is limited due to its low temperature requirement. Over 1,000 kinds of superconductors have been discovered since 1911, but their temperature requirement is much lower in the order to reach the superconducting status. In 1973, scientists discovered the tri-germanium nobium [ni san zhe 6281 0005 7926] superconductor whose superconducting transition temperature is the highest, reaching 23.2K. Now the superconducting transition temperature of those superconductors, such as tri-tin niobium [ni san xi 6281 0005 6932], usually used in scientific research and by other industrial departments is just 18K. Therefore, the required working temperature of these superconducting materials can only be achieved by placing them in liquid helium. Helium liquefiers and cryogenic containers or refrigerating machines are needed in order to obtain and maintain such low temperature. Not only does this occupy a lot of space, involve complicated operation and a huge cost, but only yields poor refrigeration. To a large extent, these shortcomings have limited the application of superconducting technology.

Despite this, the work of conducting research on high-transition temperature conductors has become one of the most popular tasks in physics and has attracted broad attention in international academic circles because the superconducting materials have demonstrated that they play a more important role in the development of science and technology. Today, there are hundreds of research institutes and laboratories in the world conducting research on this topic by spending enormous sums and annually publishing thousands of theses on their research.

The sacred fruit of science is naturally tempting. But the road leading to such a stage is long and winding. Between 1911 and 1985, scientists could only raise the transition

temperature of superconductors from 4.2 to 23.2K. In April 1986, an International Business Machine Corporation's laboratory in Zurich, Switzerland, reported that Miao Le [4924 0519] and Bo Nuo Zi [2672 6179 5417], Swiss scientists, discovered for the first time the presence of possible superconductivity in a barium-lanthanite-copperoxide compound at 30K. Furthermore, Miao Le later observed the Meissner Effect, which was an unexpected discovery. In the past, scientists looked for the transition temperature superconductors among transition metals as well as their binary and ternary alloy compounds, which naturally comes to people's minds because they are already conductors. However, barium-lanthanite-copper oxide materials are a kind of oxide compound belonging to the category of ceramic crystal. Obviously, such a discovery was contrary to traditional thinking. This has thus provided a great enlightenment to some researchers. In December of that year, the University of Tokyo, Japan, obtained the strontium-lanthanite-copper oxide compound, whose superconducting transition temperature is 37.5K, and observed the Meissner Effect, thereby further confirming the experiment results of the Swiss scientists.

By the end of 1986, the Research Institute for Physics under the Chinese Academy of Sciences made remarkable progress in the research on superconductors, and obtained the strontium-lanthanite-copper oxide compound superconductor at 48.6K transition temperature. In the meantime, the phenomenon of superconducting was observed when the temperature reached 70K. Such research result broke the 13-year-old highest record of 23.3K which is the transition temperature of tri-germanium niobium, and broke through the theoretical maximum superconducting transition temperature of 40K, which was proposed by some scientists.

What followed was that many laboratories, both in and outside China, started one after another their research on superconductors. Scientists vied with each other to publish their latest research results, so that the research on superconductors developed from the liquid helium temperature zone to the liquid nitrogen temperature zone (this refers to temperature at 77K and above). People's long-cherished dreams hence gradually became true.

On 15 February 1987, the National Science Foundation of the United States announced that Zhu Jingwu [2612 48942 2976] from the University of Houston and Wu Maoku [0702 5399 2492] from the University of Alabama obtained superconductors at the transition temperature of 98K.

On 24 February of that year, the Chinese Academy of Sciences further announced that scientists Zhao Zhongxian [6392 1813 6343] and Chen Liquan [7115 4539 3123] of its Research Institute for Physics obtained superconductors at the initial transition temperature of over 100K and announced for the first time a new series of barium-yttrium-copper oxide compound. Later, the University of Beijing, China's University of Science and

Technology and some laboratories in Japan and the United States also developed superconducting materials at the initial transition temperature of over 100K.

In the wake of a worldwide upsurge in conducting research on superconductors, the research is developing both intensively and extensively:

—After developing superconductors at the liquid nitrogen temperature zone, scientists are now tackling a new issue, "room-temperature superconducting." People now think that it is possible to develop room-temperature superconductors about which nobody cared to ask. It has been reported that some scientists had found clues to develop room-temperature superconducting.

—They are actively working on conducting physical analysis, mainly on the structure of materials. Their aim is to probe the relations between the structure of materials and superconductivity. Scientists in China, the United States and Japan started their analysis on the ceramic structure of barium-yttrium (lanthanite)-copper oxide compounds. Theoretically, this greatly helps us illustrate the superconducting mechanism of new materials.

—On the development of new superconducting materials, they adopt various means such as metallurgy, heat treatment and chemistry for probing, so that the technical conditions are stable and the transition temperature and properties of the materials are improved. It was reported that some scientists successfully developed new superconductors by replacing lanthanite with other rare earth elements or by using polynary system rare earth oxide compounds.

—The authoritative theory illustrating the superconducting phenomenon was the BCS Theory proposed by Bardeen, Cooper and Schrieffer. Today, many scientists air their new opinions on the superconducting mechanisms of oxide compound system. Some hold that the phenomenon of superconducting originates from a kind of "mutual exclusion mechanism," and propose the relations between high transition temperature conductivity and the theory of valence-bond resonance state. We may predict that as more superconducting materials are developed, the theoretical research on superconducting will be further promoted.

—The development of new superconducting materials is rapidly changed to the stage of application. The emergence of superconducting materials made from a liquid nitrogen temperature zone sharply cuts the cost to such a level that it is possible to extensively use the superconducting technology. Scientists are now trying to develop plate materials into wires, belts, films and component parts. Recently, some scientific research units, universities and colleges in China have made gratifying achievements in developing a superconducting film whose temperature at zero resistance is higher than that at a liquid nitrogen temperature zone. It is less than 2 microns thick

and has a better superconductivity and uniformity, thereby achieving a great progress in applying superconductors to electronic parts. It was also reported overseas that some U.S. enterprises, such as AT&T and IBM, started one after another the development of high transition temperature superconducting films and wires. The Japanese Government will take coordinated action and allocate funds to universities and some large enterprises for joint research, so as to accelerate the pace of turning the superconducting technology into a commodity.

People once held that the major problem concerning the development of new superconducting materials for practical use was the technology and processing of materials. It seems that it is quite possible to solve the problem. The new superconducting materials developed in a liquid nitrogen temperature zone will greatly promote the development of applied technology of superconducting. In the meantime, it will add new contents to the physical research as well as research in other sciences.

#### IV. Sum Up Our Experience and Continue To Make Progress

China started its research on superconducting by the end of the 1950's. In 1973, at the first national academic forum on superconductors, specialists of the Research Institute for Physics under the Chinese Academy of Sciences took the lead in advocating research on high transition temperature superconductors. Later, they further suggested including the research work in China's list of key scientific research projects. Because of reasons which we all know, the research was not formally listed among the five key projects of physical research on condensed state until the convention of the national conference on the planning of natural science, which was held in 1977. The number of experiments and theoretical research conducted on superconducting subsequently grew like mushrooms. It was also insisted that a national academic forum on superconductors should be held once in every 2 years. At the 6th academic forum on superconductors, which was held at Leshan city, Sichuan, in 1986, there were many theses reaching the international standard for academic exchange.

In terms of research on superconducting, China now has a contingent of scientists and technicians who are ambitious and are willing to spend great efforts on the work. They have built the foundation for cryogenic engineering, materials manufacturing, experiment technology and theoretical research. Over the years, China's research on superconductors has been following the international development trend and actively conducted research on high transition temperature and other new superconducting materials of relevant properties. For instance, we summed up our experience and deduced principles from the experimental data while conducting in-depth theoretical and experimental research on superconducting mechanisms, so as to find the breakthrough point of high-transition temperature superconductors. In the meantime, we have strengthened the research on new

technology for applying the superconducting materials, such as the endurance of niobium-titanium [6281 7835] and tri-tin niobium against superconducting electric current and other properties. We have also conducted research on the application and development of these materials in an independent and creative way. Today, China's research on superconducting ranks among the best in the world and is widely acknowledged in international academic circles. The Third World's Academy of Sciences decided to award to Zhao Zhongxian of the Research Institute for Physics under the Chinese Academy of Sciences the 1986 Third World Prize for Science and Physics, so as to commend his significant contributions to the research on high transition temperature superconductors. However, what shall we do in the next 3, 5, or even 10 years? Shall we continue to stand at the forefront of research and strive for success in its application, or shall we follow the development of other countries? These questions merit our careful consideration. We must adopt effective measures for accelerating the pace of research.

We should realize that though China's future research on superconducting is very promising, the tasks at the next stage are still very arduous. At present, we must firmly grasp the research on application and development of superconducting materials made at liquid nitrogen temperature zone, and strive for making a breakthrough point in terms of materials properties and production techniques. On 11 April 1974, the State Planning Commission and the State Scientific Commission worked out their plans and formed a national leading group which directly leads China's research on and product development of superconducting materials. Moreover, they organized joint efforts to tackle tough issues and established a committee of superconducting technicians and a joint research and development center for superconducting technology. The implementation of this decision will be instrumental in China's domination of the superconductor research and to accelerate the pace of developing superconducting technology.

**Tentative Views on Classes and Class Structure in Developed Capitalist States**  
*HK211501 Beijing HONGQI [RED FLAG] in Chinese*  
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[Article by Shuai Nengying [1596 5174 2019]]

[Text] Since World War II, the developed capitalist countries have experienced rapid economic growth and development of social productive forces. Scientific and technological advances have enabled them to raise their productivity and increase their industrial output value several or even dozens of times. Agriculture has been basically modernized. The development of productive forces and the readjustment of capitalist production relations have led to several major changes in the social and economic structures of various countries. Following is an account of some of the more important changes.

First, changes in production setup. In the past, agriculture used to be one of the two major pillars of an economy. However, the proportion of agricultural output value to the gross domestic product [GDP] of various countries has dropped to less than 10 percent or even to 2 or 3 percent. Medium-size and small household farms have become the basic units in agricultural production. Industrial production (including mining and building construction) has been expanding for some time. However, since the 1970's, some traditional industries have declined and the proportion of industrial output value to the GDP of various countries has dropped. The tertiary industry (including transportation, posts and telecommunications services, commerce, banking, and various other services) is now developing rapidly. The total number of people employed in tertiary industry now exceeds the total number of people employed in the material production departments, that is, industry and agriculture, and it has become the most important of the three major branches of production. The changes in production setup are very significant changes in the history of the development of capitalism.

Second, society has become further polarized. As a result of the influx of peasants into cities and of their integration into the working class, the number of people employed in various trades has greatly increased. Generally speaking, these employees make up about 80 percent of the working populations of various countries. In some countries, such as the United Kingdom and the United States, people employed by others make up about 90 percent of their working populations. As a result, much capital and wealth is concentrated in the hands of a few. Since the 1970's, the total amount of people's wage earnings has become a very small part of their countries' gross national income. Even in such a rich country as the United States, "poverty families" not only exist but are also increasing in number. According to official U.S. information, in 1983, some 35.3 million people, or 15.2 percent of the country's total population, lived below the "poverty line."

Third, many women have entered the labor market. In many countries, over 40 percent of their female populations are working. Most of them are minor clerks or workers. Quite a lot are part-time or temporary workers. The mass employment of women has intensified the competition among laborers and stimulated the expansion of certain services.

Fourth, as a result of the rapid expansion of the tertiary industry, the total number of various types of staff members and workers has more than doubled, and a vast "staff member strata" (Footnote) (Such expressions as the employee class, the white-collar class, and the middle class are not scientific terms based on any scientific analyses. In this article, the staff member strata refers to all types of employees in various professions) has come into existence in the developed capitalist countries since the end of World War II. This strata makes up about half of the total number of people employed in various

professions. Members of this "staff member strata" include clerks, salespersons, waiters, executives at various levels, technicians, engineers, and other professionals. Most of these staff members do not directly possess the means of production and they rely or mainly rely on their wages for a living. These people occupy different positions in social and labor organizations and they have different jobs, different salaries, different qualifications, different living styles, and different political views. Thus, the "staff member strata" is neither a class nor a homogeneous community.

### Classes and Class Boundaries Still Exist

As a result of these social and economic structural changes, class relations in developed capitalist countries have changed drastically. Based on such postwar phenomena as the birth of some new professions, the rapid expansion of some trades, the increase in individual income, the improved living standards, and the development and universalization of education, some sociologists have suggested that society is becoming more and more dominated by the middle class and that the working class has shrunk and is still shrinking. They group people under the headings of occupation, income, and living styles, thus obscuring the differences between different occupations, class differences, the differences between different living styles, and the differences between classes occupying different positions in social and production relations. In their eyes, distribution and consumption relations are the most important basis for distinguishing one class from another. Some of them exclude non-manual laborers and mental laborers who do not possess the means of production from the working class, thus confusing the modes of labor with the social organization of labor and the social division of labor with class differentiation. Others simply do not take social progress into consideration. They groundlessly define the working class in a highly restricted way by viewing it as a class of manual laborers. This is tantamount to denying that the working class has played and is still playing a historical role in bringing about social progress and in social revolutions. Their views are both theoretically untenable and inconsistent with the facts.

