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QIUSHI [SEEKING TRUTH]

No 6, 16 March 1989

**Persist in Strictly Administering the Party,
Enforce Party Discipline**

*HK1104055089 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 6, 16 Mar 89 pp 2-5*

[Article by Qiao Shi; Speech given at the National Discipline Inspection Work Conference 28 January 1989]

[Text] This national discipline inspection work conference is being held at a time when the whole party is seriously implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee, the economic environment is being improved and economic order rectified in depth, and reform is being deepened in an all-round way. At the conference, the situation and experience in discipline inspection work since the 13th CPC National Congress have been summed up and exchanged and on the basis of the principle of strictly administering the party, the work of stepping up the building of the party work style and party discipline in the course of improvement, rectification, readjustment, and reform has been discussed and arranged. The present situation is very advantageous to our style of party building and further enforcement of party discipline. In the course of deepening reform in an all-round way, we must enhance the whole party's concept of discipline, enforce party discipline, step up discipline inspection work, and guarantee the smooth implementation of the CPC Central Committee's strategic arrangements.

I. Strengthening Party Spirit, Enhancing the Concept of Discipline Is an Important Matter of the Whole Party

To strengthen the cohesive power of the party, it is necessary first to solve the question of unity of thinking. The so-called unity of thinking is unity under the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, that is, unity under the theory expounded and determined by the 13th CPC National Congress and the party basic line at the initial stage of socialism. With further unity of thinking in the party, there will be a solid foundation for unity of action of the whole party and the party will become a better core of strength to lead all people throughout the country to build socialism with Chinese characteristics and to rally them to struggle bravely to achieve the four modernizations and to invigorate China.

On the issue of unity of thinking, strengthening party spirit and enhancing the concept of discipline are important matters that the whole party is now facing. In the period of the new-democratic revolution, the party spirit and the sense of organization and discipline of the cadres and party members of our party in either the bases or the enemy-controlled regions were, on the whole, fairly strong; the party grasped ideological education very

firmly and very strictly for a very small number of party members and cadres who had violated discipline and dealt with these violations sternly. Why could our party and our army persist in struggle under the protracted and extremely difficult conditions until the "three big mountains" [imperialism, feudalism, bureaucratic capitalism] were conquered and the victory of the Chinese revolution was wrested? As Comrade Deng Xiaoping has repeatedly stated, what we rely on is having ideals and maintaining discipline. At that time, not only the party and army did so but also under their influence, the communities and the masses in the bases had a relatively good general mood and a certain sense of organization and discipline. Objectively speaking, an environment of grim struggle existed then; that environment made it necessary for us to conduct ourselves in a certain manner. However, subjectively, we stepped up party building and party spirit building. We should say that some things were not done strictly enough in the period since the founding of our country. However, the tradition of party building, on the whole, has been maintained. However, the 10 years of the Cultural Revolution caused tremendous losses to party building and greatly injured the concept of party organization and discipline. This seriously affected not only the image and prestige of the party but also of society. In the 10 years since the 3d Plenary Session of the 11th CPC Central Committee, the overall situation has been good. Nevertheless, it is not easy to completely solve the questions in this aspect. During these years, we have delegated power to the lower levels, invigorated the economy, expanded democracy, and scored great achievements in the reform of the economic and political structures. On the other hand, although many comrades, particularly the leading comrades of the older generation, have proposed time and again, and emphasized repeatedly, that education in the party spirit should be strengthened and education in the concept of the party organizations and discipline stepped up, we have not grasped the specific work sufficiently. The 13th CPC National Congress reiterated the principle of strictly administering the party, the 3d Plenary Session of the 13th CPC Central Committee determined the tasks of improvement, rectification, and readjustment and emphasized the strengthening of the whole party's sense of organization and discipline; this is very important. We must seize this favorable opportunity to put the task of strengthening the party spirit and enhancing the concept of organization and discipline in a prominent position and strive to enable the party to make marked progress in this aspect in a number of years.

Strengthening the party spirit and heightening the concept of discipline is an urgent and important task that the whole party is facing. The party organizations at all levels, especially leadership groups and leading cadres at all levels, should set an example of strong party spirit and a sense of organization and discipline to the party members and the masses. At the same time, it is necessary to unremittingly conduct education with all effective methods and in lively forms in typical examples, including the democratic appraisal of party members and party and government leading cadres through discussion and the analyzing of the cases of violations of the law and discipline. This is the bound duty of discipline

inspection commissions at all levels as assistant and staff officer to the party committees.

II. Strengthening Discipline Is of Important Significance for Improvement, Rectification, and All-round Deepening of Reform

To do a good job in improvement and rectification, it is essential to comprehensively apply the economic, administrative, legal, and disciplinary measures and to do ideological and political work. Of them, the disciplinary measure is an important one, especially much more to the party. Discipline inspection commissions at all levels must adhere to the principle of strictly administering the party, enforce party discipline, and resolutely correct the phenomena of not enforcing orders and prohibitions, slack discipline, and even the existence of "you have policies and I have countermeasures" in the course of improvement and rectification. They must safeguard the authority of the state constitution and laws and the policy decisions and decrees of the CPC Central Committee and State Council. It is imperative to severely punish those party members who seriously sabotage the economic order and infringe the masses' interests by committing graft, receiving bribes, extortion, manipulating power for personal ends, dereliction of duty, and unlawful resale, to get rid of interference with and obstacles to improvement and rectification, and to guarantee the smooth progress of the all-round deepening of reform.

Improvement, rectification, and the all-round deepening of reform have set higher demands on the strengthening of discipline. The building of socialist democratic politics and the establishment of a new order of the planned commodity economy must be carried out step by step under party leadership. The building of socialist democracy is a general orientation but has a process of development and it must be carried out practically, realistically, sincerely, and in a down-to-earth manner in the light of the actual situation of China. At no time can we depart from the principle of democratic centralism in stressing democracy and this is expressly provided for by the party constitution and state constitution. In the economic aspect, the decentralization of power, concession of profit, and expansion of enterprise decision-making power is an important content of the current reform of the economic structure and is necessary for developing production and making the economy prosperous. Nevertheless, if we ignore the state plan, lack necessary macro regulation and control [tiaokong 6148 2235], and have no strict disciplinary restrictions, the phenomena of abusing power and laying undue emphasis on the partial interests and short-term actions are hard to avoid and will even develop into selfish departmentalism and individualism which are antagonistic to the overall interest. The state of impairing the overall situation and shifting one's troubles onto others will emerge, a chaotic situation in economic activities will be brought about, and the development of the social productive forces will eventually be hindered. Therefore,

strengthening discipline by no means shackles the building of socialist democratic politics and the development of the commodity economy and is an indispensable guarantee. Strengthening discipline is a principle to which our party must adhere at any time and under any circumstances. Regarding how to strengthen discipline under the new historical conditions, we are required to explore continuously and to create fresh experience in the course of practice.

III. On the Building of Party Style and Anticorruption Work

The 13th Party Congress pointed out: "The new situation in reform and opening up makes the task of building the party work style more prominent." Whether the party members and cadres serve the people wholeheartedly or act like high officials and overbearing bureaucrats and take advantage of their power to seek personal gain is an important question to which great importance should be attached and which should be seriously solved in the course of building the work style of our party, as a ruling party leading reform and construction.

How to look at the present state of the party work style? In this aspect, there are two basic facts which should be noted: On the one hand, the party's three important styles of work have been inherited and developed under the new historical conditions, particularly the style of integrating theory with practice and seeking truth from facts has been embodied relatively fully in the practice of building socialism with Chinese characteristics. Over many years, our whole party has done a lot of work and scored certain achievements in the building of its work styles in the light of the new situation emerging continuously. If we do not see this, we shall lose our confidence in the building of our party work styles. On the other hand, inner-party bureaucratism and the unhealthy trend of being divorced from the masses are fairly serious. The passive and corrupt phenomena, including taking advantage of power to pursue personal ends, are still taking place and spreading. Some party members' violations of law and discipline are rather startling. There is an yearly increase in the number of party members against whom party disciplinary actions are taken, and the proportion of big cases to violations of discipline is on the increase. The nature of these violations are gradually becoming more serious, and the number of party-member leading cadres who violate discipline is also increasing. This shows that the task of building a party work style is fairly arduous and can by no means be treated lightly. While leading cadres at all levels of the party and party inspection and supervisory organs are seeing the former, they must especially see the latter aspects more. This is very necessary for firmly grasping the work and doing a good job in building the party work styles.

At present, the building of the party work style is a major concern and is essential for the maintenance of honesty in the party and in government organs. As the majority

of the leading cadres and working personnel of the party and government organs are communist party members and grasp certain power, to maintain the honesty of the party and government organs therefore naturally becomes an important content of the building of the party work styles. It should be affirmed that the great majority of the party members and cadres of our party and state organs are honest in performing their official duties and conduct the government affairs for the people. However, there are indeed a small number of people who indulge in extravagance and waste, commit graft, receive bribes, manipulate power to make extortion for personal ends, seriously infringe the masses' interests, and ruin the reputation and prestige of the party and government. Moreover, we must also see that under the circumstances of reform, opening up, and invigorating the economy, the question of maintaining honesty and combating corruption is standing out more. Solving this question well is of extremely important significance to reform and opening up or stepping up party building. At present, only by making our party and government organs honest can we enable our party and government cadres to be devoted to their duties and correctly and effectively exercise their power and guarantee the smooth accomplishment of the tasks of improvement and rectification. The secretariat of the CPC Central Committee recently discussed the question of maintaining the honesty of the party and state organs in the new situation and formulated a nine-point summary of the meeting, which we must seriously implement. It is the important duty of discipline inspection commissions at all levels to help the party committees do well in grasping the anticorruption work.

Maintaining honesty is first a demand on the party and government organs and is not only a demand on the party members and cadres of the party and government organs but also a common demand on all communist party members on all fronts and at all working posts. So long as one is a communist party member, one must be honest in performing one's official duties. Furthermore, as the advanced elements of the Chinese working class, the communist party members must set an even higher demand on their work style. The three important work styles are an exclusive, excellent tradition of our party and reflect the most basic political characteristic of our party; we must unremittingly carry them forward under the new historical conditions. All communist party members must always maintain the true political qualities and spiritual style and features of the vanguard of the working class and firmly remember at all times that they are communist party members themselves.

Comrade Chen Yun pointed out: "The issue of the work styles of a ruling party is a matter of the life and death of the party. Therefore, the issue of the party work styles must be grasped firmly and forever." The building of the party work styles is an important component of party building. On the basis of the guidelines of the 13th CPC National Congress, it is necessary to closely integrate

strictly administering the party and the establishment of the system with ideological education and unremittingly push party work style building forward in the new period.

IV. Continuing To Firmly Grasp the Investigation and Handling of Discipline Violation Cases

Many discipline inspection cadres have remarked that it is now very difficult to investigate and deal with violations of discipline, particularly the economic cases. The reasons for the difficulties are that 1) interference comes from all quarters, especially from some leading cadres who intercede; 2) because of parochial interests, some places and departments do not vigorously investigate and deal with cases and even interfere; 3) in the course of reform, the imperfection of some policies, uncoordinated systems, and the unsound legal system are real facts, and so the demarcation of some questions is not clear, right and wrong cannot be distinguished, and some cases are delayed for a long time without a decision being made. It is essential to specifically analyze these questions and to take corresponding measures to solve them.

So far as a party committee is concerned, its leading comrades must personally investigate and deal with the important cases of violations of discipline and support the discipline inspection commission to get rid of obstacles and to impartially enforce discipline. Regarding the discipline inspection cadres for whom things are made difficult and who are retaliated upon for adhering to the principle, the party committee must have a clear-cut stand and protect and support them. The leading comrades of a party committee must avoid on their own initiative an inner-party case of violation of discipline in which they are involved and support the discipline inspection commission to act according to the principles of the party. Criticism and education must be conducted for those who commit a minor offense of taking advantage of their power to interfere with the discipline inspection commission in dealing with a case and a corresponding disciplinary action must be taken against those where the offence is serious.

So far as the discipline inspection organs and discipline inspection cadres are concerned, they must first adhere to the principle, be bold in struggling against all violations of the law and discipline, dare to resist the actions of interfering in the handling of cases and the unhealthy trend of intercession, and not be afraid of offending people. They must be good at handling all contradictions under complicated circumstances, have an intimate knowledge of and grasp the relevant policies and provisions, and enhance the level of enforcing discipline and handling cases. At the same time, they must step up the work of handling cases, fully trust and rely on party organizations at all levels and the masses, and do well in investigating and dealing with the cases.

In the course of investigating and dealing with the cases of violations of discipline, the discipline inspection commissions must step up cooperation and coordination on their own initiative with the state and government inspection and supervisory departments and give full play to the efficacy of the supervisory structure as a whole. Party members account for the great majority of the working personnel of the state and government organs, particularly of the leading cadres. Many big and important cases are often dealt with by a party discipline organ, a government discipline organ, and a legal discipline organ mutually and alternatively and the cases are intricate. It is hard to rely on an organ alone to do well. As for cooperation and coordination, when all places universally apply the method of holding joint meetings the results are relatively good. The party committees of some places assign their discipline inspection commissions to take the lead and the latter should live up to the former's trust and do the matter well. Under the leadership of the party committees, discipline inspection commissions at all levels must vigorously organize and coordinate the work of all inspection and supervisory departments, help departments concerned on their own initiative to investigate and deal with the cases involving party discipline, government discipline, and legal discipline, support and help them to get rid of obstacles, and severely deal with the party members and party-member leading cadres who violate the law and discipline. In the light of our actual work, we must unremittingly sum up and perfect the experience in this aspect so as to gradually form it into a system.

V. On the Issue of Self-Built Discipline Inspection Organs

The party's discipline inspection organs at all levels are the special organs to guarantee the implementation of the party's line, principles, policies, and resolutions and are the important assistants to party committees at all levels in strengthening party building and controlling the party work style and discipline well. The discipline inspection cadres are an important force in waging a struggle against all violations of discipline within the party. Comrade Zhao Ziyang recently pointed out that party committees at all levels must strengthen leadership over and support of the discipline inspection work and bring their functions and role into full play. This therefore requires the discipline inspection organs to further do a good job in their own build-up.

Discipline inspection organs and cadres at all levels must first continue to study, profoundly understand the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, especially the theory of the initial stage of socialism and the party's basic line which were expounded and determined by the 13th CPC National Congress and the current principles and policies on improvement, rectification, readjustment, and reform, and unremittingly heighten their consciousness for implementing the party's line and principles. It is necessary to constantly understand the

situation in reform, opening up, and economic construction so that our ideological concept and method of work can meet the development of the situation still better. Discipline inspection commissions at all levels, particularly the Central Discipline Inspection Commission and the discipline inspection commissions of the provinces, autonomous regions, and municipalities directly under the central government, must be based on the overall situation of party building, reform, and opening up, widen their field of vision, step up investigation and study, and promptly discover the questions of inclination and tendency in the aspect of implementing the party's principles and policies. They must study the method of solution, direct the work, and continuously sum up fresh experience from their rich practice so as to strengthen the foresight and scientific nature of the work.

It is imperative to continuously put the inner-party regulations on a sound basis, to perfect them, and to build the activities of the party organizations and party members on the foundation of strictly observing the constitution, law, and party discipline so that there are regulations to follow, there is a basis for enforcing discipline, and the party is administered by the party constitution and regulations.

The 13th CPC National Congress pointed out that the party discipline inspection commissions should not deal with the cases involving legal discipline and government discipline but concentrate their forces to control party discipline well and to assist the party committees in controlling the party work styles well. These two "controllings well" summarize the basic task of the discipline inspection work in the situation of separating the functions of the party from those of the government and set a still higher demand on the discipline inspection work. This task is determined to really do well in building the work styles and discipline of the party and to further step up the party's discipline inspection work, according to the relevant provisions of the Party Constitution on the discipline inspection commissions and in the light of the needs in the building of the ruling party in the new period. Therefore, the status and role of the the discipline inspection commissions and discipline inspection work remain unchanged but only the specific working functions are readjusted. In the course of improvement, rectification, and the all-round deepening of reform, the tasks of the discipline inspection work are heavy and arduous, and we are required to continuously overcome difficulties, to be bold in exploration, and to do work well and creatively.