Everybody knows that the class relations in a society are the product of its production relations. Production relations are the basis of the former. Thus, the possession of means of production is a decisive factor that determines class differentiation and the positions of various social groups in social production. Class is not only an economic concept, but also a social concept that covers many things. It reflects the positions that the large social groups occupy and the roles they play in the economic, political, and ideological fields. Only by examining and analyzing problems with this concept in mind can we clearly distinguish one class from another, distinguish one stratum within a certain class from another, comprehensively and penetratingly analyze the similarities

and differences between them, and distinguish the groups sandwiched between the working class and the bourgeoisie from these two classes.

At present, the in developed capitalist countries, capital is growing and being concentrated, wage labor exists, and the number of wage laborers is increasing. This means that exploiters and the exploited still exist in society and that a certain group can avail itself of the labor of another group. These groups are classes. Now, the two basic classes, the bourgeoisie and the working class, still exist in developed capitalist countries. However, in addition to these two classes, there is yet a third stratum sandwiched between capitalists and workers. The traditional petite bourgeoisie is part of this third stratum. Of course, the relative strength, the composition, and the characteristics of these classes and this stratum have gone through certain changes. However, this does not mean that we can deny that classes still exist.

### The Bourgeoisie

Since the end of World War II, the pace of the accumulation and concentration of capital has quickened, companies have grown in size, and the possession of capital has been separated from its management in developed capitalist countries. The means of production are no longer mainly directly owned by the capitalists as individuals or groups of partners (or their families). They are now jointly owned by groups of capitalists through their shares and are controlled by boards of directors with a few large shareholders as their members. Given the distribution of shares, an individual or a few capitalists in possession of quite a small number of shares can control the capital of a certain company and make management decisions that are favorable to them. The big capitalist class, that is, the monopoly capitalist class, is very small. It is made up of less than one percent of the total number of people who are capable of earning a living independently. However, private monopolies, coupled with the large enterprises directly controlled by capitalist states and their finance, taxation, and banking departments, have worked into various branches of production, thus affecting the economic life of society in many ways, including the redistribution of household income. Multinational companies, which have been growing rapidly since the end of World War II, are new monopolistic capitalist economic entities in developed capitalist countries. The capitalist class is exploiting its fellow countrymen as well as the people of other countries, particularly those of the developing countries. This shows that the economic strength of the world's industrialized economic powers has grown and that they have made their domination of things more overwhelming. However, it also tells us that through the international ties between the monopoly capitalists of various countries, the monopoly capitalist groups in the world's capitalist system has greatly augmented its strength.

With their great economic strength, private and state monopolies try to control and exploit the non-monopolistic members of the capitalist class. As a result, the

contradictions between the monopolies and the non-monopolistic capitalists have become increasingly acute and the position of the middle bourgeoisie is becoming more and more insecure.

The small number of intellectuals directly serving the monopoly capitalists are "outstanding" people who have worked their way up the social ladder. These people include senior managers of private and national enterprises, high-ranking government officials, and spokesmen and apologists for the capitalist class. These people have been receiving higher salaries than they deserve for a long time. Obviously, their lifestyles, their values, and their position on the struggle between the working class and the capitalist class are all inclined toward the capitalist class. One can say that outwardly they are employees or professionals, but actually they are agents of the capitalist class. They each have their specific responsibilities: Senior managers are responsible for the administration of capitalist production, high-ranking government officials are responsible for the capitalist class' political administrative work, and the boards of directors of large companies and corporations participate in the ruling class' policy-making through their "brain trusts" or various types of policy-making groups. However, they also frequently swap positions: High-ranking government officials can become senior managers of large companies after resigning from government and senior managers, lawyers, and economists who defend the capitalist system can always become high-ranking government officials.

### The Working Class

The working class is still the largest class and the majority in society. Since the war, the working class has grown and its social basis has expanded. The masses of peasants who have settled in cities have joined the working class and the large number of women who have entered the labor market have mostly become junior or slightly higher-grade clerks, whereas the several million immigrants and non-native workers mainly do manual work. Between 1955 and 1982, the number of workers in some countries, such as Japan, doubled. Generally speaking, in those countries whose prewar agrarian populations constituted one-third to half of their total populations and whose prewar industrial development was quite rapid, such as Japan, Italy, and France, the number of workers has grown more rapidly than that in other countries. However, in those industrialized countries where capitalist production relations were already well developed before the war, such as the United States and Britain, the increase has been less significant.

The working class is now enjoying better living standards and its consumption patterns have changed significantly. Generally speaking, a family normally only spends about 30 percent of its income on food. The number of work days in a week has decreased from 6 to 5. Thus, people have more free time at their disposal and they are now better educated. In the United States, the workers have 2

to 4 years more of schooling than their prewar predecessors. In Japan, many workers are university graduates. The technical workers and technicians among them in particular are better educated and are enjoying better income and job security than others. Given their personal living standards, it seems that we can include these people in the middle class. However, considering their relationship to capital, we must still call them hired laborers and creators of surplus value. As a result of scientific and technological advances and of the development of division of labor, certain production techniques have improved and some new branches of industry and some new and sophisticated professions have emerged. Advanced technology is quite often required in these professions. Since the 1970's, the number of workers employed in some traditional branches of production has been decreasing. Highly skilled workers, who are capable of independently turning the subject of labor into finished products, are now being replaced by better educated and technologically or professionally trained technical workers and technicians. Trained semiskilled laborers working on automatic production lines have increased in number. However, the number of untrained laborers [cu gong 4723 1562] has dropped sharply.

The number of workers employed in agriculture has decreased drastically. In many countries, the number of workers employed in agriculture makes up less than 10 percent of the labor force.

Since the 1970's, the number of unemployed workers has been increasing. The 24 member countries of the Organization for Economic Cooperation and Development have a total of more than 30 million unemployed and an average unemployment rate of about 10 percent. These unemployed people, particularly the increasing number of constantly unemployed ones among them, share some common interests and demands. They form a large social stratum and a social force that cannot be overlooked.

Non-native workers are at the bottom of the working class. Having left their home countries to work abroad, they are generally not professionally or technologically trained. In the host countries, they do dirty and strenuous manual work. They can earn only a pittance and they have no political power whatsoever. When an economic depression comes, they are invariably the first ones to lose their jobs. Sometimes, they are even repatriated.

In the several decades since the war, a large number of different types of mid- and low-grade staff members have emerged. These people include clerks, salespeople, and waiters in tertiary industry and the junior administrative clerks in secondary industry. At present, they make up about half of the working class. This is a major change in the internal makeup of the working class. These mid- and low-grade staff members are all employees. Generally speaking, their work is more intellectual in nature than that of industrial and physical laborers. However, the way they work, the nature of their jobs, and the way they strive for a better living are very similar

to those of workers. They rely heavily on machines in their work and they cannot show any initiative. Their income is generally not any higher than that of industrial workers. The income of the women among them is sometimes even lower than that of workers. These mid- and low-grade staff members are gradually becoming more and more like workers although their living styles, their views on things, their social status, and their affiliation with trade unions still remain somewhat different from those of industrial workers. Some of them even refuse to admit that they are members of the working class. However, one's class affiliation is not decided by one's own subjective thinking.

Generally speaking, the internal makeup of the working class and the distribution of jobs among its members have become very complicated. The differences and contradictions between industrial workers, physical laborers, mid- and low-grade staff members, non-native workers, and the unemployed have made the internal composition of the working class very complicated.

#### The In-Between Groups

The in-between groups refers to those social groups and communities with social status between that of the bourgeoisie and that of the working class. They do not constitute an independent class, because their members are related to means of production in different ways, play different roles in social and labor organizations, and do not share common interests. They also do not constitute a homogeneous and relatively stable social stratum. Members near the top of these groups are more like members of the bourgeoisie, whereas those at the bottom are more like members of the working class. The problem of these in-between groups has always been a central issue in the discussion among Western sociologists on the postwar class structure of developed capitalist countries. Some scholars have suggested that they constitute a class, a "middle class" or a "new petite bourgeoisie." Others deny that they exist at all. Actually, before the war, there were a large number of urban and rural small producers and a small but increasing number of enterprise executives, state and social administrators, and various types of professionals, such as lawyers, doctors, and university teachers in the industrialized capitalist countries. Most of them are professionals. The difference is that in today's developed capitalist countries, the makeup of these in-between groups, their relative strengths, and their social roles have all changed a great deal.

The family is the basic unit in agricultural production. Farmers own their land or they may rent part of their land from others. Medium-sized and small farms rarely employ workers on a long-term basis. Most farm hands are employed on a part-time basis. They do farm work during the busy seasons and work in some nearby cities and towns (they earn their income mainly from nonagricultural sources) during the slack seasons. In the United States, where agriculture is highly modernized, special

commercial firms provide a wide range of services from seed supplies, storage, and transportation to marketing and farmers are exploited by commercial and banking capitalists (particularly in marketing and by means of loans). Thus, one can say that agriculture is now part of a capitalist "big business" [da shang ye 1129 0794 2814] system and that small agricultural producers are no longer small farmers in the traditional sense.

In cities, medium and small enterprises, particularly medium and small transportation, building construction, and maintenance service enterprises, have increased notably. On the one hand, the owners of these enterprises exploit their employees. On the other, however, they are squeezed or even exploited by big capitalists. Many of them take processing and procurement orders from large enterprises. However, they are practically the large enterprises' unofficial workshops and sales agents. There are many such medium and small enterprises. However, they are very unstable. In the United States, the total number of their workers make up one-third of the total number of the country's workers. However, less than half of these enterprises can sustain their operation for over 5 years. The independent operators [jing ying zhe 4842 3602 5074], small businessmen, and owners of small handicraft enterprises in cities possess some means of production. They either employ a few workers each or do not employ any at all. Sometimes, they also have to work. Their income is meager and unstable in spite of their long work hours. Some of them even have to work under appalling conditions.

According to information provided by the International Labor Organization, there is great variation among various countries as to the question of how large a part of their work force is urban and rural small capitalists (including the working members of their families). They make up less than 10 percent of the work force in the United Kingdom and the United States. In the FRG and France, they make up 10 to 15 percent of the work force. However, in Japan and Italy, they make up over 20 percent of the work force.

Mid-grade executives and professionals are the most unstable of the members of these in-between groups. Executives (including civil servants) have increased in number since the war to form quite a large professional group. Some Western scholars even call it the "management class." Since the 1970's, because of the extensive application of the computer in administration and management and of the keen competition in commerce, some large enterprises and institutions have reduced the number of intermediate management levels and, as a result, the growth of mid-level staffs has slowed down. These executives are employees executing instructions and supervising and coordinating things in social and labor organizations, thus playing an important role in social production.

Since the war, higher education has been developing rapidly and the number of intellectuals in Western Europe has increased from 1 million to about 10 million.

Institutions of higher learning in the United States have a total enrollment of 12 million, while those in Japan have a total enrollment of 2 million. Therefore, there is a large number of mental workers in society. These people include senior engineers, technicians, university teachers, academicians, lawyers, doctors, accountants, editors, reporters, writers, artists, and so on. Many of them were self-employed professionals in the past. However, many of them have become wage-earning employees or have joined government organizations or enterprises on a contract or part-time basis. Most of these mental laborers work in the tertiary industry and they share some common characteristics: They are quite well educated; they work independently or in small groups and they can show some initiative and creativeness in their work; their income is moderate or above; their lifestyles and consumption patterns are quite similar and they may even live in the same estates; and their social status is neither very high nor very low.

Executives and professionals are intellectuals. They are now playing a more important role than they did in the past. The effects of the new technological revolution can be seen from the increasingly extensive application of knowledge and science in production. They now directly serve production and have become part of it. In capitalist societies, as a result of the intensification of various types of social contradictions, intellectuals who are critical of the capitalist social reality and of the capitalist system itself are increasing in number. However, many of them are happy with their present material life and social status. They care more about their business than society and they are afraid of social unrest. Some of them even call for maintenance of the political status quo, refuse to give thought to reforms, and are inclined toward conservative politics. At times when the progressive and conservative forces are in conflict, the attitudes of intellectuals and the in-between groups can play a somewhat decisive role in elections.

The postwar changes in these in-between groups are also observable from their relative strength. Generally speaking, urban and rural members of the petite bourgeoisie have become fewer in number. This means that fewer people are now employed in agriculture. However, in cities, the number of individual operators and small enterprise owners has increased and the number of professionals is increasing. Intellectuals have become an important part of these in-between groups.

Present class structures will not remain forever unchanged. Actually, the boundaries between the upper circles of these in-between groups and the bourgeoisie and between the lower circles of these groups and the working class are constantly changing. Thus, the entire class structure of society is also changing. On the fringes of various classes and strata, there are marginal or transient social groups and communities. Although this phenomenon is not peculiar to a particular society with a particular class structure, it is at present more noticeable in developed capitalist societies.