Viewpoints on Establishing Regulations To Ensure Clean Government

*HK0704145089 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 6, 16 Mar 89 pp 6-8*

[Article by Bao Tong 7637 1749]

[Text] 1. Corruption among government workers who exchange public power for money is illegal in all countries. Such illegal practice occurs under both private and

public ownership systems. The establishment of the socialist system does not mean that corruption will naturally disappear. Historically, corruption tends to run rampant under the condition that a market economy begins to flourish and the activities of government, markets, and enterprises have not been strictly standardized through legislation. What merits our attention is that China is experiencing such a period at present and things have become even more complicated due to the overlapping of the old and new systems in the course of reform.

2. All this has added difficulties to our effort to build a clean government. Because of this we must make greater efforts to fully mobilize and organize the masses both inside and outside the party, to fight to maintain an honest performance of duties in party and government organs and gradually establish a new order of the socialist commodity economy. It is extremely necessary for party and government leading organs at various levels to pay more attention to building a clean government and to make greater efforts in this work.

3. How do we appraise the current situation in party and government organs regarding a clean government? An investigation in various fields shows that it is necessary to realistically stress the following facts: 1) The great majority of cadres are law-abiding and live plain lives; 2) A small number do become corrupt and have taken bribes and abused power to extort money. Although the number is small they exist in vast areas and have great influence. Only when we make an overall analysis can we become realistic and prevent one-sidedness. Otherwise, we can either demand "another revolution" to overthrow most cadres or become apathetic and tolerant toward corruption and allow it to contaminate our body.

4. The masses are indignant with those cadres who have taken bribes and demand they be punished according to law. This is also our party's and government's stand. What merits attention is that some people who are against the four cardinal principles and reform and opening up have also used corruption among a small number of cadres as an excuse to oppose party leadership and the socialist system, and to oppose reform and opening up. They are trying to influence the masses with their own views and sap the people's morale. Under such a situation it is all the more necessary for our party and government to uphold the banner of clean government and achieve real results in this field.

5. When talking about anti-corruption and anti-bribery people can easily relate them to the "Movement Against the Three Evils" and the "Movement Against the Five Evils" in the 1950s. In the period immediately after liberation the two movements did play a great role in changing the atmosphere in the old organs and old society and among old government workers and ensured an honest performance of official duties in our party and government organs. But later, the same method of political movement did not really work. For example, many

political movements launched after the people's commune movement which were aimed at eliminating the wrongdoings such as "eating or taking more than one's share," "laziness and greed," "unhealthy practices in the political, economical, organizational, and ideological fields," and "going through back doors," were not quite successful when they were extended to larger areas, although they had been carried out in a down-to-earth manner during experiments within a smaller scope. The results were usually that large numbers of cadres were attacked or that the movements were carried out perfunctorily, and sometimes a mixture of both. Great efforts were made and high prices were paid but very little was achieved and the movements could not last long. Even in some places where better achievements were made, after the movements things would usually slip back into their old ways. The reason is that by launching political movements it is easier to destroy an old order than to establish a new one and it is difficult to combine punishment with prevention and to fundamentally solve problems.

6. A successful example is reform of the university enrollment system. Reform of the enrollment system was started in August 1977 and the examination system was restored in the winter, bringing about a fundamental solution to the problem of "back door enrollment" which became the focus of public complaints during the latter period of the Cultural Revolution. Just as Comrade Deng Xiaoping said, compared with individual responsibility, "systems are more fundamental, widespread, stable, and long-lasting." "If these systems are sound they can place restraints on the actions of bad people; if they are not they may hamper the efforts of good people or, in certain cases, may push them in the wrong direction." Although it is much more complicated to keep the party and government free of corruption than to solve questions of university enrollment, we must continue to adhere to Comrade Deng Xiaoping's thinking and lay stress on reform and the establishment of sound systems.

7. The agricultural bank of Zhaodong City, Heilongjiang Province, has since 1986 established a new system for the whole city, in accordance with which the details of more than 90 million yuan of agricultural loans were publicized in a timely manner and level by level. This has effectively checked the malpractices in providing agricultural loans. Inspired by this, experiments were then carried out in dozens of counties and cities during 1988 to publicize details of administrative affairs, starting with the government departments having direct dealings with the common people. The experiments were started in fields of most concern to the masses and in which malpractices are most likely to occur, like taxation, issuing of licenses, handling of residence registration, issuing of agricultural loans, and the allocation of farm goods. They were then gradually extended to many other fields, like giving penalties, recruiting cadres and workers, assigning of quotas for "second births," and assigning base areas for building houses. In some places

only one aspect of administrative affairs (the result of administrative affairs) was publicized and this is called one publicity. In some other places there might be two publicities (adding regulations and systems serving as the basis for making examination and approval), three publicities (adding the time of reporting and approval to see the efficiency of work), four publicities (adding names of persons handling the affairs to clarify responsibility), or five publicities (adding the procedure of punishment and appeal for a case of violating regulations). In the past, because administrative affairs were not made public there was a great deal of misgiving and one could not distinguish between truth and falsehood. The publicizing of details of administrative affairs is enthusiastically welcomed by the masses of people and has become a main topic of conversation among the common people and the people's deputies and in the inner-party organizational activities. People can easily find out whether or not a cadre is performing his official duties honestly. The cadres who want to abuse power dare not do so for fear of exposure, and those who abide by the laws and regulations can work justly and forcefully. The situation today continues to develop from rough to meticulous, from easy to difficult, and from below to above. We have directly contacted over 10 experimental points which are different in the development of this work. They all said that publicizing details of administrative affairs is very good. It can be done and has no side effects. They hoped that this work can be carried out in more areas and at higher levels. We do not intend to launch a mass movement but we must rely on the masses. When the masses know what you have done and how you have done your work, it is itself a kind of pressure and supervision. Without sunshine, things can easily go moldy. Matters conducive to building a clean government should be made public as far as possible. Publicizing details of administrative affairs is just like an ingredient added to enhance the efficacy of medicine. It can help us achieve unexpected successes with a simple method. The practices of various areas can now be further popularized so long as they are not practices of formalism and positive effects will surely be achieved. Their further development will inevitably facilitate our efforts to: Establish all types of responsibility systems and systems for examining, awarding, and punishing cadres; promote our construction of grass-roots power organs and democratic life at the grass-roots levels; and to help us build a new order of socialist commodity economy.

8. The most important task in establishing a clean government system is that government workers must have definite regulations and standards to follow when performing official duties. Our government has many things to do. Many affairs of enterprises and the masses must be examined and approved by the government. However, the systems for certain government departments to handle these public affairs are far from being perfect. When handling matters of the same nature the application of a certain person may be approved but that of another may not. A matter may be approved if

handled by a certain cadre but may not if handled by another. Many loopholes have thus appeared and the government's power of examination and approval has been turned into a means for bribery by a small number of people. Public affairs should be handled openly rather than secretly. In order to handle them openly there must be some laws and regulations. Which affairs should they or should they not be handled? Under what conditions should they be handled and under what conditions should they not? What is the procedure for handling the affairs and who will be in charge? Where can people lodge their complaints when they find the affairs are not handled properly in accordance with the laws and regulations? For all these questions there must be standards. From small matters like handling residence registration and issuing passports to big matters like examining and approving projects, issuing permits, and assigning quotas, there must be systems to guarantee that all matters are handled properly no matter who may be in charge. Party and government organs and their workers must act in accordance with the following principles: First, they must handle affairs in accordance with laws and regulations. Second, they must make the affairs they are handling known to the public. If these two principles are observed, those who want to abuse power will be unable to succeed. Therefore the focus for establishing a clean government system at present is not merely the establishment of a supervision system but the establishment of many concrete systems for various government departments to handle concrete affairs. It is better to grasp this work as early as possible. If we do not start it now we will still have to start it some years in the future. During the past 40 years or so since the founding of the state we have accumulated many experiences and good examples in handling public affairs and have worked out some effective systems. If we give priority to systematizing the conditions and procedure of examination and approval, and make continuous efforts to sum up our new experiences in reform on the basis of summing up past experiences and improving old methods so that they can suit the needs of the new situation, we will surely be able to work out a perfect system for handling public affairs and promulgate it to the masses and enterprises. This is not only an important matter in building clean government but also important in running the country and in our power construction. Establishing good systems is conducive to building clean government and to increasing work efficiency. This work can be carried out simultaneously with routine work.

9. In order to run the party strictly it is first necessary to build a clean government and eliminate corruption. Under the condition of reform and opening up, whether or not party and government organs can perform their official duties honestly is a severe test for the party. This is by no means less important than the test of seizing political power through armed struggle. If we are weak and incapable over the question of building a clean government and fighting corruption the consequence will be very serious. Our party had always fought for social progress and justice before it seized political

power. Now that it is a party in power it should work even harder in this respect. The party committees of party and government departments at all levels, especially those which are handling a great deal of affairs concerning the people's daily lives and enterprise affairs, must take the work of building a clean government as the focus of their work. They must grasp the building of a clean government in a down-to-earth manner, not only in handling criminal cases but also in establishing systems, so that substantial results can be achieved, the party's prestige can be greatly increased, and the centripetal force of the masses can be strengthened.

10. There are many favorable conditions for building a clean government: Generally speaking our party is one with high combat effectiveness and is capable of leading the struggle against corruption; most of our party members are good and conscientious and have a high sense of discipline; most of our government workers are good and law-abiding and are performing their official duties honestly; the central authorities are resolute in building a clean government and attach great importance to it; the broad masses of people support the building of a clean government; the people's congresses have been firmly grasping legislative work and legal education during the past years; the government's supervisory organs have been established and are carrying out their work conscientiously; and in the work of establishing a clean government system some places and departments have already achieved initial results and experiences through experiment. All these are the basic conditions for us to promote the building of a clean government. However, just as was mentioned before, there are also great difficulties. During the next few years, in the effort to build a clean government, it is necessary to lay stress on solving the problems of corruption and bribery among personnel working in party and government organs. It is necessary to put forward effective and realistic targets but the scale must be appropriately controlled. In practice, however, we must do all concrete work conscientiously and successfully and expand our achievements step by step so that the masses of people can see clearly that we are working very hard with all our might to build a clean government and fight corruption.

Hainan Province: The Concept of 'Small Government and Big Society' and Its Implementation—An Interview With Xu Shijie, Secretary of the Hainan Provincial CPC Committee

HK1204083189 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Mar 89 pp 9-12

[Article by reporter Liu Wei 0491 0251]

[Text] Liu Wei: The establishment of Hainan as a province and a large special region has aroused widespread interest in all provinces and cities on the mainland. It has evoked a strong reaction in economic and political circles in Hong Kong, Macao, and Taiwan, and also in Japan, Singapore, Thailand, the United States,

and other places. What is "special" about Hainan, which is the largest special region in the country? This is undoubtedly the focal point of people's attention. Since its establishment over a year ago many of Hainan's practices have given people a completely new impression. Of these, the political structure characterized by "small government and big society" is original. First, will you please talk about why it is necessary to implement the structure of "small government and big society" and what are the theoretical and practical bases for establishing such a structure?

Xu Shijie: During the preparatory stage of establishing the province, the central leaders repeatedly and explicitly pointed out that fundamental tasks in establishing Hainan as a province and a large economic region were for Hainan to implement a more flexible and special policy than Shenzhen, Zhuhai, and other open areas; to apply all successful experiences at home and abroad; and to develop the productive forces and the commodity economy. To accomplish this task and run the large special region properly, the first issue encountered was one of structure. Ever since the founding of the PRC, in our previous institutional reforms we have tried hard to establish streamlined and highly-efficient government institutions. However, because we lacked the basic conditions for developing the commodity economy, we did not have a sober understanding of the relationship between the government and society, we failed to grasp the crucial issue of functional changes, and we were used to taking on everything in all trades and professions, the reform of government institutions inevitably embarked on the path of "streamlining—swelling—streamlining again—swelling again." After summing up previous experiences and lessons, the central leaders instructed Hainan to take the road of "small government and big society" in terms of structure, to have fewer institutions and capable personnel, and to hand over to society those matters which the party and government organs should not, cannot, and are not in a position to handle.

Because of Hainan Province's specific political and economic conditions, taking the path of "small government and big society" is more favorable to its development. First, in line with the central instructions, Hainan instituted a pluralistic ownership structure without artificially stipulating which ownership should play a dominant role. All state enterprises, collective enterprises, self-employed enterprises, Chinese-foreign joint ventures, enterprises that are wholly foreign-owned, and so on, would compete under equal conditions according to the provisions of the law. Given this prerequisite, the principal function of the government is to ensure the external environment for socioeconomic operations, uphold market regulations, make economic forecasts and work out development plans, launch public consultation and dialogue, protect public property, carry out public projects, protect the ecological environment, and so on. That is to say, a government which is suited to the growth of Hainan's economic sectors should be a "small government" which can handle its affairs properly. It is

impossible for the government to undertake everything from economic growth to entire social development. Second, Hainan's structural reform has been conducted against the background of developing a large market economy. To accelerate the growth of Hainan's commodity economy and market economy, it is imperative to decentralize power and fully arouse the enthusiasm of all quarters. Individuals, enterprises, and all kinds of social organizations should determine matters within their jurisdiction according to the law, gradually practice extensive democratic self-government and democratic management, practice a "big society," and bring its self-regulatory function into full play. Moreover, Hainan has only just become a province. If there are too many institutions it will not be conducive to readjustments and developments at the next step.

Liu: Before coming to Hainan, I read some relevant data. Since arriving in Hainan about 10 days ago I have talked with relevant comrades on the question of organizational setup. From these activities, I have received the following impression: The concept of "small government and big society" is very closely related to the development of the commodity economy. The more developed the commodity economy, the smaller the scope of government power, the purer its functions, and the more fully the society's self-regulatory function is brought into play. Conversely, the smaller the government, the more room there is for social development and the more favorable it will be to the growth of the commodity economy. This seems to have been proven by the practice of developed states and regions.

Xu: You may well say so. The organizational system of Hainan's "small government" presupposes the growth of the commodity economy. Our original aim is to reduce the scope of government power in line with the development requirements of the commodity economy, but there are many difficulties facing us. Before establishment of the province, Hainan Island was a relatively poor and backward region with an underdeveloped economy and a low cultural level. It also had very little political, economic, and cultural contact with the outside world. To develop a commodity economy and practice the concept of "small government and big society," it is necessary to make arduous efforts, and we hope to win the understanding and support of people from all walks of life at home and broad.

Liu: If Hainan's present political structure is compared with the political structures of the central authorities and other provinces, what do you think are its specific features?

Xu: The principal features of Hainan's political structure are manifested in the following five aspects: First, separation of party and government functions. The Hainan Provincial CPC Committee has not set up overlapping departments, commissions, and general offices in the manner of the government. It has only set up five functional departments, namely: The general office, the

organization department, the propaganda department, the united front work department, and the political restructuring research office (also called the policy research office). Neither has it appointed full-time vice secretaries or standing committee members who do not take up positions in the government but who are in charge of government work. Second, separation of government and enterprise work. On this count, we have chiefly done two things: 1) Develop economic entities, weaken the scope of government power, and turn the 11 economic management departments, including the agricultural bureau and the light industrial bureau, and such administrative companies as the goods and materials corporation and the textile industrial corporation of the former Hainan Administrative Region, into enterprise-oriented economic entities in order to promote equal competition among enterprises. 2) Set up rational government organs that are designed to change the government functions. We have divided the government organs into four major categories consisting of 26 functional departments. The political security category includes the supervision department, the public security department, the state security department, the judiciary department, and the legal system department. The administrative affairs and social service category includes the general office, the personnel and labor department, the foreign affairs office, the civil affairs department, the nationalities and religious affairs commission, the education department, the public health department, and the culture and physical training department. The economic supervision and regulation category includes the finance and taxation department, the economic supervision department, and the People's Bank. And the economic development and organization category includes the trade and industry department, the transport and communications department, the agricultural department, the science and technology department, the construction department, the environment and resources management department, the economic cooperation department, the economic planning department, the port management office, and the economic and social development research center. Moreover, there are also provincial procuratorates and law courts directly elected by the provincial People's Congress. Third, better staff and simpler administration. Hainan's party and government organs directly under the provincial authorities are now the most streamlined in the country. We have set up a total of 42 units at the provincial department level (not including second-level bureaus and nominal organizations). Some units at the provincial department level each correspond to three and even four central departments. For example, the provincial government's culture and physical training department corresponds to the central government's Ministry of Culture, the State Physical Culture and Sports Commission, the Ministry of Radio, Film and Television, and the Press and Publications Administration. Aside from the public security, procuratorial, judiciary, and state security departments, whose establishments are separately listed, the number of personnel in party and government organs directly under the provincial authorities is maintained at less

than 2,800 people. Compared with the Hainan Administrative Region prior to establishment of the province, the number of party and government organs directly under the provincial government, including the People's Congress, the Chinese People's Political Consultative Conference [CPPCC] Committee, and seven other organs at the provincial department level which did not exist in the former administrative region and which have been set up since establishment of the province, have been reduced by 25 and the number of staff by 550. Compared with other provinces, the number of organs directly under the Hainan provincial authorities have been reduced by between one-third and one-half. Fourth, decentralization of power. Individuals, enterprises, and social organizations are allowed to decide things within the limits permitted by the law. On this count, we have principally carried out our work in two respects: Gradually defining and ensuring the enterprise decisionmaking power so that enterprises can be independent in management, carry out independent accounting, be responsible for their own profits and losses, assume risks, and have the right to decide matters in the enterprises within the limits permitted by the law; mass organizations, like trade unions, Communist Youth League organizations, women's federations, science and technology associations, federations of literature and art circles, federations of returned Overseas Chinese, and federations of Taiwan compatriots, will make the transition from "government-run" into people-run organizations and gradually achieve a situation whereby they will choose their own leaders, meet their own operational expenses, carry out independent activities, and their establishments will not be listed in the alignment of party and government organs. Fifth, improvement of the legal system. "Running the island according to the law" constitutes an important guarantee for the gradual improvement and normal operations of the structure characterized by "small government and big society." The central government has entrusted the Hainan Provincial People's Congress with great legislative power. The People's Congress and its Standing Committee are paying close attention to various pieces of legislation and are employing people with legislative experience at home and abroad to participate so that all the work in Hainan Province can be brought in line with the legal system as quickly as possible.

Liu: Hainan Province has indeed attained results in streamlining organs and reducing staff. However, in discussing the question of "small government" with some comrades from the provincial party committee and government and the Sanya City CPC Committee, I am profoundly aware of people's worries. In terms of changing the government functions, although the number of organizations has decreased, it is still necessary to make tremendous efforts to change the government's functions. Streamlining the administrative structure does not necessarily ensure a change in government functions.

Some people say that some former administrative departments which had been assigned to the "big society" are still exercising their administrative powers to varying degrees.

Xu: Changing government functions and streamlining administrative structure are closely related but, nevertheless, they do not mean the same thing. Comparatively speaking, it is more difficult to change government functions because the force of habit of taking on everything is too powerful. Moreover, the question of which functions belong to the government and which belong to society is still being explored. Our objective is not only to make the former administrative departments which have been assigned to the "big society" completely give up their administrative powers but also to reduce the powers of the present administrative departments. Of course, this is a gradual process. As I see it, to actually change the situation characterized by the government taking on everything, it is important to let society gradually "grow bigger" and increase its self-regulatory ability. If the society does not "grow bigger" or is unable to manage the affairs it should manage, the government functions cannot be "reduced" and it will be difficult to avoid the government taking on everything. Undoubtedly, "small" government and "big" society promote each other.

Liu: What should we do to make society genuinely "grow bigger"?

Xu: First, the government should have the sincerity and determination to let society "grow bigger." It should not manage matters which do not come within its jurisdiction, especially internal matters in enterprises. Second, energetic efforts should be made to develop the commodity economy and enliven the market because this is vital to making society "grow bigger." Because Hong Kong's commodity economy is relatively developed, the society is "big" and the government is "small." Hong Kong's Trade Development Council is similar to the aggregate of our planning, industrial, commercial, and other economic organs. It can only play a consulting and guiding role in the establishment and development of enterprises and it is up to the individual whether or not to listen to it. Hong Kong operators are also very prudent in their actions and before undertaking a major project, make a point of consulting the trade development council.

It is not easy to vigorously develop the commodity economy and make society "grow bigger" in Hainan. At the present stage in our country, there are two necessary conditions for developing the commodity economy: The first is that the higher authorities should have flexible policies and the second is that there should be ample funds. Hainan only possesses the former at present. Having been poor and backward for a long time, Hainan is extremely short of capital. It is impossible to rely on heavy investment and loans from the state to develop such a big island. In line with the spirit of central

instructions, we place the main starting point for developing Hainan's commodity economy on absorbing huge amounts of foreign capital and we use various preferential policies to encourage foreign enterprise and financial groups, and Hong Kong and Macao people, to invest in Hainan. We are trying to ask various overseas enterprise and financial groups to develop Hainan plot by plot and to build modern cities complete with new industries, commerce, and financial undertakings. In other words, to build more "special" small special zones within the large Hainan special economic region. Indeed, there are many difficulties in introducing a lot of foreign capital. However, I firmly believe that so long as the central authorities firmly support us and allow Hainan to implement more policies than other special zones, and so long as the relevant leading departments give us a helping hand, Hainan still has bright prospects.

Liu: In developing the commodity economy and increasing social vitality, the introduction of foreign capital is undoubtedly a way out. However, this also involves the question of how to approach the existing state and collective enterprises. If this question is not solved satisfactorily, it will perhaps have an unfavorable effect on the "big society." What special policies has the central authorities given Hainan in invigorating the state and collective enterprises?

Xu: On this count the central authorities have also given Hainan a very liberal policy. Apart from practicing the contract and the joint-stock systems as in other localities, Hainan can also auction off to the public enterprises which have run at a loss for many years. The contract system is restricted to a large extent by the quality of individual contractors and, because the contract period is only for a few years, it often results in contractors thinking only of the present and neglecting the future. Comparatively speaking, the joint-stock system can more satisfactorily help arouse the sense of responsibility on the part of more people to run enterprises than the contract system can. Naturally, as there are still many problems to be studied concerning the joint-stock system, we can initially only make a success of experiments. In Hainan, it is very difficult to auction off state enterprises which have been operated at a loss for many years because there are few buyers. There are many reasons for this. One of the important ones is that a situation of free competition has not taken shape. After state enterprises are turned into individual-run ones, there won't be any more raw materials which the state allocates at government prices.

Liu: Over the past few days I have read suggestions on structural reform by mass organizations and have discussed with a few comrades the question of assigning trade unions, youth leagues, women's federations, science and technology associations, and other mass organizations to the category of the "big society." All mass organizations seem to be basically satisfied with incorporation into the "big society." However, they have also set out some demands. These demands focus on the hope

that the higher authorities will continuously allocate suitable amounts of administrative expenses and money for building residential houses and give preferential treatment in terms of credits and taxation. Some others are still reluctant to part with the present administrative ranks. How do you view this issue?

Xu: This phenomenon is reflected not only among mass organizations but also among enterprises. On the one hand, these comrades hope that they will be able to receive wages on a permanent basis and that free medical services, social security, housing, and other forms of welfare will be provided as before. On the other hand, they also hope that extra incomes, like bonuses, will be handled according to the "big society." This is understandable but it is difficult to meet and irrational. Because the mass organizations have been assigned to the "big society," proper allowances can be given to them but eventually they have to solve their own problems. The problem of operational expenses can be solved through various channels, including running some economic entities. If they succeed in doing so, their personal income will be higher than cadres from party and government organs. The only thing is that they have to take some risks. It will probably be difficult to get higher incomes without taking risks.

Liu: The concept of "small government" has been operating in Hainan for over a year. Do you feel there are some obstacles?

Xu: There are of course many obstacles, coming both from above and from below. The principal obstacle from below is that some comrades are still so ill-suited to this new structure that they have not been able to get things into shape, but this is still not a big problem and can easily be solved. The crucial thing is that because there are relatively few institutions in Hainan, and because there are no units corresponding to all the ministries and commissions in the central government, this has caused a lot of trouble in our work. For example, when allocating funds to the lower levels for certain construction projects, some ministries or commissions in the central government make deductions when they find that there are no corresponding departments or bureaus in Hainan. To deal with this situation, we cannot but let some former administrative units which have been assigned to the "big society" exercise administrative power on our behalf or let some units at the department level have chops of nominally existing units at the "bureau" level. The State Council has told all ministries and commissions not to meddle in the departments and commissions in Hainan's structure. In practical work, however, many problems demand solution. We cannot attribute all this to the higher authorities because the monies allocated by various ministries and commissions are special funds. If there are no corresponding departments or bureaus, some will suspect the money is being diverted for other purposes. This state of affairs can only be sorted out gradually in the course of development. Naturally, we hope to gain the understanding of all quarters.

Liu: It is said that the economic supervision department of the provincial government will be divided into three organizations, namely, industry and commerce, taxation, and auditing, and that the trade and industry department will also be divided into two. If this should go on, is it possible that Hainan's "small government" will return to the old structure? In the face of such a situation, what are you, as the principal responsible person of Hainan province, going to do?

Xu: It is possible but not unavoidable. In avoiding a return to the old structure Hainan should first rely on vigorous support for its new structure from the central authorities, including all ministries and commissions, and on special policies toward Hainan given by the central authorities. Second, it is also necessary to carry out the following tasks properly: The first is that it is necessary to guide comrades from Hainan to upgrade their ideas and to enable more people to understand that in Hainan, which is an extremely special province, "small government" is the best way out known so far. The second is that it is necessary to train cadres in a planned way, especially leading cadres at all levels. Improving the quality of leading cadres and enhancing their cognitive ability is of utmost importance to improving the "small government" and enhancing its efficiency. The third, which is also the most crucial point, is that it is absolutely necessary to have the determination to make the society "large," to introduce capital and new managerial methods in a big way, and to increase society's self-regulatory ability in order to smoothly shift to the "big society" some matters which originally came under government jurisdiction. Because we might not be very considerate when designing new organizations, some readjustments will possibly be made.

Since Hainan Province has just started implementing the concept of "small government and big society," it will inevitably face many problems. Some have been brought to light and some are still dormant. Although it will take an extremely arduous process to solve these problems, I believe that, with the vigorous support of the central authorities, so long as we persevere, we will be able to gradually resolve all problems so that the new structure, which is suited to Hainan's reality, can be constantly improved.

Achievements and Prospects of Improvement and Rectification

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[Text] (Editor's Note:) The 3d Plenary Session of the 13th CPC Central Committee adopted the guideline of "improving the economic environment rectifying the

economic order and all-round deepening of the reform." Over the past 5 months and more, what has been the condition of its implementation, what results have been achieved, and what problems have still remained? In order to clearly analyze the situation and know the prospects, this editorial board recently invited certain comrades of the economic leadership departments and research units of the central and local governments to hold a group discussion on these topics. This article consists of excerpts from their statements.

A Balanced Frame of Mind in Society in the Year of the Snake

—by Hu Ping, Minister of Commerce

This topic appears to be somewhat relaxed, but in reality is has a close liaison with the improvement and rectification work, deepening of the reform and social stability. An important reason for society's frame of mind being out of balance in the year of the dragon was that people's hopes were too high in the reform, in construction and in improvement of the standard of living and when their hopes were not realized, they were very disappointed. What kind of a psychological anticipation should people entertain for the year of the snake? I wish to start by talking about the special features of the snake. (1) The whole body of the snakes lies prostrate on the earth, solidly and in full view. In the year of the snake we must seek the spirit of being practical and realistic; in pushing economic work we must have our feet down-to-earth, so to speak, and cannot entertain any unrealistic fantasies; (2) In movement the snake takes a curling posture, constantly readjusting. In the year of the snake, we must go through improving and rectifying to gradually build a new pattern for the national economy and cannot hope for achieving success at one stroke; (3) In movement, a snake forever goes forward and even when meeting with obstacles it will not keep its tail first. In the year of the snake, our whole party and all the people in the country must be united in the struggle, work hard to pass over the difficult stage of currency inflation and not engage in any vain thought of achieving bright prospects without paying any prices; (4) In the course of the snake's life, it exuviates at fixed periods, is constantly reformed, and renovates itself; and at the same time the exuviating is a coordinated process, whole and complete. In the year of the snake, we must firmly and irrevocably push the reform and try hard to have the reform measures coordinated.

We must guide society's frame of mine onto a just and objective track. First, pay special attention to the guiding role of public opinion on the social frame of mind. Break the past closed-up state of the public opinion circles and strengthen their degree of transparency. By means of the propagation media such as newspapers, broadcasting and television, tell the people clearly the difficulties we have met with and the countermeasures we have taken so as to strengthen the psychological ability to bear in the event of difficulties and setbacks and the temporary

sacrifices they may have to make, but there must be no overexaggeration lest their confidence be affected. Second, theoretical and research work must be strengthened. Theories have a scientific consciousness and carry a deep significance in guiding and regulating the social frame of mind. Our country is currently in a period of a great change from a product economy to a planned commodity economy and in actual practices has met with many difficult and complex problems. This requires the theoretical workers to give calm, scientific anticipating explanations to unify the whole Party's ideological understanding, to provide a basis for the Party Central Committee and the State Council in their policymaking, and to guide the social frame of mind to the directions of improving, rectifying and deepening the reform and pushing the socialist modernization program.

The Key Lies in Unifying the Whole Party's Understanding

—by Sun Shangqing, Assistant Chief of the State Council Economic, Technological and Social Development Research Center

Over the past 5 months and more, the whole Party implemented the guideline on improvement, rectification and reform promulgated by the 3d Plenary Session of the 13th CPC Central Committee, the State Council has successively issued over 40 relevant rules, regulations and notices, adopted a series of important policies and measures, and has since achieved initial results. (1) The rising trend of commodity prices has been checked to a certain extent, the alarmed sentiments of the populace have been somewhat eased and the savings of the residents have risen again though in a somewhat irregular manner; (2) the excessively high growth speed in industrial production has noticeably slowed down, and certain scarce and high-grade consumer goods have increased in production; (3) initial progress has been made in cutting down the scale of capital construction, and bank credits and loans have been readjusted and controlled; (4) this spring market supplies and organization were improved; and (5) certain illegal business activities have been curbed and the social atmosphere as a whole has turned for the better.

However, both improvement and rectification have just started and basically the economic situation has not yet turned for the better. While the hidden dangers have not yet been removed, new problems have cropped up:

1. The problem of the economy being overheated has still not been basically solved. A large discrepancy still exists between gross demand and gross supply and between the social purchasing power and the supply volume of commodities. At the end of 1988, the supply deficit rate rose from 13.6 percent of the preceding year to 16.2 percent, the disparity between social purchasing power and the supply volume of commodities was about 80 billion yuan and the surplus purchasing power was in the neighborhood of 550 billion yuan. Distribution of the national

income continued to slant toward consumption. The ratio of national income in the GNP rose from 59.9 percent in 1984 to 62.9 percent last year.

2. Cutting down of the scale of fixed assets investments fell far short of the pre-determined target. It is understood that of the investment projects cut short, over 80 percent were small projects and "shadow projects" on which construction had not yet started. According to statistics, at present there are 200,000 projects of 50,000 yuan or above each; the investment volume is 1,300 billion yuan. When it is considered that as a rule the completed projects usually exceed the estimates by 30 percent, the actual investment volume will exceed 1,700 billion yuan. The cut of 50 billion yuan in investments is thus only fractional. Seen from the current conditions, the gross investment scale should resolutely be cut down to below 1,000 billion yuan.

3. In both agricultural production and industrial production certain dangers are lurking. This year, the sown area for grain, cotton and edible oils will be further reduced. Sometime ago, due to the rise in feed price, the number of live hogs in the pig sheds dropped daily and in some places young pigs were sold at 2 yuan per jin, which was lower than the price of pork, although recently the situation has turned for the better. The drop in coal production has seriously affected power generation. According to the statistics, in January there was a general drop in the output of energy, chemical fertilizer, soda ash, caustic soda, steel, pig iron, and textile products. The quality of many products went downward.