**The Nature of the Theory of Reflection, and Enlightenment From the Theory of Epistemology—A Reply to Comrade Zhao Biru**  
*HK140509 Beijing HONGQI [RED FLAG] in Chinese No 18, 16 Sep 87 pp 32-37*

[Article by Wang Zhenwu [3769 2182 2976]]

[Text] In his article entitled "Lenin's Theory of Reflection and Jean Piaget's Theory of Epistemology" (Footnote 1) (Zhao Biru's "Lenin's Theory of Reflection and Jean Piaget's Theory of Epistemology" was published in HONGQI Nos 5 and 6, 1987; in the following article, all the remarks made by Comrade Zhao Biru are quoted from the same source and will not be given footnotes), Comrade Zhao Biru criticizes the views in my article entitled "New Explorations on the Definition of Understanding." Here, I would like to answer Comrade Zhao Biru's criticism in order to learn more from him.

I

What is the essence of the theory of reflection? In my view, the theory of reflection is the general principle of the materialist theory of knowledge. However, Comrade Zhao Biru does not agree with this view and says in his article: "It is quite clear that Comrade Wang Zhenwu has made his judgment according to the title of the book, not according to the contents of the whole book. He does not even consider 'The Empirio-Criticism Theory of Knowledge and the Dialectical Materialist Theory of Knowledge,' which is the explicit heading of the first three chapters of the book. As a result, he reaches the following conclusion: 'This book mainly discusses the materialism of the theory of knowledge, not the dialectics of the theory of knowledge.' As a matter of fact, under this heading, Lenin discussed the contradiction between the dialectical materialist theory of knowledge and the empirio-criticism theory of knowledge. The theory of knowledge Lenin discussed in the first three chapters of his book is not only the materialist theory of knowledge but also the dialectical materialist theory of knowledge—namely, the theory of knowledge, which originates from dialectics and is organically combined with dialectics." Obviously, the difference lies in whether the theory of reflection in the book "Materialism and Empirio-Criticism" is in principle general materialism or dialectical materialism. I think that since this question concerns the understanding of Lenin's theory of reflection, we should understand Lenin's theory of reflection in the light of Lenin's understanding of the theory of reflection. In his book, Lenin repeatedly referred to his own views as "general materialism." So, the general theory of knowledge was not forced on the book "Materialism and Empirio-Criticism" by me through my own "judgment of the title of the book," but is in fact the original view of Lenin.

Is the general materialism mentioned in the book "Materialism and Empirio-Criticism" only the thinking of certain individuals? No, it is absolutely not. The direct

purpose of Lenin in writing this book can be seen in the subtitle of the book, which is "To Criticize a Type of Reactionary Philosophy." This is obviously aimed at clearing up the confusion created by Bogdanov and his followers, who advocated Machist views, in the Social Democratic Party of Russia by criticizing Machism. Because at that time, Machism, together with all the other factions of idealism, opposed the entire materialistic line, Lenin criticized the philosophical idealism of Machism by advocating the general principle of materialism. When analyzing the relationship between Machism and various factions of materialism, Lenin particularly stressed the "fundamental difference between the line advocated by Ernst Mach and his followers and the line advocated by all the materialists, rather than differences among the various factions of materialism." (Footnote 2) ("Selected Works of Lenin," Vol 2, p 246) So, in writing his book, Lenin not only quoted the views of Marx, Engels, Joseph Dietzgen, and other dialectical materialists, but also quoted the views of Denis Diderot, Ludwig Andreas Feuerbach, and other old materialists to set the philosophical line of general materialism against the philosophical line of general idealism and draw a clear line of demarcation between the two sharply contrasting philosophical lines.

However, I did not completely disagree with the view that the book "Materialism and Empirio-Criticism" contains dialectical thinking, though the book places great stress on general materialism. In my book "New Explorations on the Definition of Understanding," I said that the book "Materialism and Empirio-Criticism" mainly discusses the materialism of the theory of knowledge, not the dialectics of the theory of knowledge. This means that in the book written by Lenin, the dialectical thinking is stressed less than the general materialist thinking. However, as a dialectical materialist, when expounding on the general principle of the dialectical materialist theory of knowledge, Lenin could not refrain from discussing certain dialectical views. Despite this fact, the nature of the debate determined that when expounding on the dialectics of the theory of knowledge, Lenin paid more attention to finding a dialectical solution to the question concerning the materialist premise of the theory of knowledge and laid more stress on general materialism. This means that Lenin laid more stress on the basic part of the dialectical materialist theory of knowledge than on the theory of knowledge itself. The theory of knowledge Lenin discussed in the first three chapters of his book did not "originate from dialectics" as claimed by Comrade Zhao Biru, but originated from the general materialism advocated by Denis Diderot, Ludwig Andreas Feuerbach, and so on. Lenin even claimed that the theory of knowledge he discussed was "the most basic argument to all types of materialism." (Footnote 3) ("Selected Works of Lenin," Vol 2, p 132) From this, we can see that under the headline of "Empirio-Criticism Theory of Knowledge and Dialectical Materialist Theory of Knowledge," Lenin discussed the basic principles of the empirio-criticism theory of knowledge and the dialectical materialist theory of knowledge, not the general

materialist theory of knowledge. Comrade Zhao Biru regards the theory of reflection expounded on by Lenin as the general materialist theory of knowledge, as the "theory which originates from dialectics and is organically combined with dialectics." As a matter of fact, Comrade Zhao Biru does not raise the position of the theory of reflection and does not "firmly grasp the spiritual essence of the theory of reflection"; on the contrary, he downgrades the dialectical materialist theory of knowledge to the level of the general materialist theory of knowledge and reduces the huge building of the knowledge of mankind to its very foundation to block the road leading to further development of the dialectical materialist theory of knowledge.

Because the concept of reflection belongs to the general materialist theory of knowledge, I believe that the concept of reflection cannot bring to light the principle of creativeness of understanding, which has always been advocated by the dialectical materialist theory of knowledge. By proceeding from the view that theory of reflection is the dialectical materialist theory of knowledge, Comrade Zhao Biru criticizes my view as "groundless," saying: "When Lenin quoted the remarks of Hegel, he wrote: 'People's consciousness not only reflects the objective world, but also creates the objective world.' This means that the reflection in the people's consciousness is creative in nature." However, reflection itself does not have any creative functions. Although creation is presupposed by reflection and, without reflection, creation would be deprived of its objective source and basis, the question of whether reflection itself is creative in nature is different from the question of whether creation can be divorced from reflection. Comrade Zhao Biru mixes up these two different questions and therefore reaches the erroneous conclusion that "reflection is creative in nature."

## II

The theory of reflection cannot represent Lenin's entire theory of knowledge; or can it represent the entire dialectical materialist theory of knowledge. The dialectical materialist theory of knowledge is the theory of practice in nature. The theory of practice differs from the theory of reflection in principle. The difference between the theory of practice and the theory of reflection is the difference between the new materialist theory of knowledge and the old materialist theory of knowledge. This is because the theory of reflection can only bring to light the material basis on which the subjective side and objective side act on each other, whereas the theory of practice can bring to light the dialectical way in which the subjective side and the objective side act on each other. Therefore, we should not only acknowledge the creative side of the people's consciousness but also "stress the activity and purpose of the people's consciousness to more deeply and more profoundly bring to light selectivity, the fundamental characteristic of consciousness." This is another view I put forward in my

"New Explorations on the Definition of Understanding." In my "New Explorations on the Definition of Understanding," I also cited the view on "the meaning of any target" put forward by Marx in his "Economic and Philosophic Manuscripts of 1844" and the view of "retreating in order to make more precise progress" put forward by Lenin in his "Notes on Philosophy" to try to explain that the selective mechanism of consciousness is the extended logic of the theory of practice—the dialectical materialist theory of knowledge. Comrade Zhao Biru also criticizes this view of mine. However, he does not discuss whether it is possible to draw the view on selectivity of consciousness from the views of Marx and Lenin. Instead, by proceeding from the false premise that the theory of reflection is the nature of the dialectical materialist theory of knowledge, Comrade Zhao Biru says that "Comrade Wang Zhenwu has metaphysically separated Lenin's theory of reflection from the principles of the Marxist theory of knowledge" because "the basis of the theory of reflection has long been set up in the works of Marx and Engels" and Lenin only "added a new and dynamic meaning to this concept" on such a basis. In the meantime, Lenin also "creatively developed the Marxist dialectical materialist theory of knowledge—namely, the theory of reflection—and put forward that the spirit (psychology, consciousness) is 'the function of the brain and the reflection of the outside world,' which is the basic principle of the theory of reflection." Therefore, "Lenin's theory of reflection completely conforms with the principles of Marx and Engels' theory of knowledge." This is the first criticism made by Comrade Zhao Biru. The second criticism made by Comrade Zhao Biru is that "Comrade Wang Zhenwu tried to look for the contradiction in the theory of reflection from the book 'Materialism and Empirio-Criticism' and the book 'Notes on Philosophy.' However, none of the views expressed by Lenin in 'Notes on Philosophy' is divorced from the basic principle of the theory of reflection, but on the contrary, they are the further exposition of the basic principle of the theory of reflection." I don't think these criticisms are sufficiently convincing.

The reason the first criticism is not convincing is because the view that consciousness is the "function of the brain and the reflection of the outside world," which is the basic principle of the theory of reflection, was not put forward by Lenin and is not Lenin's "creative development" of the dialectical materialist theory of knowledge, either. The fact is that in the fifth section of Chapter 1 of Lenin's "Materialism and Empirio-Criticism," in order to counter Richard Avenarius' and Ernst Mach's idealistic view that "the brain is not the organ of thinking and thinking is not the function of the brain," Lenin pointed out that "spirit is secondary, is the function of the brain, and is the reflection of the outside world" (Footnote 4) ("Selected Works of Lenin," Vol 2, p 87), which is of the materialist monism. Can we not find a fundamental difference here between Lenin's view and that of Ludwig Andreas Feuerbach and Engels? Where is the "creativity" of Lenin's view? Obviously, the view here held by Lenin is certainly not the one "creatively developed" by

Lenin, nor is it the view solely owned by the dialectical materialist theory of knowledge, but is the "pure" materialist view put forward by Ludwig Andreas Feuerbach and other old materialists. This "pure" materialist view was regarded as the basis of the theory of knowledge by Engels and Lenin. It is true that Marx and Engels repeatedly used the concept of reflection in their works. However, it is incorrect to say that the dialectical materialist theory of knowledge of Marx and Engels is in essence the theory of reflection simply because Marx and Engels several times used the concept of reflection in their works. If we thought according to this logic, we would probably also say that the theory of epistemology founded by Jean Piaget is also in essence the theory of reflection, simply because Jean Piaget also used the concept of reflection. Here, as a matter of fact, the question is not whether they used the concept of reflection in their works, but in what contexts they used the concept of reflection. For example, as far as the three passages quoted by Comrade Zhao Biru from the works of Marx and Engels are concerned, Marx and Engels only used the concept of reflection when discussing the general principle of the materialist theory of knowledge, which holds that concepts originate from the actual reality and the subjective materialism originates from the realistic world. I did not deny this point in my article. In my "New Explorations on the Definition of Understanding," I clearly pointed out that the concept of reflection "brings to light the objectivity of the contents of understanding." This view of mine conforms with the views of Marx, Engels, and Lenin on the concept of reflection. However, only acknowledging that understanding is the reflection of the realistic world is not the Marxist theory of knowledge. Marxist theory of knowledge is in essence the theory of practice. The theory of practice is the logical component of the practice materialism founded by Marx. From the "Outlines on Feuerbach," which is often quoted by people, we can see that Marx criticized the old materialist theory of reflection, including the theory of reflection founded by Feuerbach, saying that the old materialist theory of reflection only directly perceives people's understanding from objective reality, and criticized the one-sidedness of idealism, saying that idealism only abstractly perceives people's understanding from subjective reality. What Marx advocated is to perceive people's understanding from the principal body. Obviously, Marx did not stress the reflectiveness of the people's understanding but stressed the activity of the people's understanding. However, in his "Materialism and Empirio-Criticism," Lenin stressed not the activity but the reflectiveness of the people's understanding. This is because the Marxist theory born of Feuerbach only stressed further development of the materialist theory of knowledge and held that the pressing matter of the moment is to point out the activity of the understanding to distinguish the new materialism from the old materialism. When Lenin wrote "Materialism and Empirio-Criticism," idealism was prevailing, so the pressing matter of the moment was not to further develop materialism, but to enable the old materialism and new materialism to get united. As a

result, Lenin stressed the unity of the old materialism and new materialism in order to safeguard the philosophical basis of dialectical materialism. From this, we can see that the fact is precisely contrary to what Comrade Zhao Biru claims. In his "Materialism and Empirio-Criticism," Lenin neither added "new dynamic meaning" to the concept of reflection nor particularly stressed the activity of understanding, about which Marx had talked. Therefore, I think that both similarity and difference exist between the theory of knowledge contained in Lenin's "Materialism and Empirio-Criticism" and the principles of Marx and Engels' theory of knowledge. The similarity is that both regarded the theory of reflection as the basis of their own theories of knowledge. The difference is that Lenin mainly expounded the principles of the general materialist theory of reflection, while Marx and Engels mainly stressed the principle of activity of the dialectical materialist theory of knowledge. From this, people can see that I did not "metaphysically divorce Lenin's theory of reflection from the principles of Marx's theory of knowledge" and it is Comrade Zhao Biru who downgrades the Marxist dialectical materialist theory of practice to the level of the general materialist theory of reflection and metaphysically and firmly equates the theory of knowledge contained in "Materialism and Empirio-Criticism" with the dialectical materialist theory of knowledge at the level of the general materialist theory of reflection to reach such a conclusion as there is no fundamental difference between the theory of knowledge contained in "Materialism and Empirio-Criticism" and the dialectical materialist theory of knowledge.