4. The crisis of bank credits and loans is not yet over. Entering into the month of January, bank deposits again showed violent fluctuations. In January, the net amount of money put into circulation was the highest in history. Bank credits were in condition of "deposits unable to go up and loans unable to go down," with the result that the enterprises were in debt to each other, and funds "circulating outside the banks."

5. Market supply still tends to be tight. Grain supply is tight, and imbalances between areas is worsening. The source of supply of other agricultural sideline products is also tight, and state purchasing is difficult. Stocks of main industrial goods of daily use have declined in volume and this has weakened the ability of state-run commerce to regulate the market. The rising trend of commodity prices was controlled principally through the "finance department spending money to buy or keep down the price index." It is estimated that last year in Beijing municipality to control one percent of movement of the price index, finance had to spend over 100 million yuan. This year it will cost more, say 150 to 200 million yuan.

To solve the above-mentioned problems, the key lies in unifying the whole Party's understanding of the spirit of the 3d Plenary Session of the 13th CPC Central Committee and taking unified steps.

1. It is necessary to clearly understand the dialectic unified relations between improvement, rectification and reform. I believe that the relations of the three are three-in-one, mutually restrictive and mutually promoting. Between the three, certain contradictions do exist but basically speaking they are unified. The certain contradictions and problems between them have appeared on the basis of the great accomplishments made in the 10 years reform and construction, being problems arising in the course of the advance and might be overcome after due efforts are made.

2. In the relations between stability and development, we should firmly insist on the principle of seeking development in stability and should not continue to propagate or propagate in another form the theme that only in great development can there be stability.

3. In the relations between compressing gross demand and increasing effective supply, we should insist on firmly insisting on controlling gross demand and restricting currency inflation as the first target and on increasing effective supply as the second target. The disparity between gross supply and gross demand should be reduced so that the two are in general balanced. This is the basic demand in improving and rectifying and is also the basic demand of deepening the reform and developing the economy relative to the socioeconomic environment. Seen in the long run, in solving this problem, increasing the effective supply possesses a basic and positive significance but seen in the short run, sometimes controlling the demand is the principal side of the contradiction and sometimes increasing the supply is the principal side of the contradiction. This is determined by the concrete condition of the national economy at the time and cannot be treated in a sweeping or general manner.

4. In rectifying and improving a price must be paid and the whole party and people of the whole country should be ideologically prepared as follows: for the sake of checking currency inflation and creating an economic environment needed for deepening the reform, be prepared to make certain sacrifices and to suffer certain inconveniences temporarily.

5. In strengthening and improving the macroeconomic adjustment and control and elevating the operational technique, the adjustment and control measures must have a unified target and must be employed in a coordinated manner. It is necessary to skillfully handle the readjustment of the economic structure by cutting down the investment scale and increasing effective supply. In other words, in compressing capital construction and organizing production, we must adhere to the demand of the industrial policy and simultaneously with firmly compressing longline investments increase the investments in the "bottleneck" industries, increase the production of marketable commodities, and organize well the market supply of commodities.

6. The basic way out of the predicament is to deepen the reform. We must firmly insist on the guideline of reform and opening up to the outside world, and, under the precondition of being beneficial to improvement and rectification and on the foundation of summing up the experiences, push further forward the reform of the enterprise operational mechanism, reform of the investment structure, reform of the financial and taxation structure, reform of the circulation structure, reform of the foreign trade structure and reform of the currency structure so that our macroeconomic operational mechanism will gradually proceed to the target of "the state adjusting and controlling the market and the market guiding the enterprises" and so that the socialist planned commodity economy can develop in an even better manner.

A Basic Method Must Be Conceived To Solve the Grain Problem

—By Wu Xiang, Advisor to the State Council Rural Development Research Center

Since the 3d Plenary Session of the 13th CPC Central Committee, the agricultural problem has attracted further important attention from the whole country. People have been universally concerned with the tense situation and the shortage in supply of agricultural products and this is the most fervently talked about topic. At present, the agricultural problem is outstandingly manifested in the following: First, for 4 years the output volume of grain has made little or no progress at all; and second, the peasants have become increasingly unwilling to sell grain to the state. Since last autumn, the problem of the peasants' unwillingness to sell grain has become even more acute. The direct causes for this were two, as follows: 1. In recent years, there has been too large a scale in the rise of the prices of the means of production for agricultural use and the relative benefits from planting grain have dropped drastically. 2. Since the second half year of last year, due to the tightening of the money market, quite a number of town and township enterprises have closed their doors and this has caused a drop in the peasants' income as well as a reduction in the funds available from "using industry to compensate agriculture." In addition, cutting down the scale of capital construction has made a large number of "peasant civilian workers" to return to their rural villages and naturally the loss of their wage income has forced the peasants to depend on grain to maintain their living. After all, grain has not been in abundance and with the state paying too low a grain purchase price, the peasants are naturally unwilling to sell their grain and strive by every means to sell the grain in the market to earn more money.

For a period in the past, in various localities, certain measures taken in regard to the levy purchasing of grain hurt the economic interest as well as the ideology and feelings of the peasants. The peasants' discontented sentiments were obviously increased. Thus, first, the

overcompulsory purchase of grain aroused the violent discontent of the peasants and various kinds of conflicts constantly occurred; second, in the purchasing procedure "blank chits" were given to the peasants although later on these were replaced by giving the peasants bank checks to signify their bank deposits. This was tantamount to adding fuel to the flames; and third, circulation of grain was universally limited or stopped. Although this did play the role of stopping artificial price raising and crash purchases and speed up the progress of grain levy and purchase, it artificially caused a psychology of fear and moreover helped increase the grain price.

The consequences of these measures adopted in grain purchases have caused people to be deeply concerned. First, due to the peasants' problems in production not having been solved, a considerable number of peasants have lost their confidence in production. Second, blockading and restricting grain circulation was an extremely severe blow to the specialized households such as hog raising, chicken raising and so forth which had just resumed their trade. In addition, every year about 40 billion kilograms of grain depended on market regulation, some 60 to 70 million circulating population consisting of workers, merchants and people in various other industries and trades relied on buying grain from the market to sustain their living, and closure of the grain market would seriously jeopardize social stability. Third, due to the peasants' violent discontent, many cadres at or below the village level stood on the side of the peasants, or would not care or do any work, or just pretended to comply with orders from above, and both the county and village cadres formed the battle's "front line." This extremely disadvantageous to developing the various kinds of work in the rural areas from now on.

The peasants' discontent leading to tension between the government and the peasants is in essence the conflict of interest between the urban and the rural areas. This is because for a long time, the enforcement of the system of unified purchase and purchase by levies or "contractual" fixed purchase has taken up not only the function of distribution of the products but also the function of the distribution of benefits. In reality, this has ensured that the state use low prices to purchase grain and other agricultural products so as to maintain their sales at low prices in cities and towns and the payment of low wages to staff members and workers. At the same time, payment of low wages has ensured more accumulations and in turn the start of the state's industrialization. This is the cause of the prolonged existence of the "scissors differential" between the prices of industrial and agricultural products. In the first few years after the 3d Plenary Session of the 11th CPC Central Committee, as a result of the large-scale rise in the prices of the agricultural products and deepening of the rural reform, the enthusiasm of the vast masses of peasants was aroused, agricultural production showed an unusually high growth rate and the grain problem, which had been a tense one for several scores of years, was eased to a certain extent. However, due to the slow development in

urban reform, the price rise in agricultural products not only was not automatically digested by the urban industries but also stimulated a large-scale rise in the prices of industrial products. At the same time, the state's investments in the industries showed a steadily increasing trend but its investments in agriculture showed a steadily decreasing trend. Thus, the originally reduced "scissors differential" between the prices of industrial and agricultural products was once again widened.

Hence, one of the important causes for the stagnation in grain production was the "scissors differential" between the prices of industrial and agricultural products. And under the conditions of the ratio of industrial output value in the gross output value being raised from 30 percent to over 70 percent, the cause for needing the continued existence of the "scissors differential" was the too low benefits of the urban industries. The low benefits were principally due to the ossified structure and the egalitarian practice of "everybody eating from the same big pot" causing the enterprises and their staff members and workers to lack force of pressure and motivation and the potentials in industrial production to be stagnated and unable to be fully tapped. Under such conditions, a large-scale increase in the prices of agricultural products could not be imagined. Still, we must clearly understand that only by firmly insisting on reform and fully tapping the potentials of urban industries can we solve basically the conflicts between the urban and rural areas. Any backward step taken and restoration of the old structure could only bring about more and bigger difficulties.

There Must Be a Determination To Check the Inflation in Consumption Demand

—By Wang Mengkui, Assistant Chief of the Economic Research Center of the State Planning Commission

In my opinion, in the current improvement and rectification, the problem of inflation in consumption demand has not been given the attention it deserves, or, any attention was given to it, no actual progress has been made.

In comparison with checking investment inflation, checking the inflation in consumption demand, particularly that of the individual, is more difficult. Over the past 5 months, although the condition of liquidating projects under construction and cutting down the investment scale was not exactly ideal yet certain progress was made. According to statistics, up to the present, of the 200,000 under-construction projects worth over 50,000 yuan each of units under the system of ownership by the whole people or collective ownership, construction of 17,000 projects has been stopped or slowed down and the investment scale cut down is nearly 50 billion yuan. The trend of the social groups' consumption growing too fast has been somewhat rectified but the state of the individuals' consumption demand is still the opposite. Last September, the government issued a directive to the effect that the various funds of salaries and wages,

bonuses and subsidies of state employees should all be controlled at the August level but in November and December the increases over August were respectively 13 percent and 43 percent; in January this year the increase over August last year was 57 percent and compared with January last year the increase was 61.5 percent, a growth speed that was unprecedented. This illustrates that in restricting the consumption demand not only no progress was made but also the situation became worse.

Of even deeper concern is that the public still hold high hopes of a further consumption increase. Recently a JINGJI RIBAO reporter surveyed 1,000 customers from different areas around the country and of different professions visiting the Wangfujing department store. The survey was of an opportune sampling nature. Of the replies to the question "What measure of price stabilization do you find acceptable?" 67 percent of the people favored "cutting down capital construction and employing the funds to improve the standard of living." This shows that the majority of people lacked the ideological preparation for lowering the standard of living called for in treating currency inflation but actually demanded the reverse. This demand can be readily understood since consumers always hope for increasing consumption. Unfortunately, the unavoidable facts are as follows:

1. The growth rate of the salaries and wages of staff members and workers has already exceeded the growth rate of the national income and the social labor productivity rate. According to the statistics, from 1983 to 1987, the average yearly growth rate of national income was 11 percent, but the average yearly growth rate of the gross volume of salaries and wages of the staff members and workers was 16.4 percent. While precise statistics on the labor productivity rate were lacking, some people have estimated that from 1978 to 1987, after deducting the factor of the rise in commodity prices, the average yearly growth rate of national income was roughly 11 percent but the average yearly growth rate of whole society's labor productivity rate, computed on the basis of the national income created on the average by each and every worker in society, was 5.4 percent, or the former being one hundred percent more than the latter.

2. The growth of extra income outside of salaries and wages was even faster than that of salaries and wages. According to a sample survey, during the 6 years from 1982 to 1987, the growth of per capita nonwage income of urban families was 310 percent, averaging an annual progressive increase of 26.4 percent. As for the proportion occupied by income of a nonwage character in the gross volume of money income of the staff members and workers, some investigations found it to be 25 percent, some 30 percent and still some others, 35 percent and 40 percent. In short, the volume was a large one and the ratio occupied was an increasing one. Due to loopholes on the side of structural and management errors, the transparent degree of the individual's income has been low while the coverage of control over income has been

very narrow. As a result, administrative enterprise funds, scientific research and educational funds and even production development funds have, in various forms such as concealed, semiconcealed and semiopen and even fully open forms and by means of various kinds of "funnels," permeated into the individuals' consumption funds.

Since inflation in consumption demand is the important cause leading to currency inflation, then in checking currency inflation, we must be determined in checking the inflation in consumption demand. In fact, in 1987 the actual income of 21 percent of urban residents' families was lowered. In 1988, a sampling survey of 13 cities and towns found that the actual income level of 34.9 percent of the residents' families had fallen. This depressed people's spirit but under the conditions of currency inflation, it was inevitable. We should have the courage to face the fact and the courage to frankly tell the public the situation. Moreover, we should mobilize the people to be of one heart and soul to make temporary sacrifices in exchange for economic stability and development. We should never harbor any hope to the lucky, on believe that there is no need to make any sacrifice and that we can go through currency inflation easily. Experiences have shown that the policy of inflating consumption demand, though temporarily stimulating people's zeal for reform, seen in the long run, not only endangers the stable development of the economy but also is fatal to the success of the reform. Wei Zheng, a high official of the Tang Dynasty, once said: "It is easy to handle a great disorder, since it is like feeding food to hungry people." These words were indeed lightly spoken. In reality, treating a disorder and feeding the hungry are not exactly easy and can be partly difficult and partly easy and danger may be lurking somewhere. But to make the difficult easy and convert danger into safety, the important link is to check the too fast growth in consumption demand. Social consumption has a very steely character. Increasing it is easy but cutting it down is difficult. If it goes up gradually and small increases are accumulated to become a large increase, then although each year the rise is a small one, people can easily become satisfied. On the contrary, if the increase is sudden and is a big one and the improvement is too fast, then once it goes downward, or even when the growth speed is slowed down, discontented feelings can be easily generated. Over the past 10 years, this has been an important lesson drawn from the experiences on the problems of distribution of income and consumption in society. Naturally, inflation of consumption demand has reference to the gross volume and alongside of the gross volume exists the unjust distribution of income. Along with making a determination to check inflation in the gross volume of inflation of consumption demand, it is necessary to solve both in system and in policy the problem of the unjust distribution. Hence, checking the inflation in consumption demand produces different effects on classes of people with different incomes.

We are now undertaking a large-scale modernization program. A hundred industries and trades are awaiting

development and large amounts of funds are needed. Nurturing a social accumulation mechanism, particularly a productive accumulation mechanism which plays a decisive role in improving the stamina in socio-economic development carries an important significance. At present, this kind of cumulative mechanism lacks strength and even to a certain extent has been weakened. According to a certain research report, in the 9 years from 1978 to 1986, our country's individual operators spent only 26.4 percent of their net income on investments in expanded reproduction. The vast pressure force of the overbrisk consumption tendency has also eroded the accumulations of the state-run economy and the collective economy. For example, under the conditions of currency inflation if depreciation is still set aside according to the originally fixed amounts, then the material wear and tear of the fixed assets cannot be compensated (not to mention the spiritual wear and tear) and in effect it represents an erosion of the existing capital volume. Again for example, nonproductive construction which is excessively large in size is not conducive to the nurturing of stamina in economic development. The accumulation rate is also a problem worth studying. According to existing statistics, in 1984 the accumulation rate was 31.5 percent and in the years 1985, 1986 and 1987 was respectively 35.2 percent, 34.8 percent and 34.7 percent, thus being fairly high. It seems to run contra to the conclusion of there being an inflation in consumption demand. But we should consider the following: (1) The scale of the rise in the prices of means of production is larger than that of the means of consumption and this possibly makes the accumulation rate rise by 1.5 to 2 percent; (2) Use of foreign capital in pushing the rise in the accumulation rate by 1.5 to 2 percent has no effect on the individuals' consumption during the current year; and 3. Conversion of a portion of the accumulation funds through various channels into the individuals' consumption. If we take into consideration these factors (perhaps there are still other factors), the actual accumulation rate perhaps was not so high. This will need a more intensive study. Today I point out only this problem.

Preventing "Stagflation" Is an Urgent Task of the Moment

—By Song Tingming, Director of the Theoretical Propaganda Department, State Commission for the Reform of the Economic Structure

At the moment, the work of improving and rectifying the economy done in various localities of the country has achieved initial accomplishments but certain unexpected new problems have also risen. The outstanding ones are the "three high's and three low's" commodity price level perching high and refusing to climb down, consumption funds increasing too rapidly, volume of cash and banknote issuance being too large and economic growth beginning to slide downhill, urban and rural residents' savings obviously tending to the low side, and a large-scale decline in foreign trade exports.