The second criticism is not convincing. The reason is that as far as Lenin's ideological formation and development are concerned and in order to counterattack the attack launched by the Russian empirio-criticism on the Marxist philosophy, Lenin particularly studied the materialistic views of Ludwig Andreas Feuerbach, Marx, Engels, Joseph Dietzgen. From this he wrote the book "Materialism and Empirio-Criticism," thus drawing a clear line of demarcation between general materialism and general idealism. Between 1914 and 1916, Lenin read a large number of historical works of philosophy, especially Hegel's philosophical works, mainly studied the dialectics, and wrote the book "Notes on Philosophy." In "Notes on Philosophy," Lenin reviewed and summed up the "question of criticizing modern Kantism and modern Machism, and some other questions" and wrote the following "two epigrams": "1) When criticizing Kantism (and the general agnosticism), Plekhanov often proceeded from the vulgar materialist point of view and seldom proceeded from the dialectical materialist point of view.... 2) At the beginning of the 20th century, Marxists criticized Kantism and Humean philosophy according to Feuerbach's view (and according to the view of George Buchner), but seldom according to Hegel's viewpoint." (Footnote 5) ("Complete Works of Lenin," Vol 38, pp 190-191) Obviously, by that time, Lenin had begun to realize the limitations of the "Marxists," including himself, in using the general materialist view to criticize idealism. For this reason, in his "Notes

on Philosophy," Lenin not only acknowledged the reflectiveness of people's understanding but also particularly stressed creativeness and purpose of the people's understanding that take place on the basis of practice and stressed the complicated and dialectical development of the people's understanding in the entire historical process. Lenin also put forward the thought of unifying logic, dialectics, and theory of knowledge on the basis of inheriting the cause of Marx and Hegel to have further developed the principle of activity of the dialectical materialist theory of knowledge and further expounded and developed the theory of practice. The theory of practice is the gist of the dialectical materialist theory of knowledge expounded by Lenin. From this, we can see that although "none of Lenin's views expressed in 'Notes on Philosophy' are divorced from the basic principles of the theory of reflection," none of Lenin's views expressed in "Notes on Philosophy" stay at the level of the theory of reflection. As a matter of fact, the question is not whether we should acknowledge the theory of reflection, but how we should look at the theory of reflection. The old materialism regards the theory of reflection as the entire theory of knowledge, whereas dialectical materialism only regards the theory of reflection as the premise and basis of the theory of knowledge and regards the theory of practice as the essence of the dialectical materialist theory of knowledge. Therefore, the theory of practice is the watershed between the new materialist theory of knowledge and the old materialist theory of knowledge. Thus, I think that on the question of acknowledging that the theory of reflection is the basis of the theory of knowledge, "Materialism and Empirio-Criticism" and "Notes on Philosophy" share the same view. However, in expounding that the theory of practice is the essence of the theory of knowledge and in expounding the dialectical process of the theory of knowledge, the latter had taken one step forward. This is the difference between the two. This difference objectively exists and was not purposely "found" by me. If we denied the existence of this difference, we would inevitably obliterate Lenin's contributions to the theory of knowledge in his "Notes on Philosophy" and obliterate the fundamental characteristic of the dialectical materialist theory of knowledge.

### III

The latest achievements and new materials of modern science and technology have provided plenty of materials for the study on the Marxist theory of knowledge and opened up broad prospects for the development of the theory of knowledge. How should we philosophically generalize and sum up the development of modern science and technology? Over the past few years, some of our country's philosophy workers have been studying and discussing this topic. Some comrades believe that the concept of reflection in the classical theory of knowledge does not completely conform with the development of modern science and technology. Therefore, efforts must be made to look for new concepts and categories to explain the question of the theory of knowledge which

has been raised by modern science and technology. It was against this historical background that I said in my "New Explorations on the Definition of Understanding": "Since the concept of reflection cannot bring to light the realistic situation of the understanding of mankind, efforts should be made to look for a new definition to replace it. This is a trend in the development of the understanding of the contemporary era." At the same time, I also pointed out: "Swiss psychologist Jean Piaget has already done much work in this respect." As far as this question is concerned, Comrade Zhao Biru says: "This argument lacks a scientific basis." In the view of Comrade Zhao Biru, the fact found out in the study on the theory of epistemology can scientifically explain and prove the philosophical views of the "theory of reflection." However, in my view, Comrade Zhao Biru's argument can hardly hold water.

According to Lenin's views in "Materialism and Empirio-Criticism," the essence of reflection is duplication, photo-taking, copying, and mirror image. Jean Piaget strongly opposed such a theory of reflection. He repeatedly pointed out: "I am against regarding knowledge as a copy of reality." (Footnote 6) (JIAOYU YANJIU of 1979, Vol 2, p 91) Jean Piaget always tried to replace reflection with another category. However, by the time he died, he had not found such a category. Although Jean Piaget opposed the theory of reflection, he did not oppose the dialectical materialist theory of practice. Many of Jean Piaget's views conform with the Marxist concept of practice. It is just as Jean Piaget said: "Object changes in action. This type of action then becomes the source of new knowledge. One of the basic topics assigned by Marx to sociology is: People act on the natural world in order to carry out production, but at the same time, people are restricted by rules of the natural world. The interaction between the characteristics of the object and the production of mankind has also been found in the psychology of achieving knowledge. Only when we act on the targets of understanding and change the targets of understanding will we understand the targets of understanding." (Footnote 7) ("Children's Psychological Development," pp 151-152) From this, we can see that the theory of epistemology cannot "scientifically explain and expound" the theory of reflection, but is only the concrete exposition and development of the dialectical materialist theory of practice. This fact has proved from another angle that the dialectical materialist theory of knowledge is in nature the theory of practice, not the theory of reflection. This is the biggest enlightenment the theory of epistemology has given us.

It is true that the theory of epistemology is still not the philosophical theory of knowledge, but the combination of the theory of epistemology, various modern natural sciences, and the dialectical materialist theory of practice can bring to light the internal mechanism of the activity of understanding to find the modern form of the theory of knowledge—the theory of selection. As far as the theory of practice is concerned, in the countless

repeated practice carried out by mankind, the law governing the outside projects and practical activities "has been firmly established as a generally acknowledged truth" and "has become the logic" (Footnote 8) ("Complete Works of Lenin," Vol 38, p 233), which forms the principal structure of understanding in the people's consciousness; the theory of epistemology has further proved that in understanding the outside objects, the principal structure of understanding has the functions of assimilation and selection. However, the function of selection can prevent people from understanding all types of outside objects and only enable people to take outside projects that are acceptable to the principal structure of understanding as their targets of understanding. Because the principal structure of understanding is not innate, but is the internal digestion, accumulation, and sediment of the outside objects and practical activities, people choose their targets of understanding within their own "natural network," not according to their free and subjective will as idealists have claimed. So, if we recognize that the dialectical materialist theory of knowledge is the theory of practice and really advocate the combination of the theory of practice and modern sciences, we must also recognize: "The natural characteristic of the understanding that happens and develops in the social practice of mankind is not reflection but selection." Even if we regard the basic principle of the theory of reflection, which holds that the people's understanding is the "function of the brain and the reflection of the outside world," as the dialectical materialist theory of knowledge and combine this basic principle of the theory of reflection with modern sciences, we will also reach the conclusion that the nature of the people's understanding is selection. This is because modern brain science has proved that the generating mechanism of the brain nerve is selection; the theory of information has also proved that only by separating the noise signal from the outside information that enters the brain through selection will the information that enters the brain become precise information and knowledge. Obviously, the theory of selection is not only the logical development of the theory of practice, but is also based on the basic principles of the theory of reflection. It can be said that the active reflection is selection. Therefore, if we say that the theory of reflection has brought to light the material basis of both the subjective and the objective structures on which understanding relies, then we can say that the theory of reflection has further brought to light the dialectical mechanism of the interaction between the subjective and objective structures in the practical activities of the mankind. However, Comrade Zhao Biru believes that all these views are wrong. This is because, first, "these views are wrong because they fail to take into consideration the extremely complicated activity of the brain function, which is dialectically unified with the reflection of the outside world"; second, these views are wrong because they regard the nature of understanding as selection to "actually replace the concept of reflection in Lenin's theory of reflection with the

psychological concept of attention," for the "psychological concept of attention particularly studies the selectiveness of the understanding (consciousness)." Comrade Zhao Biru also says: "Comrade Wang Zhenwu's expositions on this subject are only repetition of the most basic views of the psychological concept of attention and are nothing new." I think that the first criticism is completely groundless. In fact, the theory of reflection itself, as the general principle of the materialist theory of knowledge, does not bring to light the "very complicated activity of the brain function." The reason that I take selection as the nature of understanding is because I want to bring to light the specific mechanism and nature of this type of activity. As far as the second criticism is concerned, I do now know what Comrade Zhao Biru means by saying the "chapter on attention in psychology," but I admit that in terms of citing specific materials of natural sciences, I have not "put forward anything new." As far as this point is concerned, Comrade Zhao Biru's criticism is correct. When discussing the study on the relationship between physics and the philosophical theory of knowledge, Lenin said: "We do not want to talk about the professional theories of physics. What we want to know is only some explicit arguments and the conclusion on the theory of knowledge, which has been reached from the discoveries known to all." (Footnote 9) ("Selected Works of Lenin," Vol 2, p 258) Although Lenin only discussed the relationship between physics, which is a special scientific subject, and philosophy, what he said is of universal significance. This principle is also applicable to the study on the relationship between the modern sciences and the philosophical theory of knowledge. Therefore, as far as this aspect is concerned, what I should do is not to put forward something new, but to sum up and reach a conclusion on the theory of knowledge from the modern sciences known to all. And the category of selection is precisely the result of my summary and generalization. It is for this reason that the category of selection has all the general and universal characteristics of the category of philosophy, can be introduced into the theory of knowledge, and can be regarded as a foundation stone in establishing the modern theory of knowledge. The relationship between the category of selection and the concept of attention in psychology, the intuition of the ideological science, the filtration of the theory of information, the concept of systematic science, the assimilation of the theory of epistemology, and so on, is the relationship between the general and the individual. The latter is only the special form of expression. So, to take selection as the nature of understanding does not mean to replace reflection with attention because we cannot logically reach such a conclusion.

**Expositions on Several Important Views in the Revised and Enlarged Edition of 'Building Socialism With Chinese Characteristics'**  
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[Seventh part of article by the HONGQI Theoretical Education Editorial Office]

[Text]

## VII. VII. On Party Building

[By Jia Pingan [6328 1627 1344]]

21. "Correcting party style is the key to correcting social atmosphere." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 124)

If the party style is good, social atmosphere will be good. If problems appear in party style, it will be difficult to have a good social atmosphere. This has been repeatedly proven by practice since the founding of the PRC. In the 1950's and the early part of the 1960's our party's style was good. Influenced by this, the atmosphere of the whole society was good. In 1958, with the "Great Leap Forward" we committed "leftist" mistakes that brought great difficulties to the national economy. Thus it was essential that overall adjustment be carried out. Capital construction investment was reduced from close to 30 billion yuan to 5-plus billion yuan, 20 million staff and workers were sent down to the lower levels where work was quite difficult. How was this readjustment carried out so smoothly? A major reason was that party style at the time was quite good, party prestige was high, relationship between the party and the masses was close and the overall social atmosphere was quite good. Thus it was possible to lead the masses in carrying out a common struggle, overcoming difficulties quite quickly, and creating a new situation. In the 10 years of the "Cultural Revolution" the whole country was plunged into chaos, the party's fine style was seriously harmed, and the social atmosphere was damaged. Many comrades both within and outside the party have personally experienced these events. Since the 3d Plenary Session of the 11th CPC Central Committee, the party has done much arduous work in bringing order out of chaos, in the overall rectification of the party and in strengthening the building of democracy and the legal system, thus achieving remarkable results in correcting the party's style and the social atmosphere. Presently, the basic situation in party style is: Overall, seen from the party's line, principles and policies, the party's fine traditions have seen great revival and development. This is the basic essence of and major trend in the party style. However, it should be recognized that in some areas and on some particular issues, the situation in terms of party style is clearly not ideal. Among some party cadres and party members there still exist differing degrees unhealthy tendencies such as bureaucratism, responsibility fraud, flouting the law, abuse of privileges, and abuse of power. The masses are unhappy about this. Thus, only by continuing to adopt powerful measures and further correcting the party style will it be possible to promote a greater change for the better in the social atmosphere.

The reason that correcting party style is the key to correcting social atmosphere is closely related to the fact that the party is in the ruling-party position. After the

founding of the PRC, our party changed from its long-term situation of being subject to oppression to being the party in power, leading the whole nation. This basic change put forward new demands to strengthen party style. With the party in the position of party in power, many party cadres took on leadership tasks in areas ranging from central organs to local organs and from political power organs and people's organizations to enterprise and institutional units. There they were able to use their power within set limits to resolve major problems in work and in the masses' lives. The swift, firm actions of the party members showed what the party style was like, and its influence in society was far greater than before. If the party members' work style was good, the masses would learn from them and this would assist in forming a fine social atmosphere. On the other hand, if the style of the party members was poor, the masses naturally would feel no admiration, and this would obstruct the establishment of a fine social atmosphere. This is one aspect of the question. Another aspect is that, as our party is in a peaceful environment and our party cadres hold certain leadership powers, the danger of subjectivism and bureaucratism has increased since the revolutionary war years. If we do not soberly recognize this point and do not consider strengthening party style of the party in power an important task, some party members will forget the principle that after gaining power it is appropriate and possible to better serve the people. These party members will wrongly regard and use the power the people have given them and develop unhealthy trends such as arrogance and self-satisfaction, acting like bureaucrats and overlords, seeking ease and comfort, seeking privileges, and using their power for private gain. Some party members and individual party groups, because they are not strong-willed, may even degenerate. This will inevitably harm the party's prestige, weaken the party's capacity for struggle, and result in the party being seriously divorced from the masses. As soon as the party is divorced from the masses, it will be unable to maintain its own advanced nature or be able to play its role in revolution and construction. It will also find it difficult to correct the unhealthy atmosphere of society. It was precisely because of this that Comrade Chen Yun seriously pointed out: "The issue of the party style of the party in power is a matter of the life or death of the party." ("Selected Works of Chen Yun" 1956-1985, p 245) This conclusion is very profound.

We should also recognize that with reform, opening to the outside world, and invigorating the economy, our party style and the social atmosphere are both facing new tests. In the last 8-plus years, we have firmly adhered to the general principles and general policies of reform, opening to the outside, and invigorating the economy, promoted the development of the productive forces and the building of socialist spiritual civilization and brought universally acknowledged real benefits to broad masses. In the process of reform, opening to the outside world, and invigorating the domestic economy, some new situations have also appeared. For example, our implementation of the policy of opening to the outside world has

drawn on science and technology and management experiences, but foreign bourgeois decadent ideology and life-styles have also made use of this opportunity to come in and pollute people's souls. In the process of change from old systems to new systems, various of our management systems cannot for the moment be perfected, and some people have made use of the reforms to harm the interests of the state, collectives and the masses, and to seek ill-gotten gains. We must develop the socialist commodity economy and adhere to the principles of distribution according to work and exchange at equal value, but some people have distorted the socialist nature of these things and have advocated the erroneous ideas of "seeking money in everything" and "if the economy is to be invigorated, discipline must be loosened." If we allow these negative aspects to spread, they will damage the social atmosphere, affect the atmosphere of stability and unity, and affect the progress of reform, opening to the outside world, and invigorating the economy. What is worthy of note is that these negative factors have already affected the body of the party and have become manifest in some party members. Some major economic crimes that have occurred in society have been closely related to a small number of party members using their power to seek private gain, or to serious bureaucratism. Thus, if we are to correct the social atmosphere, the key lies in striving to overcome unhealthy tendencies within the party and doing well in the building of the party style. "If someone sets a good example they will, without preaching about it, be emulated by others." Only if all the party members and cadres develop the fine style of the party, do not fear arduousness, do not fear sacrifice, and do make contributions to reform and construction will it be possible to promote a fine social atmosphere and unify and lead the vast masses in common struggle to achieve the overall tasks of the new period.

If we want to seriously resolve the matter of correcting party style, we must administer the party strictly. First, we must strengthen education in party spirit so that the party spirit of all party members is fostered, their sense of historical responsibility is strengthened, communist ideals and moral sentiments are established firmly and the unhealthy trends such as using one's power to seek private gain, bureaucratism, and so on are consciously corrected. Second, party organs and leading cadres at all levels must set an example, provide a model and play a leading role in correcting party style. Once the work styles of leading organs and leading cadres are corrected, it will be easy to correct the unhealthy tendencies of lower level organs and party members. Third, we must be strict in party discipline. If party members engage in unhealthy tendencies or violate party discipline, then no matter who it is, appropriate punishment must be meted out in accordance with the seriousness of the offense. Any party member who receives bribes, demands a bribe or violates criminal law shall, regardless of the seriousness of the offense, have his party membership revoked. Fourth, we must strictly uphold the regulations of the party's organizational activities. Party branch activities

are an important way by which to maintain the healthy body of the party and resist unhealthy tendencies. We need to make the correction of party work style an important regular component of the branch activities, relate this to the existing problems in party style, seriously and firmly develop criticism and self-criticism, and at the same time commend party members who have good style. If we adhere to both commendation and criticism and self-criticism, we will be able to support the correct and dispel the evil. This will play an educating and supervisory role for the party members and will ensure that there is nowhere for evil tendencies to hide.

To do well in terms of party style and promote a turn for the better in social atmosphere, we must clarify the relationship between correcting party style and strengthening the legal system. Our current focal point is correcting party style, but in overall terms it is strengthening the legal system. Correcting the unhealthy tendencies in some party members is a problem in building party style and must be handled by the party. As to graft, embezzlement, and other legal phenomena, they are problems that fall within the scope of law and of society and must be resolved by strengthening the legal system and social education. Differentiating between the above two types of problems both ideologically and in work is not only beneficial to strengthening the building of party work style, but also of benefit in establishing the concept of a legal system among the people, and thereby will guarantee the correct implementation of the party's line, principles and policies.

[By Guo Chang [0948 2490]]

22. **"It does not matter whether one is an expert, scholar, writer or artist, if one is a party member one must not think of oneself as special, consider oneself more wise politically than the party, or act as one sees fit."** (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 35)

This is an important demand put to Communist Party members on the ideological front by Comrade Deng Xiaoping, and is also a demand for all party members. He has reminded party members on all fronts that they must strengthen party spirit, respect the party's rules and discipline, and, on the political level, maintain unity with the Central Committee.

Ensuring that all party members maintain, on the political level, unity with the Central Committee is an important part of ideological work within the party and is an important guarantee for realizing the political goals of the party. Our party is a party of collective unity. Its capacity for struggle lies in it being able, under the principle of democratic centralism, to act in concert and act in a unified way. When all Communist Party members maintain unity with the Central Committee both in ideological and political terms, it is both a centralized manifestation of the principle of party spirit and a

requirement of the centralized unity of the party. Communist Party members on the ideological front, including party-member experts, scholars, writers, and artists, are the backbone forces on the ideological front and shoulder the major task of spreading the party's line, principles, and policies, educating people, unifying the people, and engaging in ideological construction. This point alone determines that only if they maintain ideological and political unity with the party Central Committee will they be able to shoulder the party's mission of propaganda and education work. If people consider themselves special and wiser than the party and do as they please, it will inevitably result in interference in the implementation of the party's line.

The party Constitution stipulates that individual party members are subordinate to the party organizations. When individual party members, as representatives of the party organizations, are to issue major pronouncements, if these exceed the bounds stipulated by the party they must submit them to the party organizations for discussion and a decision, or a request for instructions must be submitted to the higher-level party organization. Party members at all times must correctly arrange the relationship between the individual and the organization. Experts, scholars, writers, and artists must, if they are party members, respect the party's regulations and implement party discipline. No one is exempt from this. If one is a party member and forgets this point, places oneself in an inappropriate position, and not only does not submit to the organization and not listen to the organization's calls, but does not even consider the party's policies and interests and does as he pleases, it will inevitably harm the party's discipline and interests, affect the implementation of the party's line, principles, and policies, and weaken the party's capacity for struggle.

Requiring party members to maintain unity on the political level with the Central Committee does not mean that party members cannot air their own political ideas and views. The party Constitution stipulates that one of the rights of party members is that in party meetings and in party newspapers and periodicals, they can participate in discussions about party policies. "Several Guiding Principles on Political Life in the Party" also points out: "If there are different opinions on matters affecting the basic interests of the party and the state and overall major political principles and policies, these can be discussed on appropriate occasions, within the party." On the precondition of respect for party discipline, the true achievement of a situation of democratic life on the political level in which people speak all that is on their minds and every person speaks without inhibition is an aim of our party. Although the party's democratic life began to be subject to the influence of "leftist" guiding ideology in the latter part of the 1950's and was particularly damaged by the 10 years of the "Cultural Revolution," since the 3d Plenary Session of the 11th CPC Central Committee, on the basis of summing up the experiences and lessons, it has been revived

and developed and has entered an unprecedentedly good period. We need to further eliminate "leftist" influence, and at the same time we must recognize that vibrant democratic life within the party is not an unlimited free form. We absolutely cannot allow any party member to use our party's democratic principles to publicly propagate views in opposition to the central authorities' decisions, to spread among the masses ideas in opposition to the party's line, principles, policies, and decisions, or to spread ideas of bourgeois liberalization. For a period in the past a very small number of Communist Party members did not use their articles, works, teaching, speeches, and performances to educate and guide people to look at history and understand reality correctly, to firmly trust in socialism and the party's leadership and to firmly adhere to the line since the third plenary session. Rather, they have used unhealthy ideas, works, and performances to encourage decadent and moribund bourgeois ideological culture and life-styles and have tainted people's souls. Some have even advocated "complete Westernization," and, in fact, they want to take the capitalist road. Because they are Communist Party members and famous experts, scholars, writers, and artists, their words and deeds have had quite an influence on people, especially young people. Thus, public opinion has been easily confused, causing people to be unable to differentiate the true from the false and causing them to take sidetracks. This is very dangerous. Therefore, it is completely necessary for our party organization to mete out to those party members who offend against discipline, criticism or organizational punishment in accordance with the stipulations of the party Constitution.

The major reason these people behave this way is that they are unable to take a correct view of the relationship between the individual and the party, and are unable to take a correct view of the mistakes our party committed. On the one hand, although these people are Communist Party members, they maintain the airs of experts, scholars, writers, and artists and have never entered the party ideologically. Using their special abilities and influence among the masses as capital, they always consider themselves wiser than the party and do just as they wish. On the other hand, our party has certainly made mistakes, but these mistakes are not a reason for a few people to act as they wish. Our party's greatness lies not only in that it led the people to liberate China and to subsequently obtain brilliant victories in socialist construction, but also in its having the ability and the faith to lead the people in struggling out of setbacks and achieving new victories out of calamities. Communist Party members cannot lose confidence just because our party has made mistakes. If a Communist Party member loses confidence because of this and wavers in his communist convictions, or even harms the party's cause, he does not have the qualifications to remain in the party.

Our party has always paid attention to and stressed the bringing into play of the role of individual party members. Our party has all along promoted and encouraged those comrades who are rich in innovative spirit, and

who dare to do enterprising and creative work. It has paid special attention to party-member experts, scholars, writers, and artists, paid great attention to obtaining their ideas on party building, to bringing their special abilities into play and to encouraging them to realize achievement in various areas. History has proven that if enthusiasm and creativity are not fully brought into play, there will be no way to complete the various tasks of the party. However, it should be made clear that no matter how great the strength of individual party members, they cannot divorce themselves from the party. We rely on the party's might and influence and on the wisdom of the whole party in overcoming difficulties, resolving problems, and striving for victory. Thus, regardless of which work post or in what area of work, if one is a party member, one should consciously put oneself under the leadership of the party, maintain political unity with the Central Committee, fully bring into play one's enthusiasm and creativity and strive to achieve the various tasks put forward by the party.

[By Zhang Bingyuan [4545 3521 0337]]

23. **"We now need to build socialism with Chinese characteristics. The times and the tasks are different and there is indeed much new knowledge to be gained. This further requires that we strive to orient ourselves to the new reality and master the basic theories of Marxism."** (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 127)

From the change in the focus of the party's work implemented by the 3d Plenary Session of the 11th CPC Central Committee, our country has entered a new historical period with socialist modernization as its center, in which the central task is, as Comrade Deng Xiaoping has incisively summed up, "building socialism with Chinese characteristics." This is an unprecedentedly large, arduous and complex undertaking of innovation, and thus it requires that we strive to orient ourselves to the new reality, master the basic theories of Marxism, and explore ways to resolve the new problems and thereby develop Marxist theory itself. However, not everyone has a very clear understanding of the necessity and pressing nature of studying and mastering basic Marxist theories in the new period. Some maintain that Marxist theory is only for guiding revolutionary struggle and cannot resolve problems of economic construction. Some other people think that the most important thing to study in modernization is specialized knowledge and that whether or not one studies Marxist theory is of no real consequence. These ideas are clearly not right and are misunderstandings.