According to initial statistics, in January this year the gross value of industrial production increased by only 8.2 percent, a drop of 10 percent compared with December last year, of which state-run enterprises increased by only 3.7 percent. The increase in the salaries, wages and bonuses of the staff members and workers amounted to 61 percent, volume of banks' cash disbursements increased by 50 percent, and the urban and rural retail sales price index went up by around 26 percent. On the other hand, exports in foreign trade dropped by 12.5 percent. The balances of urban and rural residents' savings account increased by only a little over 20 million yuan over the same period last year while, compared with the average amount in the same period of recent years there was a drop of over 4 billion yuan. In my opinion, this trend of the "three high's and three low's" indicates that our country's economy has begun to show signs of "stagflation."

Accompanying the signs of "stagflation" are two abnormal phenomena currently seen the economy. One is that funds, particularly cash, have departed from the banks and are now "circulating outside the banks." Following in September last year enforcement of control over the scale of the banks' credits and loans by means of the measure of strictly slicing the credit and loan amounts, the enterprises and localities have resorted to mutually delaying settlement of accounts and outside the banks the phenomena of cash transactions and barter trade have become increasingly serious. Urban and rural residents have increasingly displayed the phenomenon of holding cash in their hands rather than depositing them in the banks. This has necessarily caused, on the one hand, the enterprises' shortage of funds, and, on the other hand, the banks sharply increasing their cash or banknote issuance. The other is the cease in circulation of certain important commodities particularly the extra or outside the state plan portion of grain and coal. Closure of the extra-plan grain markets led to a sharp rise in grain prices in country-fair trade, caused the peasants who had worked in the coal mines on contract and who had been depending on eating grain from the country fairs to return to their villages in large numbers and thus formed a nation-wide vicious cycle of grain—coal—electric power being tense and in short supply. The abnormal phenomena of funds "cycling outside the banks" and commodities "ceasing their circulation" denote that after 10 years of reform and opening up to the outside world, the whole economy of our country has begun to go on the track of a planned commodity economy and if in carrying out macroeconomic control, we still adopt the methods of the traditional administrative control and closure of the markets, then it will be difficult to achieve the anticipated effects and, if it comes to the worse, we may make the economy fall into the dilemma of "stagflation." Therefore, the most important problem at the moment is: On the one hand, we must firmly and irrevocably insist on the guideline of improving and rectifying the economy and, on the other hand, we should follow the trend and based on the demands of developing the commodity economy, adopt

a new method of macroeconomic adjustment and control. Only by doing so will it be possible to get out of the dilemma and open up a new road.

For the sake of effectively preventing the economy from slanting downhill on a large scale and from "stagflation," we recommend the adoption now of four emergency measures: First, reopening the grain country fairs and market places, abolishing the locality blockades, and effecting connections in consultation purchases and consultation sales between grain-producing areas and areas short in grain so that the hundred billion jin of grain outside the framework of the contractual fixed purchases under the state plan can rationally circulate on a nationwide scale, and so that the peasants can earn some profits and regain their enthusiasm to plant grain. Second, reopening the extra-plan coal markets, adopting preferential policies to encourage peasants to act temporarily, or under contract, as workers to pick coal in the coal pits and, under the guidance of the state plan, and allowing the state, collectives, individual units, and private enterprises to employ various channels to legitimately deal in, transport and sell extra-plan coal, thus to ease the tense situation in energy supply. Third, promptly readjusting and raising the interest rates on bank deposits and loans, vigorously encouraging and fostering urban and rural residents' savings, extensively absorbing deposits from enterprises, determinedly banning illegal transactions carried out in cash without going through the banks, pushing the return flow of enterprise funds to the banks and the return flow to the treasury of money in circulation, restoring the credit of banks, and strengthening the regulatory functions of banks as money issuance centers, economic settlement centers and cash receiving and disbursing centers. Fourth, abolishing the formalistic regulation which factually cannot be carried out and which restricts the level of the salaries, wages and bonuses of the staff members and workers to that of a certain fixed month, further improving the "hard and restrictive" measure of linking the enterprise's economic benefits with the gross volume of the salaries and wages payable to its staff members and workers, strengthening the collective work of the tax on salaries, wages and bonuses; and accomplishing the objective of strictly controlling the scale of growth of salaries, wages and bonuses on the one hand and watching, protecting and stimulating the employees' zeal and enthusiasm for labor and production on the other.

Having a Clear Estimate of the Current Situation is Mandatory

—By Lu Baifu, Research Fellow, State Council Research Center on Economic, Technological, and Social Development

In my opinion, regarding an estimate of the current economic situation it cannot be said to be more serious than before, because this does not conform with reality. Rather, it should be said that initial results have been

achieved. A small number of comrades are of the opinion that the situation is extremely good and that obvious results have been achieved. This is too high an estimate. At present, certain localities, departments and regions have felt themselves to be in a good state. Thus, speaking generally, there is an insufficient understanding or estimate of the serious character of the economic situation at present. This is the main tendency. It should attract our attention.

As for this readjustment, our objective environment and conditions do have many advantageous conditions such as the obvious strengthening of the economic strength, a relatively large reform made in the economic structure, and many real benefits accorded to the people's living. But we must note that the disadvantageous factors have also obviously increased. First, in the changing of place of the two structures, the old mechanism has gradually lost its effects, but the new structure has not yet gained perfection and the ability in macroeconomic adjustment and control has obviously been weakened. All this, plus the obvious widening of price differences, profit differences and exchange differences has seriously affected the results of the government's intervention in the economic operations. Second, the fact that not only have accumulations been inflated but also consumption has at the same time been inflated presents a more serious problem. Noncoordination between industry and agriculture has been aggravated. Formerly, agriculture annually reported a plentiful harvest and when making readjustment "attending to one end" was all that was needed. With the critical state of agriculture at present, the difficulties in effecting readjustment are increased. Third, increase in the enormous pressure of the excessive volume of money or banknotes in circulation. Banknote issuance has been too large and, moreover, the capacity of the return flow of credit and of commodities has been obviously weakened. Fourth, at present, the existence of such phenomena as the improper wind in Party affairs, injustice in distribution and general corruption have seriously affected the Party's inspiring power and the fact that the firmness in the execution of the central policies is far from that in the past has also added to the impediments to the readjustment and reform. If these problems are not handled properly, it will be rather difficult to speedily improve and rectify the economy.

In improvement and rectification, I believe that we should pay close attention to the following:

First, in the "extraordinary period" of improvement and rectification, regarding how to strengthen the principal sides of adjustment and control exercised by the macroeconomic adjusting and controlling mechanism over the operations of the national economy, is it better to adopt the method of centralized adjustment and control or that of decentralized (two levels or more) adjustment and control? In this connection, we cannot take the old road back but must suitably reinforce the central's regulatory ability and must let the key targets come under central control and management. However, the major points of

the adjustment and control should be the more adoption of policies and measures such as financial policy, money, credit and loan policy, industrial policy, policy of international balance of payments, and so forth.

Second, must a price be paid in the improvement and rectification? During the period of the appearance of a short-term "stagflation," should we staunchly stick to the issue and bend our efforts to pass the "painful period," or should we, once cries and complaints are heard, become "soft-hearted," relax our determination, and thus forego the gains already made?

Third, regarding the basic target in liquidating fixed assets investments, is it to seek easing temporary the contradiction or to remove the inflation mechanism? In the past several cuts in capital investment, because of the unclear targets, the results were like a bottle gourd in the water which, when applying a pressure on it would go down and would pop up when loosening the pressure. Failure to solve the restrictive mechanism on investment cannot solve basically the problem.

Fourth, the improvement and rectification this time is an opportunity and is also a challenge. Should this good opportunity of improvement and rectification be fully utilized to optimize the structure and take two steps forward once a step backward is taken or should the old set of compressing method be used which called for advancing on all fronts, "applying the same method to all," and permitting the future resurrection of the old structure? The above-mentioned problem are big problems in the improvement and rectification. If solved well, they can make the readjustment produce good results; otherwise all would be like a passing scene, with no concrete results.

Several Points From an Analysis of the Management of Rectification Work

—By Zhang Zhingji, Director of the Comprehensive Department of the State Statistical Bureau

In the past several months, the improvement and rectification work has achieved certain results but in the main the tasks are still tedious and difficult ones.

First, the difficulties brought about by the overheated economy this time were different from those of the overheating during the 4th quarter of 1984 to 1985. (1) The overheating last time started on the basis of several successive years of bountiful harvest in agriculture and a relatively large volume of foreign exchange reserves. The overheating this time developed under the conditions of agricultural production having made no progress for several years in succession and the high-speed industrial growth rate depended more on the motive power of enterprise contracting, the pulling force of market demand, the promotional force of contracting and backing by local finance and the pressure of the speed in scrambling and competition. (2) In the overheating last

time, the differential rate between social gross supply and social gross demand had been obviously reduced; whereas in the overheating this time, the supply-demand differential rate was widened from 13.6 percent in 1987 to 16.2 percent in 1988. (3) In the overheating last time, there was an abnormal increase in the financial revenues of the state and the 1985 budget financial revenues showed an increase of 24.3 percent over the preceding year; in the overheating this time, due to the enterprises' contracting mechanism not having yet achieved perfection and because the increased receipts from production-increase and the rise in the prices of the products were largely retained in the enterprises and the intermediate stages, the state did not show much increase in income. In 1988 the increase in financial revenues was less than 10 percent and if the factor of commodity prices was taken into consideration then actually there was a negative growth rate. (4) In the overheating last time, although commodity prices rose by 8.8 percent, this was due to the state making a planned readjustment of the prices of agricultural products; at the same time it provided a subsidy to the residents in cities and towns as a result of which people's psychology was calm and stable; in the overheating this time, currency inflation ran amok and psychologically people increased their desires to make more purchases so as to protect the value of their money. (5) In the overheating last time, the demand inflation obviously slanted toward investment and the fixed assets investments of whole society increased by 38.7 percent over the preceding year; in the overheating this time, the transparent degree of the demand inflation is low, there are certain developments in the phenomenon of unjust distribution, the nonlabor income of a portion of people has increased while the actual income of a portion of the staff members and workers has dropped. Thus, it is necessary to understand sufficiently the difficult nature and the long-term nature of improvement and rectification.

Next, at present there are certain outstanding problems:

(1) The irrational condition of the industrial production structure has been aggravated. In January this year, the growth rate of industries under the system of ownership by the whole people was only 3.7 percent, whereas that of the collective industries perched high and refused to climb down and especially that of industries run by the rural villages was still as high as 24.6 percent. As for the commodities short and stringent in supply, with the exception of color television sets and refrigerators which continue to show a rather large increase in production, production of other commodities and light textile products was largely on the decline. The gross volume of energy output dropped by 0.1 percent and the stoppage of power supply, due to coal shortages, was most outstanding. (2) The inflation in consumption demand continued to grow. In January, the outlay of banks in the nature of salary and wage payments to residents in cities and towns and other cash disbursements increased by 61.2 percent over the corresponding period of last year and the phenomena of wantonly granting bonuses, subsidies and goods in kind as well as inviting guests and

making gifts at public expense were fairly prevalent. (3) Finance and currency were in a serious and critical state. In January, due to the slackening in industrial production, financial revenues showed an increase of a mere 3.4 percent over the same period of last year; receipts from the products tax dropped by 39.3 percent, there was a large scale increase in the deficits of the enterprises while financial expenditures increased by 18.7 percent. In the banks' credits and loans, the difference between the credit balances and credit balances kept on increasing while the issuance of banknotes sharply increased. (4) The number of unstable factors hidden in the market prices is rather large. The cocky or stuck up factors of the commodity prices last year are still affecting rather greatly the commodity prices this year and actually state-run commerce has a relatively weak foundation in stabilizing the markets. (5) Certain departments and localities do not have a sufficient estimation of the difficulties they are facing; their attitude toward improvement and rectification is a wait-and-see one.

To ensure the success in improvement and rectification work, it is suggested that the relevant departments earnestly do a good job in the macroeconomic improvement and rectification. In general, do not be lax in the financial and currency policies of retrenchment and tightening but the necessary readjustment should be made on the structure and different treatment should be made in accordance with the industrial policy. At the same time treating and improving the economic environment should whenever possible go hand in hand with treating and improving the social atmosphere. Leaderships at various levels should be exemplary in frugality and honesty and take the lead in being frugal and practising economy. We should strengthen the rule of law, sternly enforce Party discipline and the laws of the state, earnestly and truly prosecute illegal activities such as using power to seek private gains, offering bribery and accepting bribery, rebuying and reselling for profit, and so forth, and overcome the tendency of commercializing and capitalizing power.

Having a Clear Idea of the Difficult and Long-Term Nature of Improvement and Rectification

—By Lang Wei, State Council Research Office

After half a year of improving and rectifying, the overheated economy has begun to drop in temperature, the trend in the rise of commodity prices has been slowed down, the market is basically stabilized, and the economic order has somewhat turned for the better. Facts have shown that the guideline of improvement and rectification is a correct one. However, the tasks in improvement and rectification are still very onerous and the major problems have not yet been basically solved: (1) Regarding fixed assets investment: the investment scale of those projects which have stopped or delayed construction occupied but 3 percent of those projects under construction, of which actually two-thirds actually

had not started construction and projects of the collectives and the rural areas have not yet been incorporated in the liquidation area. (2) Regarding credits and loans: those inside the plan basket have been controlled but those outside the plan basket are still in the process of inflation. (3) Regarding the consumption fund: although the purchasing power of collectives has dropped, yet there has been a sharp increase in the granting of bonuses and the increase is in the neighborhood of 35 to 40 percent. (4) Regarding the economic order: among the enterprises and individuals, tax evasion practices are rampant; while the state-run stores desist from high-price selling, individual units will do so without question; while the production areas will desist from raising the prices of their products, outside areas raise the prices just the same; and while certain activities are labelled as illegal in the interior, they are considered to be wholly legitimate in the coastal regions. (5) Regarding production: a dire shortage in circulating funds among the enterprises and the practices of delayed payment of accounts, and of paying and receiving accounts in advance are developing; communications, transport and coal and electric power supplies are all in a rather tense state; and the disparity between gross demand and gross supply is widening. (6) Regarding social life: basically no change in the unjust pattern in income distribution, phenomena of corruption are developing, worsening of public safety conditions and rising discontent among the populace.

It is necessary to fully understand the extremely difficult character and long-term nature of "improvement and rectification." Gross demand being larger than gross supply is the basic pattern of economic life in our country. Overheating of the economy is a historical phenomenon that has repeatedly happened in our country's economic development. This pattern and phenomenon have their deep-lying causes and must be given full and important attention.

1. The basic contradiction between population and resources will for a long time affect our country's economic development. Our country is currently in the middle stage of history's third big population explosion, and the already small per capita resources will continue its reduction. For example, only by 1979 did the per capita grain output volume in our country surpass for the first time 1936 and amounted to 685 jin; and only by 1984 did it reach the highest level in history when it nearly approached 800 jin. Only by 1984 did the per mu yield of grain nearly match the highest level in the Qing Dynasty (367 jin) when it reached 365 jin, and in 1984 it reached the highest level in history, being 482 jin. It took us roughly 200 years to increase the per mu yield by 31 percent. However, by 2000 if we wish to maintain the per capita grain yield volume of recent years, then the per mu yield of grain must have a rise of another 35 percent, but only 20 years' time will still be available.

Population growth leads to the problem of employment and the problem of the relative shortage in resources. If these problems are not handled well, currency inflation

will result. Such is the long-term social development environment of our country. In the 10 years of the reform, the urban and rural areas in our country have newly increased over 110 million of people seeking employment. The pressure caused by this population on the resources, basic industries and basic facilities is the basic cause for the currency inflation and the mistakes in the course of the reform have only played the role of kindling the fire, so to speak, and are not the actual causes. It must be seen that in the double-track price system, behind the scene of inflation of the investment scale lurks the employment problem. In the current improvement and rectification, the difficult point in cutting down the scale of fixed assets investment and readjustment the industrial structure is the employment problem.