Marxism is the precise and thoroughgoing world view of the proletariat and its political party. Facts have proven that Marxism not only can guide the proletariat in overthrowing capitalist rule and establishing political rule whereby the laboring people are masters, but can also guide countries and people that have already gained

revolutionary victory in carrying out socialist modernization. The guiding role of Marxism in socialist modernization is primarily manifested in its providing us with a correct stand, viewpoint, and methods for examining and handling problems. The Marxist world view and methodology is a science of the most universal laws concerning the development of nature, science, and thought, and has universal guiding significance. For example, the scientific leadership methods and work methods of our party such as proceeding from reality, seeking truth from facts, grasping major contradictions, investigative research and the mass line, put forward by combining this world view and methodology with practice, not only are suited to the times of revolutionary struggle, but are also completely appropriate for use in the current new period of socialist modernization, reform and opening to the outside. Second, they provide us with many guiding principles for carrying out socialist construction, for example the principles of differentiating communism into the two stages of high-level and low-level, of the basic characteristics of socialism and communism, that the basic task of socialism is developing the productive forces and that the relations of production must accord with the development of the productive forces. Today, these still have guiding significance. The former stirring up a "communist wind," engaging in "transition through poverty," stressing "taking class struggle as the key link," criticizing the so-called "productive forces-ism," and so on all violated the basic principles of Marxism. These lessons are extremely thorough. Comrade Deng Xiaoping summed up the experiences and lessons of our country over the last 20-plus years and pointed out: "The basic principle of Marxism is that it is necessary to develop the productive forces" and "the primary task of socialism is developing the productive forces." It was in accordance with this basic principle that our party realized the change in the focus of work and made economic construction the central task for the whole party and the whole country in the new period. In the same way, our party combined the basic principles of Marxism and reality, proposed that our country is still in the initial stage of socialism, and took this as the objective base and point of departure in our formulation of principles, policies, and reform measures. Since the 3d Plenary Session of the 11th CPC Central Committee, our country's national economy has seen quite swift development and there has been a quite significant improvement in the standard of living of urban and rural people. This fully demonstrates the great might of the basic principles of Marxism in guiding socialist economic construction and at the same time shows that the idea that holds that in a period of socialist modernization Marxism is "ineffective" is baseless.

The reason Marxism has such great might is on one hand due to the fact that it respects the proletarian ideology of new productive forces and social development orientation, and is a scientific manifestation of the proletariat's interests and hopes. No social theory that represents the interests and hopes of the exploiting classes, regardless of how beautiful or pleasant to the ear, can be used in

guiding socialist construction, which manifests the basic interests and aspirations of the proletariat and laboring people. Only Marxism, which is the scientific manifestation of the basic interests of the proletariat, can shoulder this historical task. In another respect this is because it is the most advanced social science in mankind's history and a unity of a revolutionary nature and a scientific nature. As Lenin said: "The reason this theory has such irresistible appeal to the socialists of all countries of the world is that its strict and high degree of scientific nature (it is the newest achievement in the social sciences) is combined with a revolutionary nature." ("Complete Works of Lenin," second edition, Vol 1, p 291)

In engaging in socialist modernization, it is necessary to master specialized knowledge and management knowledge. Especially today as we face the world's scientific and technological revolution and are carrying out reform in an overall way, we need to do this. Comrade Deng Xiaoping at the Ninth National Representative Congress of the All-China Federation of Trade Unions put forward the call: "The working class must use its greatest efforts to master technological knowledge for modernization and management knowledge for modernization to make an outstanding contribution to the realization of the four modernizations." ("Selected Works of Deng Xiaoping," p 126) Today, the knowledge that needs to be gained is vast, and our cadres should not be satisfied with their own current knowledge. Instead, they must put their hearts into gaining new knowledge, especially modern scientific knowledge. However, this certainly cannot replace studying and mastering the basic principles of Marxism. This is because Marxism is our guiding ideology. It is different from any specific science or specific profession, as it has universal guiding significance. It is as Comrade Mao Zedong said: "Marxism-Leninism is a science that all revolutionaries should study." ("Talks at the Yanan Forum on Literature and Art") In socialist modernization, our national situation determines that our reforms will be a long, arduous and complex process. It will not be smooth sailing, and things cannot be completed in one step. There is an even greater need for us to use Marxist theory to carry out exploration and research. If at the same time as we study new knowledge we do not, in a way which is oriented toward the new situation, seriously study and master the basic Marxist principles, then even if we work zealously, we will be unable to do our work well and may in the complex struggle lose our orientation.

Engels pointed out: "The Marxist world view is not a religious creed but a method. What is put forward is not a ready-made doctrine, but a starting point for further research and a methodology for use in this research." ("Complete Works of Marx and Engels," Vol 39, p 406) Thus, if we are to study Marxism, we must master its basic theories and study how to use its stand, viewpoint, and methods. We certainly must not take a doctrinaire attitude and mechanically copy its various conclusions

or seek ready-made answers to resolving specific problems. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has used the basic principles of Marxism, summed up the experience and lessons of history and the present, summed up reality and put forward the view that a socialist economy is a planned commodity economy. This broke through Marx and Engels' original idea of socialist economic relations without commodities and money. Thereby it promoted our country's economic structural reform, promoted the development of the social productive forces and also developed the socialist economic theories of Marxism. Thus, when we study and master Marxism, we should as Comrade Deng Xiaoping has said: "Continually sum up changing reality, explore answers to new problems and thereby develop Marxist theory itself."

[By Yang Fengchun [2799 6646 2504]]

**24. "When young and middle-aged cadres take over work, the most important thing is that they take on the heroic spirit of the veteran comrades in firmly adhering to the orientation of revolutionary struggle."** (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 126)

Here, Comrade Deng Xiaoping is putting forward an important demand on young and middle-aged cadres and for the building of leadership groups at all levels.

The carrying out of socialist modernization, developing the productive forces and changing the situation of poverty and backwardness requires advanced science and technology and advanced management methods as well as a large number of young, educated cadres with specialized knowledge. Thus it is extremely important that the idea of respect for knowledge and respect for skills be established and that we gradually change the situation of leading groups becoming older, so that we have younger cadres. However, it must be recognized that the modernization we are engaged in is socialist modernization. It not only requires that cadres be younger, more knowledgeable, and more professional, but also requires that cadres are more revolutionary. An important part of being more revolutionary is having the heroic spirit of persisting in the orientation of revolutionary struggle and having the outstanding work style of arduous struggle. Comrade Deng Xiaoping has repeatedly pointed out that engaging in socialist modernization "is not something that can be done just with youth and professional knowledge. It also requires a good work style." ("Building Socialism With Chinese Characteristics," revised and enlarged edition, p 126) Seen in terms of the actual situation, our vast number of young and middle-aged cadres have matured under the party's education, and their political quality is good. However, we must recognize that among them there are quite a few comrades who have not received systematic education in Marxist theory, have not received the tempering of the arduous life of revolutionary struggle and are not very familiar with the party's fine traditions and fine work style. Some other comrades because they have been too busy with day-to-day work have not studied enough and have not thought much about taking over tasks

and how the tasks are to be taken over. Thus, Comrade Deng Xiaoping's emphasis on the fact that young and middle-aged cadres must take over the heroic spirit of veteran cadres in persisting in revolutionary struggle has extremely pertinent and far-reaching significance.

Socialist modernization is an undertaking by the hundreds of millions of the masses and must rely on the people of all nationalities throughout the country bringing into play their enthusiasm and creativity and making great efforts. If our young and middle-aged cadres cannot bear hardship first, be selfless, set an example and play a role as models, and instead engage in bureaucratism, use their powers for private gain and engage in other unhealthy tendencies, they will divorce themselves from the masses. When a cadre does not have the support and endorsement of the masses, even if he has great abilities, he will be unable to achieve any results. Young and middle-aged cadres who hold a certain power in their hands must use this power the party and the people have given them in a correct and careful way, devote their energies to serving the people, and go deep among the masses to hear their voices. They must dare to speak the truth, oppose false statements, not strive for undeserved reputation and must pay attention to facts. They must differentiate between public and private interests and not allow principles to change into sympathies. They must appoint people on the basis of ability and oppose nepotism and favoritism. In this way they will be able to win the trust of the masses, lead them in realizing the party's line and the goals of struggle in a certain period, and continually achieve new victories. If young and middle-aged cadres are contaminated by evil styles, not only will this be a scourge for them but it will bring even greater damage to the party's cause. It will inevitably harm the party's prestige and obstruct socialist modernization. At the same time, if cadres' work style is not good, it will harm the social atmosphere. Some of the major aims in stressing the strengthening of ideological and political work and the guided step-by-step reform of the political structure are to improve the work styles of party and state organs; overcome bureaucratism; motivate the enthusiasm of the grass-roots level as well as workers, peasants, and intellectuals; tighten the relationship between the party and the masses and cadres and the masses; and raise work efficiency. Thereby we will be able to resist corruption by the decadent ideologies of capitalism and feudalism and guarantee the smooth implementation of socialist modernization.

Socialist modernization is an arduous process of innovation. It requires that we make great efforts to develop the spirit and work style of arduous struggle. The advocacy of arduous struggle is of course due to our poor economic base. We cannot allow spendthrift activities, or extravagance and waste. We must live within our means and be thrifty so that we can accumulate financial and material strength and develop our various undertakings. Of more importance is the fact that arduous struggle is a revolutionary spirit and can encourage an enterprising spirit in people with which they forge onward and do not fear difficulties. It can also increase people's concentrated strengths with which they struggle for the party's cause, allowing our contingents to

find unity in strength and to march forward together to achieve new victories. In the party's history, the Jinggangshan period, the Long March, and the Yanan period were all arduous times. However, we were all able to unite, pass through the difficulties, and carry the revolution forward. A most important aspect of this was that party members and cadres were able to maintain the work style of arduous struggle and share both good and bad times with the people. There is an idea that arduous struggle is antagonistic to the improvement and raising of the levels of the masses' material and cultural lives. This is a misunderstanding. The primary task of socialism is to develop the productive forces, as poverty is not socialism. If our cadres cannot lead the masses to develop the social productive forces, or, when the conditions provide the possibilities, are unable to gradually and continually raise the level of the masses' lives, then they will be divorced from the masses and will lose the masses' trust. However, this is a completely different matter from engaging in extravagance and waste, going in for ostentation, and wining and dining excessively. Our party has always advocated and demanded of party members and cadres that they develop the spirit and work style of arduous struggle, that they see arduous struggle as glorious, and that they see extravagance and waste as shameful. In the overall process of modernization, we cannot, because of economic development, forget and discard the work style of arduous struggle. Even in the middle of the next century when our economy reaches the level of that of a medium-developed country and the total national output value reaches a per capita average of \$4,000, we will still have to advocate and adhere to arduous struggle.

The process of socialist modernization is permeated with complex contradictions and struggles. These require that people use a correct ideology to overcome mistaken ideas and to correctly handle and resolve the various problems which are continually produced. Although today is not like the years of revolutionary struggle when there was always danger in life, in guaranteeing the smooth implementation of construction, it is inevitable that we will encounter natural and human calamities and that sacrifices will sometimes have to be made. Although material conditions are far better than in the past, because our economic development is very unbalanced, urban and rural conditions are different, and the conditions of coastal areas and the hinterland and the "old base areas, minority, and border areas" are different, some areas are relatively better off and some areas still have a relatively hard time. Among cadres or between cadres and the masses, there also exist the issues of putting others before oneself and correctly handling the contradictions which occur between oneself and others and between cadres and the masses. Thus, we must truly be able to correctly view and handle these problems. The primary condition for this is that our cadres, like the older generation of proletarian revolutionaries, must have the heroic spirit of maintaining the orientation of revolutionary struggle, must not fear difficulties, must not fear sacrifice, must dare to do pioneering work in arduous posts, must develop the spirit of "being the first under heaven to worry and the last under heaven to enjoy oneself" and must use their own actions to manifest the party's goal of complete devotion to serving the

people. When we stress arduous struggle, it is not to say that cadres' lives cannot be improved, and much less to propose asceticism. Rather, it means that we must always maintain the heroic spirit of adherence to the orientation of revolutionary struggle, never divorce ourselves from the masses, and together with the masses strive and struggle to change poor China into a prosperous China.

In developing the heroic spirit of adherence to the orientation of revolutionary struggle and creating new achievements, the most important thing is to adhere to the work style of combining theory and practice and to adhere to the principle of seeking truth from facts. If our young and middle-aged cadres can proficiently use the Marxist stand, viewpoints, and methods to understand the situation and research new problems, then we will be able to reduce problems and avoid mistakes to the greatest possible degree. Thus we will be able to smoothly build socialism with Chinese characteristics.

In brief, we must act in accordance with the demand to make the cadre ranks more revolutionary, younger, more knowledgeable, and more professional, choose middle-aged and young cadres to carry on the work. We must also continually increase the conscious study of Marxism by young and middle-aged cadres, especially those engaged in leadership work. Thereby they will take the older generation of proletarian revolutionaries as a model, inherit and develop the heroic tradition of adherence to the orientation of revolutionary struggle, and inherit and develop the party's work style of linking theory with practice, the work style of linking closely with the masses, the work style of criticism and self-criticism, and the work style of arduous struggle. Only by adherence to this will we be able to overcome all of the difficulties we are to meet on the road ahead and thereby ensure that the cause of the proletarian revolution continually achieves new victories.

**Fifth Lecture of the Forum on Socialist Commodity Economy: Social Division of Labor Is the Basis of the Existence and Development of the Commodity Economy**

*OW141211 Beijing HONGQI [RED FLAG] in Chinese No 18, 16 Sep 87 pp 43-46*

[Article by Wu Shuqing [0702 2885 7230]]

[Text]

**I. The Commodity Is a Product of the Social Division of Labor**

The commodity economy is a segment of history. For a very long time in the development of human society, people knew nothing about the commodity economy. In a primitive society, the division of labor is a natural one developed purely based on such physical differences as sex and age. For instance, the males of a clan were responsible for hunting and fishing, while the females were responsible for collecting fruit. The aged people were responsible for instructing and participating in the

making of tools and weapons, while the children assisted the females in their work. Under these circumstances, the issue of turning products into commodities is out of the question. In the wake of the gradual development of the productive forces, the first large-scale social division of labor began, that is, the separation of nomadic tribes from other tribes began. The separation of animal husbandry from agriculture remarkably improved labor productivity so that both nomadic and agricultural tribes had their surplus products. As they needed the products made by their counterparts, exchange became possible. Later, the growth of both agriculture and animal husbandry were promoted following the development of metal tools, particularly iron tools. Moreover, the handicraft industry was developed and separated from agriculture, becoming the profession of a few people. This was the second large-scale social division of labor in human history. Not only did it symbolize the widened extent to which people lived and engaged in production, but also gave rise to commodity production aimed at a direct exchange of goods. The third large-scale social division of labor did not take place until the collapse of primitive society and the formation of a slave society. In such a development there emerged a class of merchants who did not engage in production but only dealt with the exchange of commodities. Commodity production and commodity exchange were further developed following the third social division of labor.

Though the commodity economy was developed on a large scale in both the slave society and the feudal society of various countries at different times, the prominent economy was still the self-reliant natural economy. This is because of the low productive forces and the underdeveloped division of labor. At that time, the division of labor was mainly reflected in such primary trades as agriculture, the handicraft industry, commerce, architecture, and transport. They were not yet fully developed so that they could be further divided into small aspects of labor.

In the wake of the development of the productive forces in the later period of the feudal society, many new departments emerged from agriculture and the importance of cash crops was heightened. Furthermore, more household handicraft industries separated from agriculture and became special trades, thereby developing the social division of labor. In particular, the great geographical findings in the late 15th century and the formation of a new world market that followed not only promoted the development of commerce and transportation, but also the development of a workshop handicraft industry. The development of the latter promoted the gradual separation and independence of numerous types of work which were previously undertaken by the same operator of a particular trade. It also made various production stages of some commodities become independent trades, thereby promoting the social division of labor. The expansion of the social division of labor provided the basis for further developing the commodity economy, as well as the transformation of society from feudalism to

capitalism. In the wake of industrialization, following the establishment of the capitalist system, various raw materials processing industries gradually separated from agriculture and became independent production departments and trades. Furthermore, a number of new departments and trades emerged on the basis of the giant machine-building industry. The division of labor rapidly developed within various production sectors such as industry, agriculture, and commerce. It was also at this time that the commodity economy replaced the natural economy and became the basic pattern of social economy. In light of the further development of capitalism, as well as that of science and technology, the specialization of production was further developed. Various forms of the tertiary industry and knowledge-intensive industries emerged, and the commodity economy was thus further developed.

## II. Reasons for the Social Division of Labor Becoming the General Basis of the Commodity Economy

The commodity economy emerged in the wake of the development of the social division of labor. It was expanded and intensified following the social division of labor. The fundamental reason for this is because it was an economic pattern aimed at direct exchange. Its economic activities as a whole could only be realized by depending on the exchange of commodities. Therefore, it must be based on the social division of labor.

The prerequisite for exchanging commodities is that the exchangeable commodities must be useful in various ways, that is, they must have different use values. If these products are not different in the nature of use value, they are simply not included among the exchangeable commodities. This is because exchanging commodities of the same nature of use value is meaningless. In addition to having different materials in the natural and objective world, different use values are acquired mainly because there are various useful or specific labors which are different in nature. Whenever this kind of specific and useful labor which is different in nature is undertaken independently, a multisectoral system marked by categories, divisions, branches, subdivisions, and varieties emerges. Such was manifested by the social division of labor. The social division of labor made the labor of each producer become solitary and independent. Paradoxically, this also made him demand diversification. The only way to solve this contradiction was to turn the labor products into exchangeable commodities. Thus, we can see that it is because of the social division of labor that the conditions for a commodity economy emerged. Of course, in order to develop a commodity economy, to simply depend on the social division of labor is insufficient. Instead, we need the principal part of an economy to value independent economic benefits attached to the specific labor of products and to stress the difference in the economic benefits. Nevertheless, the existence of a social division of labor is the most general basis on which the development of a commodity economy is based. Otherwise, no commodity production will exist.

As the general basis of a commodity economy, the social division of labor determines the existence of a commodity economy. Furthermore, it directly controls the level of prosperity of the commodity economy. The reasons are:

First, the development of the commodity economy is based on the condition that the natural economy has collapsed. The process in which the natural economy collapses is the period in which the commodity economy gradually becomes the basic social economic pattern. That the commodity economy is able to intrude into the natural economy and boost its disintegration is closely linked to the social labor productivity improved by the social division of labor. This is because the development of the social division of labor means that more laborers are engaged in the production of a particular production department and are restricted within a particular profession. This causes them to spend more efforts on their specific techniques, thereby enhancing and promoting their skill. In addition, their labor tools become more specialized in the wake of a division of labor. The development of the social division of labor also signified the growth of specific and useful labor of mankind. Therefore, more production departments were developed in both intensive and extensive ways. All these helped improve labor productivity and made the same amount of use value available with reduced labor time. They also expanded the scope of use value, increased the number of product varieties, and improved quality. Therefore, the commodity economy basing on the social division of labor was able to produce better products with reduced cost compared to the natural economy, while offering rich and varied use value to satisfy the needs of various social sectors. This thus made it obviously more favorable than the natural economy, and it was able to develop and replace the natural economy.

Second, the development of the commodity economy depends on the constant expansion of the market, which also requires the social division of labor. The market is a condition for developing the commodity economy; otherwise, the latter can no longer exist. When the market is limited to a small area and each producer of commodities is limited to serving a small group of customers surrounding him, the variety and number of commodities available for exchange will not be great. The production of commodities is thus inevitably limited to a relatively small area. It is only when the local market gradually becomes a domestic market and a world market that the commodity economy can be greatly developed. In addition, the expansion of the market is closely linked to the development of a social division of labor. On the one hand, it separates directly linked production activities and makes them become independent and different production departments and trades undertaken by producers of various professions, thereby turning their products into commodities and increasingly expanded the market. On the other hand, the development of a social division of labor promotes further

development in such circulation and service departments as commerce, transport, and finance, and makes them branch out into many detailed special trades, thereby creating conditions for establishing and developing a domestic market and a world market. Therefore, only when we constantly expand and promote the in-depth development of the social division of labor can we have more commodities available in the process of commodity circulation and can we develop links among different regions and production realms which are originally independent, making them an inseparable part of the aggregate production of society. Hence, the commodity economy gains a dominant position and achieves comprehensive expansion.

Third, a thorough development of the commodity economy requires all departments of the national economy to become part of the exchange domain, so that all material products and services are commodities which must inevitably require a highly developed social division of labor. Proceeding from our history, the commodity economy at its initial stage mainly involved various departments engaged in the production of material products, as well as some traditional service trades. They were based on the idea that such departments are separate from agriculture and that agricultural population was gradually decreasing. The development of the modern commodity economy has made the scope of commodities expand beyond the realm of material products and traditional labor services to the vast territories of science, information, and various services for production and daily life. This requires the in-depth development of the social division of labor as a prerequisite. As a result of such development, production becomes specialized and cooperative. In other words, it is not just the production but also each aspect or even each production process of each product that is separated and becomes a single independent department or sector. Moreover, the changing requirements of the development of productive forces and consumption patterns are met, enabling scientific and technological departments, information departments, and service departments to become specialized industries. It is because of the constant in-depth development of the social division of labor that the commodity economy is able to cover all aspects of our socio-economic life and reach an unprecedented height.

### **III. The Social Division of Labor Must Be Greatly Developed so as To Develop the Socialist Commodity Economy**

Ours is a country that has experience the feudal system for a very long time. After the Opium War, our country was gradually turned into a semicolonial and semifeudal society. Its commodity economy never developed very well. Though there was a considerable development in the social division of labor after the socialist transformation and the socialist construction following liberation, the degree of the social division of labor was low because of the poor productivity level and the obstinate economic management system. Many rural areas were still

in the status of natural economy or seminatural economy. The phenomenon of being "large and complete, or small and complete" was very popular. This thus required that we should greatly promote the social division of labor in our initial stage of socialism, so as to promote thorough development of the socialist commodity economy.

First, we had to attach great importance to the development of a division of labor in rural areas. We had to help agriculture switch from the direction of self-reliance and semi-self-reliance to that of a large-scale commodity economy and promote the switch of population registration from agriculture to nonagriculture. China is a populous country with little arable land, frequent natural calamities, and backward technological equipment, but it has a vast territory and abundant natural resources. Only when we spend great efforts on the development of division of labor in rural areas and, under the prerequisite of not taking a relaxed attitude toward grain production, actively diversify our operation can we give play to the advantage of having a large population in a vast territory, and can we overcome the shortage of arable land. Based on the expansion of the social division of labor, we can make agriculture become commercialized and socialized. As we have readjusted the rural economic policies and reformed the rural economic management system following the 3d Plenary Session of the 11th CPC Central Committee, the diversified operation of agriculture in China has been rapidly developed. A large number of specialized households and key households have emerged. Many town and township enterprises have emerged. Numerous small cities and towns have been built. The social division of labor in rural areas has been so rapid that it has brought about changes in the commodity economy. According to the specific characteristics of China, our diversified operation in the future should be mainly in the development of mountainous areas, waters, beaches, swamps, and grassland, as well as the development of the household breeding industry. We must systematically guide the surplus manpower in agricultural production to switch to small-scale industries and service industries in small towns. At present, we should attach importance to the development of commerce, water, and land transport industries for serving agricultural production. We should also attach importance to the provision of services before, during, and after production. In the meantime, particularly regarding rural industries in the vast rural market, we should actively develop and utilize local resources and take a market-oriented attitude, both domestic and overseas, in their development. At present we should give priority to the development of the following production departments whose products are badly needed by society and which can be rapidly developed: fodder, food, construction materials, and the small-scale power generation industry.

Second, we must greatly develop the specialization and cooperation of industrial production and strive to promote the socialization of production. This is an important task we must accomplish in our reform of the

economic structure. A major manifestation of China's commodity economy is that the specialization and cooperation of production is poorly developed and the level of socialization is low. Though the proportion of the former in the national economy is greater than that of other economic units performing similar functions, the number of economic departments undertaking different kinds of work is few. Many economic organizations have tried their best to pursue the goal of "large and complete or small and complete." Not only do they put each production process and every part of a product under their production, but they also try to have their own technological logistics service, their supply and marketing systems, and their own services and social benefits for their workers' daily life. In addition, the low level of socialization is reflected by the separated departments, which keep others out of their domain and strive to establish their own systems and achieve self-reliance. Such a pattern of enterprise organization—that is, being complete despite the size—and such a phenomenon of department separation have seriously hindered the intensive and extensive development of the social division of labor, thereby affecting the development of the commodity economy. Therefore, in developing China's social division of labor and promoting the development of the commodity economy on such a basis, we must reform our original economic management system, break through this man-made hindrance, and systematically undertake the reorganization and combination of enterprises. In other words, we should strive to create conditions for reorganizing according to the principle of specialization and cooperation enterprises which are "large and complete or small and complete" into various types of specialized companies, so as to greatly promote the specialization development of products, spare and component parts, and production techniques. We should also encourage the development of interdepartmental, interregional and interownership lateral economic links, and strive to promote a division of labor among various departments and regions. Only thus can we open a vast territory for the rapid development of the socialist commodity economy.

Third, we must greatly develop new industrial departments, particularly the tertiary industry focusing on the circulation and service departments, on the basis of developing our productive forces. The tertiary industry in many countries whose commodity economies are highly developed are superior to their primary and secondary industries in terms of national income and the number of employees. This is the inevitable result of a high development of the productive forces and the social division of labor. That China's commodity economy is poorly developed is reflected in its backward tertiary industry. Its circulation is not smooth, transportation is inconvenient, the access to information is not quick, and the facilities for daily use are insufficient. Also, there are gaps in many areas concerning the new industries which serve production. This has not only limited the comprehensive development of the commodity economy, but also cannot satisfy people's cultural and daily needs and

the improvement of their living standards. Therefore, the development of the tertiary industry is an important part of the development of social division of labor, as well as an inevitable condition for developing the socialist commodity economy.