2. The way out lies in readjusting the industrial structure and social psychology. The way out of the conflict between population and resources lies in rationally distributing and allocating the resources, readjusting the industrial structure and increasing the input into agriculture, basic industries and scientific and educational enterprises. This is one of the targets of "improvement and rectification." To achieve this target, it will be necessary to extensively readjust social psychology and make people understand: that under the long-term constraint of the contradiction between population and resources, any high speed, high consumption, and short-sighted short-term act intended to seek immediate gains can only bring to the nation serious damages and that reform and opening up to the outside world constitute the only road to China's development. But reform is not equivalent to development. Successful reform can only create the advantageous conditions for solving the contradiction between population and resources while to solve this contradiction will still require a tedious procedure of scientific and technological progress. Hence, it is impossible to hope that reform will immediately bring along development and actual benefits. All the more we cannot blame reform for all the difficulties and problems in the course of the development. We must note that aggravation of the conflict between population and resources and the development of the world's new technical revolution have posed a threat to the survival of the Chinese race. In the face of this danger, invigorate the racial spirit, be united in heart and soul, watch and care for the situation as a whole, be brave in sacrificing, offering and contributing, consciously seek development in education, science and technology and employ new moral standards, and new value concepts to actively maintain and protect the building and perfection of the new structure and new order.

Several Suggestions on Treating and Improving the Financial Environment

—By Yun Zhiping, Assistant Director of the Department of Comprehensive Planning, Ministry of Finance

Since the 3d Plenary Session of the 13th CPC Central Committee, certain measures have been taken to improve the financial environment and rectify and consolidate financial and economic discipline. An all-round and major inspection of financial affairs, taxation and commodity prices has developed; control over the purchasing power of social groups has been reinforced; the work of liquidating and consolidating tax collection has made progress and industry and commerce have overfulfilled the State Council's assignment of tasks and a large amount of work has been done on controlling the budget deficits. However, all these accomplishments are still far from being sufficient to solve the financial problems. I suggest:

1. Firmly insist on the guideline of a balanced budget and earnestly strive to solve the problem of budget deficits. The economic policy of having red figures in finance is not suitable to the national conditions of our country. If the red figure financial policy is adopted, then inevitably the already swollen social purchasing power will be further inflated and the commodities already in short supply will fall further in scarcity. This will disrupt the normal and orderly operations of the social economy and there will be no way to avoid the inroad of currency inflation. In recent years, budget deficits have occurred for several years in succession in our country and the deficits have shown the tendency of being gradually increased. In 1987, the budget deficit in "hard" figures amounted to 7.959 billion yuan and in "soft" figures it was 30.314 billion yuan, and the red figures occupied quite a considerable portion of the national income. There must be a determined resolve to take extremely stiff measures to solve the deficit problem. From now on, in the budget arrangements all the disbursements must be tightened. In the budget next year and the next, aside from a small number of expenditures which must be firmly protected such as agriculture, education and the sciences, no increase should be made in all other expenditures and even in the case of those expenditures which must be assured the extent of any increase much conform with the state's financial strength and be subjected to rigid limitation.

2. Earnestly solve the three big problems which are beyond the capacity of finance to bear, namely, before-tax loan repayment price subsidies and foreign trade deficits. Before-tax loan repayment is in reality advanced distribution. In 1987, the before-tax loan repayment of state-run enterprises amounted to over 20 billion yuan. This year there will be a substantial increase: the outstanding loan balances have amounted to over 100 billion yuan already and the situation has developed to such a stage as in certain localities and enterprises the annually increased profits are insufficient to repay the loans. If this trend is allowed to continue and develop, it will be an enormous treat to the sustained stability and growth of financial revenues and to financial equilibrium. In the price reform, the amount of price subsidies borne by finance in 1978 amounted to 1.114 billion yuan. In 1987 it rose to over 30 billion yuan, an

increase of 2700 percent. This year the increase will be even larger and will become a heavy burden for finance. The development in foreign trade has been rather rapid but the cost has been annually increased. In 1980 the subsidies to foreign trade deficits amounted to 2.63 billion yuan but was increased to over 20 billion yuan, an increase of nearly 700 percent. Regarding these problems of changing the practice of repaying loans before tax payment, and reducing the price subsidies and foreign trade deficits, they should be earnestly studied and looked at as important economic policies in treating currency inflation and solving the financial problem and they should be solved by further intensifying the reform.

3. Open up more financial sources, adequately centralize financial power, raise the ratio occupied by financial revenues in the national income and raise the proportion occupied by central finance in the financial revenues of the whole country. In the reform of the economic structure, for the sake of handling well the distribution relations between the state and the enterprises, reducing taxes and ceding profits have been enforced in finance. This is entirely necessary in enlivening the enterprises. However, as we look back now, the practice has gone a little too far. In 1987, the profits retained by the enterprises amounted to 53.85 billion yuan, an increase of 51.1 billion yuan compared with the 2.75 billion yuan retained in 1978. In the profits realized by state-run enterprises in 1978, the state occupied 96 percent which was too large a centralization by the state. After the conversion into taxes in lieu of profits in 1985, the state's share dropped to 51.6 percent, and in 1987 to 36.5 percent. In 1987 compared with 1985, due to the 15.1 percent drop in the state's share, in a year's time, there was a reduction of around 10 billion yuan in financial receipts. The overdecentralization of financial power was also outstandingly manifested in the large-scale increase in extra-budget funds. In 1987, it came up to 202.9 billion yuan, an increase of nearly 500 percent over 1978, and the average annual growth rate was 21.7 percent. During the same period the average annual growth rate of the budgetary revenues was 6.7 percent and year after year expenditures exceeded income, incurring rather large deficits. The ratio of financial revenues in the national income has also dropped on a large scale. Thus, in 1978 it was 37.2 percent but in 1987 it dropped to 21.8 percent, a drop of 15.6 percent in 9 years' time. The state's budgeting financial strength being insufficient, it is difficult to ensure meeting the demands for funds for the purposes of reform and development.

It should be emphatically pointed out that we are now in a period of the change in structure, the price relations have not been smoothed out, the system of regulation by market mechanism has not been perfected, an industrial policy has not been definitely fixed, and coordination measures are still lacking for the various kinds of macroeconomic control tactics. Under such conditions, if financial power is overdecentralized it is easy for macroeconomic control to be out of gear and will greatly weaken the state's power of effecting macroeconomic

control. The important tasks now in consolidating and improving our financial and economic battle line are appropriately centralizing the state's financial power, rectifying the phenomenon of the overdecentralization of funds, and raising the proportion occupied by financial revenues in the national income.

Following the continuous development of the socialist planned commodity economy, various and many layers and kinds of economic constituents have come into being and the structure of the ownership system has become pluralistic. Hence, the financial taxation system must conform with the new situation. New financial sources must be opened up, and it is necessary to increase financial revenues not only in areas of first distribution but also in areas of redistribution. We must collect from the extra-budget funds a fixed ratio of regulation funds and strengthen the collection and management work on the circulating tax, agricultural and forestry special products tax, town and township enterprise tax, and the individual income tax. We should, by means of various measures increase tax receipts, raise the financial revenues in the national income to 28 to 30 percent. Of the newly increased financial revenues, central finance should have the larger portion so as to augment the state's capacity in macroeconomic adjustment and control.

4. Adopt special measures to solve the problem of the debt repayment peak period. According to a forecast of the existing condition of the state's indebtedness, toward the end of the Seventh 5-Year Plan period our country will reach the peak in debt repayment and by that time national finance will be in a state of making new loans not being sufficient to pay off old loans. Therefore, certain new measures must be taken, such as, for example, stepping up the selling of public housing to individuals; adopting tender invitation forms to auction off and sell small enterprises to society; developing in an organized manner piloting in selling stocks and shares to staff members and workers; and allowing the compensatory transfer of land-use right in cities and towns. The major portion, or a portion, of the receipts from these special measures should be delivered to central finance. If necessary, we may also resort to borrowing new loans to repay old loans, or changing the structure of the indebtedness, or pushing to a later date the burden of debt repayment. In addition, we may further explore the fund-raising measure, and speedily set up a debt repayment sinking fund so as to solve the debt repayment problem.

Inflation of Consumption Funds Is the Major Impediment To Deepening the Reform

—By Ren Hunyin, Assistant Director of the Department of Comprehensive Planning, People's Bank of China

After 5 months of improvement and rectification, initial results can be seen now but the situation is still a serious one and all we can say is that improvement and rectification have just begun. The monetary situation is the

barometer of the economy and at the moment the currency situation still worries people. In 1988, the net amount of money put into circulation was over 60 billion yuan and scale of the increase was as high as 40 percent, being the highest ever. This year the volume of money put into circulation will not be lower than last year and hence the task of rectifying currency inflation will be even harder.

Putting a large amount of cash into circulation brings about a direct consequence and this is the disruption of the normal order of the circulation and turnover of credit and loan funds, with the banks meeting with difficulties in making disbursements, their reputes being damaged and their funds being unable to circulate smoothly—in the 10 years of the reform this is the first of appearance of such a problem. Regarding credit and loan funds the normal law of operation is that the loan funds after being put into circulation will be correspondingly converted into deposits and cash. Over the years, it has been found that around 18 percent of the funds were turned into cash while over 80 percent were put in deposits. This formed the source of funds for the banks which could then continue to put the funds in use and in circulation. But since last year this rule has been broken. According to the statistical figures, last year the increase in the enterprise deposits and savings deposits was less by some 30 billion yuan while cash put into circulation was more by some 30 billion yuan: in January this year the increase in these two categories of deposits was less by over 20 billion yuan while cash put into circulation was more by some 20 billion yuan, and the missing rate in terms of cash was over 40 percent. These over 50 billion yuan of funds having been converted from potential deposits into cash, the specialized banks can no longer use them and in order to meet with draws the banks had to call on their deposits in the central bank. In the 4th quarter of last year, the reserve funds of the specialized banks dropped to the lowest point, resulting in difficulty in meeting payments. This was repeated in January this year. If putting cash into circulation cannot be controlled the crisis of banks in meeting disbursements cannot be removed and with the contradictions being centralized in the central bank, a vicious cycle will be formed.

Why is it that loan funds after being put into circulation are not converted into bank deposits but become cash in hand? This is in one way related to people's anticipated psychology vis-a-vis commodity prices but the basic problem is still that of the consumption fund. In the cash put into circulation, aside from a portion serving as circulating fund for production and operations, the major portion is used or reserved for consumption purposes. In recent years, seen from the condition of the banks' cash receipts and payments, the cash disbursements made by the state to staff members and workers increased to double that of the economic growth rate. Seen from only the January figures this year, the state's disbursements for salaries and wages increased by 61.1 percent over the same period last year, payments for

bonuses increased by 76.1 percent, other payments to individuals increased by 55.5 percent, in town and township collective units, the payments for salaries, wages and bonuses increased by 58.8 percent, and payments on administrative and enterprise management expenses increased by 54.6 percent. This is indeed a frightening trend. The increase in industrial production in January was only 8 percent and the drop in the enterprises' deposits was over 16 billion yuan which obviously was related to consumption protection, so to speak. Under the unstable conditions in commodity prices, a large amount of cash falling into the hands of the individuals implies that the money is being held to await purchases and this is the cause of savings deposits not making any increase. In effect, the problem of consumption fund has become the major cause of restricting the benign cycle of credit and loans and is also the chief impediment to the continued deepening of the reform. It appears that undertaking reform on the basis of the public ownership system, when power is delegated to the enterprises, starting from distribution we should be particularly alerted to the problem of the consumption fund getting out of control.

In controlling the consumption fund, first, we must make a determined effort to cut down the scale of the investment on projects under construction. This is because for each 100 yuan of investments, 40 yuan will be converted into cash payments on consumption and this is a big item. In cutting down investment, the major point is to compress the projects under construction and if the projects which are extra-budget, of a nonproductive nature and belong to the collective enterprise are not cut down, the major point cannot be protected and it will be difficult to keep the consumption fund under control. Second, we must improve and perfect the enterprise contracting system. At present, there is a large increase in the realized profits of the contracted enterprises but the amount of taxes and profits delivered to central finance has dropped. This is abnormal. In particular, we cannot permit the distribution as consumption fund of the large amount of increased receipts form the price rise in the products. Third, tax collection should be strictly regimented. Recipients of large incomes from individual economy, private economy, and sources outside of salaries and wages should pay taxes according to law; those giving bribes and those receiving bribes should be punished and we must be determined to resolve the problem of unjust distribution. Fourth, order in the circulation sector should be rectified. Those companies and unit individuals making use of price differentials to indulge in rebuying and reselling for profit should be given heavy penalties or punished by law, so as to block up these loopholes in consumption. Fifth, we should rigidly control the purchasing power of social groups and change the condition in recent years of compression but not diminishing. All the above points require the implementation of a determined policy but the central point is the problem of determination. If only determination is made, solution of the problem will not be difficult.

Strengthen Banks' Adjustment and Control and Perform a Good Job in Improvement and Rectification

—By Yan Yi, Chief of the Policy Research Office, China Industrial and Commercial Bank

An important link in treating and improving currency inflation and promoting a benign cycle in the national economy is the strengthening of the banks, this most important tool in adjustment and control.

1. We should use banks as the main gate in the adjustment and control of the economy. Of the many macroeconomy adjustment and control measures, banks constitute the most important tool in adjustment and control. This is because: First, banks are the principal suppliers, controllers and regulators of funds in the development of the commodity economy, being the nerve centers of the national economy. Grasping these nerve centers will render it possible to effectively adjust and control the whole of the national economy. Second, following the deepening of the reform and opening up to the outside world and the development of the commodity economy in our country, the role of the banks is enlarging. According to the statistics, in the social expanded reproduction funds, if the sum total of the merging of the funds of finance and of the banks is taken as the base 100, then in 1978, finance occupied a share of 77 and that of the banks, 23; but today, that is, 10 years later, the share of finance is 30 and that of the banks, 70. The pattern of funds, characterized by the saying "big finance and diminutive banks," formed under the conditions of several scores of years of the products economy, has made an enormous change. This is the inevitable trend of the conversion of the product economy into a commodity economy. Grasping this important tool, namely the banks, will play an important role in improving the economy. Third, one of the important objectives of the improvement and rectification is to make the extent of the rise in commodity prices clearly lower than of last year and the issuance volume of banknotes lower than that of last year. In essence, these two points call for asserting control of the banks' main gate of the issuance of banknotes.

2. We should enforce the "three-fixations" guideline in the national economy. The serious problem at the moment is the economy being overheated, the scale of capital construction being overly large, and demand being too brisk, thus forming the situation of the social gross demand exceeding gross supply and thereby bringing about currency inflation. In order to effectively solve this phenomenon of imbalance, and speaking from the standpoint of macroeconomic adjustment and control policy, we should enforce the "three-fixations" policy. First, in finance, fixation of disbursements on the basis of revenues, and strenuously avoiding the deficit policy; second, in banking, fixation of loans on the basis of deposits, strenuously avoiding the credit inflation policy; and third, in the enterprises, fixation of production on the basis of sales, strenuously avoiding going blindly after production value. The enterprises, after considering the conditions of the available-volume of supply of the three great material

factors of energy, communications and raw materials should fix production according to sales and face toward the market. In essence, enforcing the "three-fixations" policy calls for conforming with the national conditions, acting according to one's ability, and preventing, in economic work, efforts to attain prompt results and idealism.

3. We should enforce a policy which provides for savings interest rates of a value-increment type. Payment by banks of interest on savings deposits is a matter of concern to thousands of households; it affects all sides and is an important policy with a bearing on the situation as a whole which eases the people's minds and stabilizes the economy. At present, urban and rural savings deposits in our country have an aggregate volume of over 300 billion yuan of which the savings deposits in cities and towns and absorbed by the industrial and commercial banks already amount to over 180 billion yuan. In order to stabilize and gradually increase savings deposits, it is necessary to adopt a double-barrel guideline: First, continuing to advocate the spirit of hard toil and struggle, and calling on the populace to enthusiastically practice savings, render aid to the state and strengthen their spiritual motive power for savings; second, along with continuing to develop value-protecting savings, we may consider gradually enforcing the policy of interest of a value-increment type, thus to make the depositors obtain an appropriate amount of income from value-increment in savings, and add to the economic magnetic power of savings. According to the national conditions of our country and the ability to bear on the part of finance and the banks, the policy to be adopted should call for interest payment at a low value-increment rate, that is, after deducting the index figures for the rise in commodity prices, and based on the length of time of the deposits and the category of savings deposits, granting a value-increment interest (annual interest) at one to five percent of the principal sum of the savings deposit.

Seriously Rectifying, Improving, and Intensifying the Reform

—By Ding Shengjun, Assistant Research Fellow of the Commercial and Economic Research Institute, Ministry of Commerce

Rectification and improvement have been going on for over half a year. They may be said to have achieved certain effects in lowering the temperature of the overheated economy, compressing the inflation in investment, rectifying the confusion in circulation, and checking the super-fast consumption. Nevertheless, they cannot be likened to "having a dragon's head but a snake's tail." Facing now the new conditions and new problems in the course of the rectification and improvement, we should pay attention to the following several points:

1. Seriously rectify and improve; intensify the reform. Rectification and improvement are for the purpose of creating a good socioeconomic environment which

includes the following: establishing mutually coordinating development relations between the urban and rural areas and between industry and agriculture; breaking down the demarcation of spheres of interests between urban and rural areas and between the various localities, nurturing a market mechanism which, under the state's regulation, possesses the character of opening up to the outside world and is of a competitive nature; checking currency inflation and investment inflation and setting up a normal order with stability in currency and in commodity prices; punishing the "air of reselling practices" and "bribery atmosphere" and realizing honesty and cleanliness in administration and standardization in transactions. Without rectifying and removing the impediments, deepening the reform is difficult. In reality, the creation itself of a good socioeconomic environment is also included in the process of the reform. We should remain clear-headed and understand that rectification and improvement are still far from being a success and that we must never stop unless the objective is obtained. We must emphasize that rectifying and improving do not negate the reform or call for restoration of the old system. Not to reform or to go backward can only miss the opportunity and destroy the hopes of modernization.

2. Strenuously rectify confusion; never stifle invigoration. One of the big achievements in our country's reform and opening up to the outside world is the great strengthening of the economic vitality. This vitality is the life force and promotional force of economic development. At present, there are certain new conditions that deserve attention. Since last year, regional blockades and demarcation between the urban and rural areas have been aggravated and customhouses and inspection stations have been set up everywhere to check the movement of goods; in many localities, the markets have been closed and the number of commodities placed again under unified control has increased; there have been frequent cases of taking over at will and even embezzling the funds for the purchase of the agricultural and sideline products. The result was a shortage in the available funds, "scripts" in lieu of actual payment were issued in confusion and the peasants got a raw deal. Some people even went so far as to advocate the full restoration of the unified purchasing and marketing by the state. The various kinds of practices mentioned above in effect strengthened monopoly. But monopoly will stifle the economic vitality which has been attained not at all easily. At present the markets in our country are basically still in the stage of the complex and initial grade of markets of the developing countries. A little confusion is not too frightening. If only it can be kept within the bounds then rectification is at all possible. The important point is that there must be a strong and powerful functional department of unified control over social circulation which can create new structures, formulate laws, set up standards, and accords the various kinds of commercial constituents with the same kind of management and restrictions. It should be noted that if the structure is not changed, and if there are no laws or standards, then it will be tantamount to full restoration of unified purchases and special control and nor will it be

possible to basically rectify and confusion. Treating and rectifying confusion at present is like bathing the child. After the bath, we must not throw away both the dirty water and the child.

3. Never be pessimistic but have full confidence. The stark reality of the planting trade in agriculture, in particular grain production, making no progress in recent years (but please note: animal husbandry and the fishery industry all along have recorded a production increase, the trend has not diminished and we must adhere to this stabilizing policy) has broken the blind ideas of optimism. At the same time sentiments of pessimism and loss of hope have increased. For example, we may cite such viewpoints as "the state and the people are in an unprecedentedly serious crisis," or "large imports of products in the nature of resources such as grain, feed materials and timber have become a basic trend." We do not by any means approve blind optimism, and at the same time are opposed to pessimism. True, in agriculture, production of the main portions of the planting trade such as grain, cotton and edible oils, is in a critical state. However, challenge and opportunity are before us while difficulty and opportunity do exist together. If only we can see that the enormous production-increase potentials of the medium and low yield farmland which makes up two-thirds of the whole country's cultivated land are waiting to be tapped, that the extensive slumbering natural resources may still be developed, that science and technology can greatly increase the productive forces, and that the hundred millions of peasants have in store a large potential force, then we can firmly believe that China's agriculture has great hopes.

In Improvement and Rectification, We Must Pay Attention to Readjusting the Structure

—By Mou Yunchun, Policy Research Department, Ministry of Materials

In my opinion, in the several months of the improvement and rectification, what should be adjusted downward has still not gone downward and what should be adjusted upward has still not gone upward.

In the 10 years of the reform, the phenomenon of overheating has for several times appeared in our country's economy. Particularly in recent years, the national economy all along has been in operation in a state of overheated development. The atmosphere of lowering the temperature and tightening and retrenchment and the cries of controlling the demand have been unceasing. The central authorities have several times determined to solve the problem. However, in the results of the tightening, the first victims of the onslaught were the enterprises under the system of ownership by the whole

people and the major capital construction projects inside the budget and, on the contrary, funds, materials and markets were squeezed out for enterprises which should not have been developed and extra-budgetary projects which should not have risen. Consequently after the tightening wave was over, there was the compulsion once again of relaxing the money market. This caused tightening but no shrinking and up flying again before landing. Under the new conditions after the change, the regulatory role of the traditional method of control was in the reverse direction. Hence, when the macroeconomic control has reached a certain extent, because of having deviated and even gone opposite to the originally fixed objectives, it could only back up and return. The current improvement and rectification are precisely in this state of affairs. In my opinion, the way out of this dilemma is to strengthen tax collection and regulate the interest rate and to shift the major points in macroeconomic adjustment and control from controlling the targets to readjusting the structure.

Several Viewpoints on the Current Economic Situation

—By Wang Liding, Research Office of the Beijing CPC Municipal Committee

1. At present, different sides have different views on the economic situation since the 3d plenary session of the 13th CPC Central Committee. I myself believe that for the sake of implementing the improvement and rectification guideline of the central authorities, Party committee at various levels, the Government and the people have done a large amount of work and have achieved initial results. First, cutting down the scale of fixed assets investment and stopping and postponing the construction of a number of halls and edifices. Second, liquidating and rectifying companies and handling and settling a number of big cases and important cases. Third, initially achieving control of the trend of rise in commodity prices and easing the tense psychology of the masses. Fourth, savings deposits of urban and rural residents increasing every month since the 4th quarter of last year and the repute of the state banks and the RMB having been elevated. Fifth, seen from the conditions in Beijing Municipality, the overheated condition of economic development being checked and beginning of the fall in temperature.

In our opinion, the improvement and rectification targets advocated by the Central authorities are still far from being accomplished. This is principally manifested in the innate mechanism for the currency inflation and rise in commodity prices not having been removed. Seen from the conditions in Beijing Municipality, although since the beginning of this year commodity prices have fallen compared with the 4th quarter of last year, they are still at a relatively high level. Although lowering the temperate has begun in the phenomenon of the overheated economy but the "cutting" on various sides not only has cut down the gross demand but also has begun to compress the gross supply. In certain enterprises which had reported fairly good results and shown the ability to increase market

supply the phenomena of shortage of funds and poor condition in the delivery upward of profits have appeared. The sharp fall to only 8.2 percent in January this year in the growth of national economy from the high temperature last year should probably be accounted for by many abnormal factors. Therefore, in my opinion, under the precondition of currently continuing with firmly insisting on cutting down the gross volume, we should make flexible regulation and particularly in the supply of funds, suitably and promptly make economic development start moving so as to prevent the growth of "stagflation," increase the financial strength and ensure economic stability.

2. In improvement and rectification, effective supply must be increased. Since October last year, Beijing's industries have shown the trend of the growth rate falling each month. Seen from the condition in the local governments at various levels and the departments in charge, the phenomenon of purely seeking speed in the growth of output value has been basically removed and emphasis has begun to be laid on improving the economic benefits. In January this year, development of the economy changed from being heated to being cooled and in the markets, the supply of certain important reserve materials appeared insufficient. Under such conditions, certain flexible policies should be adopted to fully display the intermediate adjustment and control functions of the local governments, aiming at the targets of stabilizing the market and increasing effective supply. On the basis of being able to effect overall control, the state should grant the localities certain leeway in adjustment and control, to prevent economic development from going downhill and to prevent stagflation.

3. The policy in improvement and rectification must concurrently take care of the interest of the localities and of the enterprises so as to arouse their enthusiasm. Since the 4th quarter of last year, a number of policies on improvement and rectification have gone on stage and looking generally at the results of their implementation it may be said that the overbrisk demand has been curbed but we must note that overheating of the economy last year was the accumulated result of several years standing, and that currency inflation may be likened to a chronic disease and that it cannot be cured at once by the enforcement of a few policies. When necessary a rather large dose of medicine should be applied so as to check its spread, but upon the main trend having been checked, combination with moderate treatment is still needed. The same principle applies to improvement and rectification. Once a policy is announced and enforced, the portion of the delegated power that should be retracted should be so taken back. This is entirely necessary otherwise the central authorities will not be able to accomplish adjustment and control. However, certain of the power which should be employed by the localities and enterprises should be retained by the two parties concerned. And when a policy is put on stage, it must be able to concurrently attend to the interests of the various sides, otherwise negative benefits will result. For example, in the policy on investment, after an enterprise's contracting, it must maintain its stamina,

must undertake technical transformation and must increase its long-term acts, but if the pressure of the policy is strangling it will result in affecting the enterprise's stamina and causing it to resort to short-term acts. hence, control must not be too tight and on the basis of the central authorities generally having control of the big issues, a moderate and flexible policy must be adopted to arouse the enterprise's enthusiasm to develop production.

4. Improvement and rectification must be coupled with deepening of the reform. As the Party's report to the 3d Plenary Session of the 13th CPC Central Committee pointed out: "In enterprise reform, we have taken two steps forward... this direction is the correct one and has accomplished considerable success." But the problem at the moment is that certain comrades have set improvement and rectification as opposed to deepening of the reform. Seen from the conditions in Beijing municipality, 90 percent of the enterprises have enforced the system of contracted responsibility with the two guarantees and one link as the principal contents and, as a whole, the enthusiasm and activism of the enterprises have been aroused and the state, the enterprises and the staff members and workers have all reaped the benefits. But we still think that the superior nature of the contracting system has still not been fully displayed and that at present we should stabilize the accomplishments already made in the reform, sum up the experience and lessons learned, and research on the problem of deepening of the reform. If because of merely seeing certain problems appearing on certain aspects of the reform then we forthwith place improvement and rectification as opposed to deepening of the reform and throw away altogether the accomplishments already made in the reform, then this will surely deal a serious blow on the enthusiasm for enterprise reform. In addition, enterprise reform has various forms, and even the contracting system has many different kinds of forms. Regardless of the form or shape, provided it helps in arousing the enthusiasm and activism of the staff members and workers and improve the labor productivity rate, and provided that it does not damage the interests of the state, it should be allowed to continue to operate. Adoption of whatever form of reform should fully respect the wishes of the enterprise. Due to the environment faced by the enterprises being different one from the other, the pattern of the enterprise's reform should also be allowed to be many and various but the essential point is that it must have a corresponding stable character.

The Question of the Scale and Speed of Education Development in China

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[Article by Zhou Beilong 0719 6296 7127 of the State Education Commission]

[Text]

I

Invigorating education has become one of the hottest topics of the nation from the top to the grass roots. However, when the issue of changing the "backwardness"

and "unsuitableness" of China's education is talked about, people are liable to associate it with extending the scale of, and speeding up education development. For example, some provinces and regions have competed with each other over the speed of spreading the nine-year compulsory education, and repeatedly proposed eliminating illiteracy in the population as the goal in the next ten years. Some scholars have proposed catching up with developed nations in the proportion of college graduates in the population by the year 2000, while some regions have set forth spreading education at and above intermediate levels among all workers in the 1990s as the goal.

Those comrades who hold the above mentioned view mean to attach importance to bringing up qualified people, and to push forward education development. However, the author believes that, the onesided pursuit of speed in education development is not attaching importance to education at all. True, scale and speed are important, but the consequences will go against their will, with failure in necessary input and sacrifice of quality and effects.

II

In connection with the eagerness for quick success and blindness in pursuing purity in socialist construction, the eagerness for quick success has also existed in the guiding idea of China's education development over the past 30 years or so. Consequently, great ups and downs took place in education development, with immature conditions for development, while a vicious cycle going on because of the large scale, low quality and results, and weak foundation. However, the problem has not reached a common understanding as it has in the economic area.

From the angle of the development level of China's productive force today, it will take at least a century to basically realize socialist modernization. Nor will education be highly developed overnight. The scale and speed of education development will gradually develop only with the increase in the economic level. World Bank and UNESCO statistics show that, no instance of compulsory primary education among low-income nations (China included) has been found successful to date. Compulsory primary education will be gradually realized in a nation only when it is at the middle-income level, with a per capita GNP exceeding \$1,000 (calculated at the 1980 value, same below) and an average 90 percent indicated in its gross at-school rate of primary school pupils [xiao xue mao ru xue lu 1420 1331 3029 0354 1331 3764] (note: namely, the ratio between the number of pupils at school and standardized school-age children. If the period of schooling is 6 years, and the standardized school-age is between 6 and 11 years old, the gross at-school rate of primary education equals the volume of pupils at school divided by the populace between 6 and

11 years old. Because of such factors as repetition of the year's work, the gross at-school rate may exceed 100 percent. Therefore, a gross at-school rate exceeding 100 percent does not necessarily mean that compulsory primary education is accomplished. A gross at-school rate under 100 percent definitely means failure to realize compulsory primary education.) The development of secondary education will only take place later on. The gross at school rate is an average 40 percent when the per capita national income is \$1,000. Only when the per capita national income is \$10,000 will the gross at-school rate be around 90 percent. As for tertiary education, even in a developed nation with a per capita GNP of \$10,000, its gross at-school rate can be only 25 percent or so.

China has a low economic development level; however, the speed and scale in education development, whether in primary or tertiary, are in the front rank of the world. Take primary education for example. On the basis of growing at an average annual rate of 12.5 percent in the early years after the founding of the PRC, the number of pupils at school rose drastically by 35 percent in 1958, and exceeded the number of school-age children for the first time in history. In the wake of the readjustment in 1961 and 1962, the number of pupils at school was cut back to the 1957 level. In 1964 and 1965, the number of pupils at school increased by 62 percent. The gross at-school rate of primary education has stayed high since the beginning of the 1970s, accounting for 120 percent and up, topping the world record.

It was the same with tertiary education. The volume of students on campus rose by 118 percent in the period between 1957 and 1960, on the basis of the 277 percent increase in 1957 from 1949, the year the PRC was founded. Although the volume of students on campus dropped back to the 1957 level in 1962, the number of institutes of tertiary education was twice that in 1957, for it was easier to extend than reduce the scale. During the 10 years since 1977, there have been needs to recover and develop tertiary education in order to overcome the consequences of the 10 years of turmoil on the one hand. On the other, the demand for specialized qualified people was exaggerated in addition to failing to see the long period involved in narrowing the gap between China and developed nations. Consequently, the number of institutes of tertiary education and students on campus rose by 163 percent and 212 percent respectively. Today, the volume of college students on campus is twice that of Japan, next only to those of the United States and the USSR, far exceeding China's rank in the world from the angle of economic strength. Calculating in the number of college students supported by every \$100 million in the GNP, it was 600 in China in 1983, while it was only 400, 183, and 377 in the United States, Japan, and the USSR respectively. By 1988, the number of college students on campus supported by every \$100 million in the GNP in China had been 870 (calculated on a GNP in terms of \$450 billion.)