Finally, we must speed up the economic structural reform and strive to change the conservative mentality and traditional practice of small-scale production which were formed over a long period of feudal society. We must actively form in society as a whole the power of public opinion and the concept of value which help the expansion of the division of labor and the development of a commodity economy. As China experienced a natural economy for a long time, the influence of self-reliant thinking is still profound. In addition, many products have long been inadequate because of the low level of the productive forces and underdeveloped transport and telecommunications. This makes production of one's own consumption become more convenient than the act of obtaining one's through exchange and circulation. Hence, the thinking of not seeking others' help easily develops. The cause for developing the thinking of a contempt for commerce and looking down upon circulation is very profound. The tradition and practice of the natural economy to a great extent prevent people from correctly understanding the development of the social division of labor and commodity economy. The pursuance of a perfect and independent system in industry, the neglect of the division of labor in agriculture, the separation of regions and departments, and the attitude of stressing production while neglecting circulation have rejected many service trades from the economic departments by viewing them as part of social welfare. All these are essentially the reflection of the conservative mentality of small-scale production. In order to develop a social division of labor, we must put an end to such traditional thinking. The objective development trend of the social productive forces is that the social division of labor will become fine and intensified, and that the economic cooperation among departments, regions, and units will become closer. This is the only way for the socialization and modernization of production. In China, only when we constantly promote an extensive and intensive development of division of labor through reform of the economic structure can we gradually develop in an all-round way the commodity economy and achieve the modernization of socialism.

**'Society for the Study of Famous Dishes of the Southern Song Dynasty' and Its Like**  
*HK090837 Beijing HONGQI [RED FLAG] in Chinese*  
*No 18, 16 Sep 87 p 47*

[Article by Ma Guozheng [7456 0948 1767]]

[Text] There are too many academic societies, and this is a fact known to all. According to the incomplete statistics of a province, there are more than 300 "societies" of all kinds in that province. The number of such societies has quadrupled, and they sprang up like bamboo shoots after a spring rain.

We cannot generally oppose the establishment of academic societies, and cannot belittle all of them as mere matters of form without substance. An increase in the number of academic societies always reflects political openness in society, the activeness of people's thinking, and the prosperity of scientific, cultural, academic, and theoretical activities. During the "Cultural Revolution," it was impossible to see the emergence of so many academic societies. How could people dare to set up such societies at that time? It was merely a dream to hope to see flourishing scientific, cultural, academic, and theoretical activities. Such desires can be realized only now. The establishment of necessary academic societies, associations, and research societies will be conducive to the organization of professionals and to the exchange of experience and information, and will thus promote reform and modernization. In fact, many academic societies have done fruitful work.

However, this does not mean that the more academic societies, the better. Among the existing "societies," some were set up in the name of strange things. For example, a "society for the study of famous dishes of the Southern Song Dynasty" was set up in a certain place. It seems that this society has a clear "research subject," but its research means and methods are rather doubtful. Maybe it will arrange "banquets" one after another to enable the researchers to taste the famous dishes again and again so as to "carry forward" the good dishes of the Southern Song Dynasty and even to "spread" such food in Asia and the whole world. It is said that a "cricket fighting association" was set up in a certain place. This cannot but make people worried that vagabonds and hooligans may be produced through such activities. In our great motherland, with a history of 5,000 years and a territory of tens of thousands of square miles, there are numerous historic figures and events, numerous famous mountains and rivers, and numerous native products, so it is not difficult to find a particular subject in order to found a society, association, or research society. However, we must ask the people concerned: Does your "society" do anything to carry forward our nation's cultural heritage, help purify people's souls, mold people's temperaments, and promote our reforms, opening up, economic invigoration, and socialist modernization, and the building of material and spiritual civilization? It is hard to believe that such organizations as the "society for the study of famous dishes of the Southern Song Dynasty" can play any positive role. It may just create opportunities for the gourmets to enjoy lavish dinners by spending public money.

Even in the case of the academic societies, associations, and research societies for which there are justifiable reasons, too large a number will still cause various problems: First, it may give rise to formalism. Many academic societies do not really do solid work, they only have a signboard and achieve nothing significant. Second, as more societies are set up and more titles are given to leaders and experts, they will have to attend more meetings and participate in more social activities. This will in fact waste their precious time and energy. Third, it will cause waste of money and manpower, and add burdens to society. Academic societies need to convene meetings, and each meeting may cost thousands of yuan. As

the meetings are held here and there, the hosts will become awfully busy, and more pressure will be added to transportation. Meanwhile, grass-roots units and departments concerned will air more and more grievances as they are required to make contributions to these societies. Fourth, some people with ulterior motives will take advantage of these societies and the loopholes to do illegal things. There is no lack of negative experience in real life.

In short, we cannot indiscriminately close all academic societies, but it seems necessary for us to properly examine and manage these organizations. Those which should continue to exist should be further consolidated and turned into real social organizations; some should be merged so as to reduce overlapping; and some should be resolutely disbanded. It is better to put an end to such organizations as the "cricket fighting association." For the future, it is better to formulate regulations for the founding, approval, and management of academic societies.

**A Bugle Call That Urges People To Forge Ahead—Thoughts After Watching Modern Play 'Perplexity'**

OW150018 Beijing HONGQI [RED FLAG] in Chinese  
No 18, 16 Sep 87 p 48

[Article by Li Xia [2621 0007]]

[Text] Reforms are changing the world around us with each passing day; reforms are also changing, even remolding, our very being in an increasingly profound way. Reforms have steadily brought about improvements in people's attire and diet, giving us quite great delights; but they have also battered against some of our inherent ideas and impelled us to discard the old and adopt the new which can be perplexing and painful. The play "Perplexity" focuses on a group of people around 40 years of age and follows their changing emotion in the torrents of reform as they summon up courage to get out of their rut after some painful reflections. While warmly singing praises for the ever-strengthening reforms, the play also pays tribute to those who make unremitting efforts to keep abreast of the times for their courage, insight and resolution. The whole performance is brimming with an infectious kind of vitality.

"One feels no perplexity at 40" was a self-assessment made by none other than Confucius himself. In his days, social evolution was slow and the fruits of man's spiritual and material progress were far less dazzling than today. In that kind of society, it was perhaps possible for a "sage" like him not to feel perplexed. In the ever-changing, kaleidoscopic world of today, not many people would have the confidence to make a similar declaration. Director Huang Dingyu [7806 1353 1342] could not have been more correct in changing the title to the one word "Perplexity" when the Central Experimental Theater rehearsed the play "One Feels No Perplexity at Forty" by Huang Xiaozhen [7806 1420 2182]. In the play, He Kai, former director of the Haitian Factory, and his wife feel "perplexed." He, an unselfish and unassuming director who always toils and eats

with the workers and never abuses anyone, gets fired suddenly. Zhang Dalei, too, is perplexed. He and his wife Bai Mo, who used to be so close, end up getting divorced because they can no longer communicate. Yan Deshun and his wife find themselves in one perplexing situation after another. When He Kai is fired, they stand up for him; when He Kai realizes his mistakes, changes his style and refuses to reemploy the "big talker" Yan Deshun for old time's sake, they are heartbroken. Baptized by the tides of reform, the middle-aged as represented by He Kai and Bai Mo emancipate themselves from the noose of their environment and their personal sufferings, surmount numerous obstacles, and emerge the victors. Through the practice of reform, they readjust their values and come up with a new understanding of life, love, marriage, friendship, and other ethical and moral concepts. Indeed, a factory director working all day with grease all over his hands and perspiration all over his face is just like a county magistrate carrying night-soil buckets and dressed in rags. While perfectly admirable, what good is a leader if he cannot make his factory yield profits or enable the peasants to become well off? Through setbacks and frustrations, He Kai finally understood this truth. What is more, he immediately set about acting in accordance with economic laws and starting the Seaside Fun Park with dash and drive. Bai Mo, finding the ideological gap between herself and her self-indulgent husband ever widening finally seeks divorce once she finds herself a more deserving goal to strive for. They both made great strides forward after undergoing the painful process of change.

There are bound to be "perplexities" in our lives. Whether you are 40 or 50, you will find new "perplexities" looming before you as old ones are resolved. Of course, it will not do to merely try to resolve perplexities. The thing to do is to transform the world with a new cognizance. This is what the word "change," which is repeatedly referred to in the play, is all about. Bai Mo said: "We change because we will not resign ourselves to being backward. We may have changed so much that one day we can no longer recognize ourselves, but we still need to change." At the end of the play, He Kai loudly chants this philosophy of "change": "Change! Let there be change! As long as the world still keeps on turning we must change. We might still be living in trees had we not changed!" His words, like the tolling of the great bells, have a powerful sound to them.

This play also has some obvious pitfalls. For example, its depiction of the reforms is still wanting, and its characterizations are not vivid enough. The image of the two reformers He Kai and Bai Mo are rather stereotyped, although characters like Yan Deshun and Fang Leida [2455 4320 6671] are not without their flair. Nevertheless, as a play that sets out to show people's response to reform, "Perplexity" is a quite successful production.

With the strengthening of reform in recent years, we are witnessing a steady increase in the number of creative works that depict the relationship between ethics and historical progress. Some of them support new concepts, while others say a eulogy for antiquated ones. Some comrades are of the opinion that it is the creative caliber of the writer himself

that determines whether he will be inclined to write about historical progress or to delve into the desirable qualities of traditional ethics. I think the two ought to be combined. To begin with, our ethics should be modern ethics rather than an echoing of a distant past. While it is correct to show the complexity of life itself, if a writer is incapable of soberly choosing between and grasping the diverse moral values of the times, how can he have a correct and aesthetic outlook on life? Since antiquated values have become an obstacle to reform, we should not hesitate to break through and discard them. For a writer, his first social obligation should be to help advance reform. This is precisely what the play "Perplexity" has done. With its correct representation of life, it urges us to quickly replace the old yardstick with which we observe life and make judgments and to put our way to the crest of reform as fast as we can. This seems to be the gist of the play.

**Blending of Feeling and Scene, Brilliant Colors and Ink—Appreciation and Analysis of the Chinese Painting 'Deng Xiaoping's Former Home'**  
*OW141407 Beijing HONGQI [RED FLAG] in Chinese No 18, 16 Sep 87 inside back cover*

[Article by Wu Xiu [0702 0128]]

[Text] In contemporary Chinese painting, particularly landscapes, how can the painter capture the pulse of the times and give his painting new quality and appeal? The quest by Yang Yanwen [2799 1693 2429] of the Beijing Institute of Painters has drawn a lot of attention. His latest creation, "Deng Xiaoping's Former Home," is a masterpiece that shows the fruits of his quest.

Using thick color and ink in a rich composition, this painting shows a small and unassuming farmhouse which was the birthplace and childhood home of Comrade Deng Xiaoping at Paifang village [3654 0972 2625], Xiexing District [0588 5281 0575] in Sichuan's Guangan County [1639 1344 4905]. The painter uses simple, heavy strokes to outline the background mountains; bright colors and a fine brush to paint the bamboo and wildflowers; and straight lines to outline the houses and courtyards. We see in the painting contrasts between black and white, ink and color, void and substance, the principal and the subordinate, and superfluity and simplicity. The little blank space in the hills and forests on the left-hand side of the painting gives depth

to the scenery and echoes the empty courtyard in front of the farmhouse, which is the principal object of the painting. The tall, straight, and elegant bamboo, with their sprouts just showing, beam with vigor and vitality. A perfect blending of line and form, color and ink the painting is itself a rich and harmonious lyric song. Amidst this blending of line and form, color and ink rises the most sonorous note of this composition—the simple and unassuming farmhouse, a vague hint of the theme of greatness stems from the commonplace. This gives the spectator a sense of intimacy and a human touch, and shortens the distance between the people and the outstanding leader.

Comrade Yang Yanwen has made more than one attempt on the same subject. His early works were too elaborate because he was obsessed with presenting the scene as it truly was. As time passed, he cast off the self-imposed constraints, painted the way he felt, and achieved a stage where he could blend the scene with his feelings and create new techniques when and where necessary.

In Chinese painting, we must emulate and inherit our fine national traditions while bravely breaking away from the fetters of conventional formulas. We must gear ourselves to the needs of everyday life and reflect it while setting our standards above the prototype of life. Only in this way can we achieve the integration of novelty and beauty. The paintings of Comrade Yang Yanwen show that he has inherited the stroke techniques and feel of traditional Chinese paintings while having assimilated some of the strong points of Western painting. He also makes a point of gearing his work to the needs of everyday life and capturing the spirit and pulses of the time. His paintings are imbued with a national style and bearing and show the thoughts and feelings of modern man and the flavor of the time. This has won him great popularity at home and abroad. Several years ago he won a gold medal in an international art exhibition in Italy for his "A Village by the River in a Drizzle." His recent personal exhibition jointly sponsored by the Beijing Institute of Painters and the Chinese Museum of Fine Arts was also well-acclaimed. His latest masterpiece fully demonstrates that he is still as industrious and unremitting as ever in his quest. We look forward to his creating more and better works for the people and the time we live in.

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