The pursuit of quick success with failure in sufficient input has brought grave consequences in education, especially in basic education:

First, the poor foundation of the contingent of primary and secondary school teachers, with more than half of them failing to meet the stipulated academic requirements. The academic requirements for primary school, junior and senior middle schools are a diploma from an intermediate teachers' school, a diploma of a specific subject from a teachers' college, and a diploma from a teachers' university respectively. Such requirements can seem rather low compared with the rest of the world. Even so, they have far exceeded the supply from China's education departments in charge of bringing up specialized qualified people. A 1983 survey of specialized qualified people showed that, China possessed 12.2 million specialized qualified people with an intermediate professional and tertiary education. Among them, 5.5 million were teaching at common secondary and primary schools. In addition, 650,000 of them were working at intermediate vocational schools and institutes, the volume of teachers was 6.15 million, exceeding half the populace of specialized qualified people with an academic background; that was a considerable number. The 8 million primary and secondary school teachers should all have acquired an academic background at and above intermediate professional schools. However, we can well imagine the impossibility of sending two-thirds of the specialized qualified people of the nation to teach at primary and secondary schools. Consequently, the shortage of teachers was in the vicinity of 2.5 million. Because of the insufficiency of academically eligible teachers, teachers were employed at posts quite beyond them, with intermediate teachers' school graduates teaching at junior or senior middle schools, and teachers' institute graduates teaching at senior schools. That made 1.78 million ineligible teachers at their posts.

Second, basic conditions for running schools are not guaranteed. Because of the serious insufficiency in funds, a low standard has been pursued in common education for years, namely the universal fulfillment of the absence of dangerous buildings, a room for every class, and a wooden desk and bench for every pupil. Even such a low standard has not been achieved to date in some places in economically developed provinces (such as northern Jiangsu and Chaoyang Prefecture, Liaoning.) Laboratories and libraries are unheard-of in most primary and secondary schools nationwide. Few schools provide the pupils with lab work in all science courses based on the teaching program. Quite a few schools do not even have money for chalk. In some schools, there are more pupils than seats in every classroom, with poor lighting. The conditions for boarding students can be very bad, and harm the healthy growth of the younger generation.

And third, poor teaching quality, and low effects. Despite China having a school rate in primary education "surpassing the world level," with an at school rate of

school-age children of 97 percent, the 1982 national census showed that 10 percent of 12-years old were illiterate or semi-illiterate. In many regions, "compulsory" primary and secondary education has been put into practice on several occasions in history, the number of students who repeated the year's courses accounted for one-fourth of the school-age populace. Illiterate teenagers continue to surface, and qualified graduates have become fewer and fewer in recent years. The poor quality in basic education will affect the citizens' ideological and ethical, science and cultural, as well as physical qualities. At the same time, the qualities of vocational, technical, and tertiary education as well as teachers' school graduates are affected, resulting in a vicious cycle.

The emergence of these problems are due to the scale and speed of education development, which are out of step with the conditions, with input and demand out of proportion. The proportion of China's educational input is similar to the general level of countries at the same economic level, but China has to bear a much heavier burden because of a very extensive scale. Were China's gross at school rate on a par with low-income nations at the same economic level, the number of primary and secondary pupils at school should be between 100 and 110 million in China. But the reality in China is that its number of primary and secondary school pupils exceeds 180 million. That means with the same level of input, China has to support an extra 70 million or 80 million primary and secondary school pupils! Consequently, the per capita budget for education has been greatly reduced.

Based on the statistics of 15 countries and regions with a population exceeding 40 million, including the United States, Japan, the FRG, France, the United Kingdom, the USSR, Italy, South Korea, Brazil, Turkey, Thailand, Egypt, Pakistan, India, and Bangladesh, the index of the government's per capita standing expenses for primary school pupils should be something between 0.07 and 0.2, while in China, it has dropped from 0.09 in the 1950s and 1960s to 0.06 today. The Chinese government's investment in education is anything but high compared with countries at the same level of economic development. Moreover, China's index of per capita standing expenditures for education is so low that it is unique in the world (at least in countries with a large population)! How big is the gap if the basic needs of running schools are met? We might as well do some calculations. Based on the standards necessary for running schools in implementing compulsory education, and the minimum requirements on education, the index of per capita educational expenditures should approach or be 0.15. Take the year 1988 for instance. The per capita GNP was 1,264 yuan, the standing expenditures for the 1.8 billion primary and secondary school pupils would involve an increase of between 15 and 20 billion yuan in standing expenditures. Besides, the backlog in school buildings, equipment, and installation would also involve a tremendous sum.

III

The economic level eventually restricts the government's educational input, while the economic development sets very high requirements on education. Therefore, at the initial phase of socialism, attention should be paid to effects in educational undertakings. Effects should be the base of all activities on the educational front, and the scale and speed of education development should be determined only by China's national power and effects.

1. The primary target for the year 2000 is to make primary education compulsory nationwide with both quality and quantity guaranteed, and to actively create conditions for the gradual fulfillment of nine-year compulsory education.

China's advantage of a cheap labor force will gradually be lost by the turn of the century, and worldwide competition in qualities of manpower will become outstanding with each passing day. To narrow the gap between developed countries and China, with its relative impoverishment in per capita natural resources (arable land, mineral deposits, water resources,) the key lies in whether China is capable of preparing a high-quality labor force in the first half of the next century on the strength of first-rate basic education. Primary and secondary school pupils in the next 10 years or so are the builders in the first half of the 21st century. The cultivation of their ideology and ethics, science and culture, and creative ability cannot be made up in their adulthood if a good foundation is not provided to them in primary and secondary school days. The gradual implementation of nine-year compulsory education is an important strategic decision China has proposed. However, the period of compulsory education is also under the limitation of a nation's economic level. The period of compulsory education of low-income countries (including eight without mentioning the implementation of compulsory education) is only 5.4 years, and the average period for compulsory education of lower-middle income, and upper-middle income countries as well as Western developed countries are 6.2, 7.4, and 10.2 years respectively. In a large country like ours, which is characterized by economic backwardness and an extreme imbalance in development, whether it is too early to set the target of nine-year compulsory education involves specific analysis. China is to basically realize socialist modernization in the mid-21st century. Higher requirements on basic education are reasonable; however, we should not repeat past mistakes in pursuing quick success. Liaoning is the province with the highest per capita GNP in China, but the economic development inside the province is marked by imbalance. Based on repeated calculations on the county basis, some rural areas accounting for 10 percent of the province's population can only accomplish compulsory primary education (6 years) with quality and quantity requirements met by the year 2000. The nine-year compulsory education province-wide will have to be completed in the next

century. While in Guizhou, which is economically backward, compulsory primary education will basically be achieved by the year 2000. To the province, it will be a great accomplishment if it succeeds in enrolling all first graders that should be at school, thus preventing the emergence of a new generation of illiterates. Nationwide 9-year compulsory primary education will have to be completed in the first two or three decades in the next century. Even so, that can be a great accomplishment when China's economic level is up to that of a middle-income nation, and the target of its compulsory education is 2 or 3 years longer than the targets which other nations at the same economic level have announced, but are not likely to be realized.

The thorough elimination of illiteracy nationwide may involve the efforts of half a century. In the early 1950s, the rate of illiteracy among young people and the middle-aged was 80 percent of the population. That 80 percent was the target of eliminating illiteracy at that time. Now, they are in their sixties or seventies. However, the 1982 population census showed that the rate of illiteracy in the age brackets between 60 and 80 remained 80 percent or so. That proves the effects of eliminating illiteracy in the 1950s have been insignificant. The 1987 sampling population census likewise indicated that the actual effects of eliminating illiteracy in the last 5 years have not been remarkable. However, we should not blame the work concerning eliminating illiteracy in an oversimplified way. The Chinese characters are difficult to master in addition to the specific conditions of social life. A crash job in eliminating illiteracy can hardly be effective, nor will the knowledge thus gained be sustained. The key lies in preventing the emergence of a new generation of illiterates. To achieve this, the only effective way is a sound basic education. Today, annually 10 percent of the young people and teenagers become illiterate. A new generation of illiterates is prevented when all the first graders that should be enrolled are at school. There is little wonder the elimination of existing illiteracy will take another half a century. True, "modern industry has basically no place for the illiterate," but at the initial stage of socialism, a certain number of illiterates and semi-illiterates left over from history (with their number gradually diminishing) will not impede realizing the goal of economic development.

2. The general principle for development of tertiary education should be controlling the scope, structural readjustment, improving quality, and suiting the needs.

It is impossible for tertiary education to meet society's extensive demand for acquiring a higher academic background in the entire initial stage of socialism. The scope and structure of tertiary education must suit China's national power. An excessively large scope that exceeds the national power will inevitably lead to insufficient input and poor effects.

If China's per capita GNP is up to the existing general level of developed nations around the year 2050, while possessing a proportion of specialized qualified people

up to the average level of developed nations. The ratio between the growth in economic strength and the growth in the number of specialized qualified people will be: With every 3 percent increase in the economic strength, there will be a 2 percent increase in the number of specialized qualified people in society. In reality, however, the number of college graduates increased by an average of 13.3 percent in China between 1983 and 1988. That has far exceeded economic growth. A forecast in qualified people demand shows, even if the general scope of tertiary education in the year 2000 is maintained at the present level, namely, with around 4 million students on campus every year, the number of college graduates in China's possession will be more than quadrupled from the year 1983. The volume supplemented in accumulation over 18 years will also far exceed the forecast demand. The adoption of a policy characterized by stabilizing the scope of tertiary education in the next 10 years or more will be favorable to improving the qualities and effects of tertiary education, and fall in line with the changes in the age structure of the Chinese population. Statistics show that the populace between 18 and 21 is about 100 million, and it will be 70 million in the year 2000. If the scope of tertiary education stabilizes at the level of an annual 4 million students on campus, the gross at school rate will have risen from the present 4 percent to 6 percent by then, and chances for young people to go to college will not be slim, but rise by 50 percent.

Results of the forecast in qualified people demand also show that, further readjustment in the tiers and speciality structure of tertiary education is called for. Full-time regular undergraduate courses may maintain the current level, and institutes for professional training may still have some room for development in the 1990s. With regard to postgraduates, the supply is markedly greater than demand, and a larger number of them should be enrolled. Part-time adult education for academic qualifications have been developed rapidly in recent years, but not without blindness; therefore, its scope must be gradually reduced.

Regarding the bringing up of professionals, especially those at intermediate and advanced levels professions, some people hold the view that the more the better with regards to their number so long as it is within our power. But I do not quite agree to that. I am for the strategic principle, attaching importance to quality, meeting the demand, rather tightening than relaxing quantity-wise. Both principles, rather more than fewer and rather tightening than relaxing, are feasible, despite their running counter to each other. I am for tightening on the grounds that it will be favorable to the growth of qualified people as well as improving work efficiency, social stability, and the treatment of the intellectuals, in addition to the consideration for economizing investments. Regarding unpredictable demand, there is no need to "reserve" qualified people for that matter too soon, when a solution to it can be found by short-term readjustment (readjustment in enrollment, which involves a

period between three and five years; speciality readjustment among students on campus, and the whole period can be less than two years; and the period can be still shorter with readjustment among employees.)

3. In vocational and technical education, it is necessary to adhere to the principle of short term, and quick results with an immediate purpose.

Vocational and technical education is closely connected with near-term social and economic development, and should be developed and undergo reform in a big way. Being different from basic education, it can be relatively regarded as "short-term behavior." In vocational and technical education, there are advanced, and intermediate professional institutes, and technical schools to bring up qualified people to meet higher requirements in the accumulation of knowledge, and professional skills that involve a longer period of training. However, pre-employment training in a great varieties of trades does not call for a long period. A short span of training will be good enough so long as those concerned have a solid foundation in secondary or primary education. Moreover, the more specific and purposeful of pre-employment training is, the more effective it will be, if the requirements are narrowed down to what a specific trade calls for. To reserve qualified people ahead of schedule will often get half the result with twice the effort. The pursuit of quantity by blindly extending the scale is liable to run counter to social demand. The opinion that secondary and primary school pupils should learn some skill at school is well-wishing. But making it a universal practice can be wrong.

IV

The GNP includes the contributions of education. In the final analysis, the development and importance of education find expression in the proportion of the GNP devoted to education. As mentioned above, the gap between China's educational input and its development can be very great. Only by controlling the scope and increasing input will it be possible to make input and development harmonious. China's educational input is on a par with other countries at the same economic level. However, we believe that China's educational input should be higher than other low-income countries, because China has greater demand in education. Moreover, China has a much higher accumulation rate than other countries; hence, the possibility for a higher input. The question is, over a long period of time, greater importance has been attached to materials than people in investment distribution, greater importance has been attached to the present than the future. Consequently, the dislocation in the macroscopic distribution of the national income resulted in the grave insufficiency of educational input today.

According to a World Bank report, China's domestic investment rate was 39 percent in the year 1986, ranking first in the whole world. Top-rate economic development

generally involves rather high investment rate. There is nothing strange in the fact that China's investment rate is far higher than other low-income countries, just as it is the case with Japan, whose investment rate ranks top in developed countries. Because the Chinese people have tightened their belts and saved some two-fifths of the national income on the development for tomorrow, and beyond, doubling educational investments will be possible. If a high input in education is regarded as a national policy, with education's position in the national economy and social development put right, the effects will be in sight in a matter of a few years.

Explore New Ways of Education Reform in Rural Areas—Thoughts on Experiences in Education in Pingdu County, Shandong Province

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[Text] The deepening of rural economic reform is calling for a corresponding reform in education. Only when the education system in rural areas is reformed, in particular when the direction of education is transformed to one which will meet the needs of rural economic and social development. Can the education system be full of vigor. However, the path of reform is difficult, and the problems which it has encountered are exactly the problems that reform should solve. These problems are: First, a shortage of funds. Second, a shortage of teachers. The present number of teachers is insufficient, and their quality is unsatisfactory. This forms an extremely sharp contradiction to the requirements of raising the quality of education in a large-scale manner. Third, being puzzled by the simple education model focusing on promoting students to a higher school, and the traditional education concept. Diversified development of the rural economy requires education to develop toward the direction of multi-functional education. However, the traditional education concept and the closed education model, which has formed over a long period of time, are only aimed at a single training target: Primary school—secondary school—university. In the eyes of many people, this is the complete content and target of education, and it is also recognized by most of the people in the rural and urban areas as the best development path for youngsters. Over the past years, ordinary education has been mostly carried out in rural areas. However, the simple education model focusing on promoting students to a higher school and its operative mechanism ignore rural areas' demand for various types of talented people. It only places a small number of people on the "best development path," while no attention—which rural students should receive—has been paid to a large number of rural students. Since the 3d Plenary Session of the 11th CPC Central Committee, Pingdu County, Shandong Province, has been grasping the difficult points of rural education reform in accordance with the economic development needs of the county, and has advanced in

spite of difficulties. It has overcome the difficulties one by one, finally eradicated of the puzzled situation and has achieved a new one where the economy and education have been developed in a coordinated way. The exploring spirit and new experience of Pingdu County has attracted wide attention.

First, the education model focusing on promoting students to a higher school has been broken, and the task of education has been transformed into one which will serve rural economic construction. The question of the service direction of education is the fundamental question in education reform. The mistake that rural education is divorced from the realities of rural economic development should be corrected, and the tendency of focusing one-sidedly on the rate of student promotion should be put right. Moreover, there should be a strategic change in the leading thinking of education, so that it will serve rural economic development in a firm and unshakable manner. As early as 1980, through large-scale education and economic surveys, Pingdu County discovered two disadvantages: First, in accordance with the single-track education model focusing on promoting students to a higher school, attention has only been paid to training a small number of outstanding students, and the training of, and education for most students has been ignored. Consequently, most students do not have the knowledge and skills that will enable them to become rich when they return to their home villages. This is disadvantageous to the development of the local economy. Second, on average and every year, 500 students in Pingdu County will be able to enter university. However, only very few of them will go back and work in their home villages when they graduate. Most will not return and work in the rural areas once they have left. In this way, talented people have been exported in one single direction, and no attention has been paid to using social force to train high-level talented people for local areas. This is also disadvantageous to the development of the local economy. Therefore, the thinking that education should serve the development of the local economy has emerged, and this has been incorporated into the practice of education reform. Pingdu County has been working hard to improve basic level education. At the same time as it is helping all students to strengthen thinking and gain a foundation of knowledge, it has appropriately introduced vocational education, to enable students to study further, and to enhance their production capability when they return to their home villages. It has designed a pattern of vocational and technical education, and specialities in accordance with the characteristics of the local agricultural economy, to develop local resources. In order to become rich, local people will need practical technology which they can use in production within a short time, which suits local conditions, and can bring speedy economic results. Therefore, Pingdu County has, under its adult education program, organized short-term practical and technological training courses, which will last for a short period, and will bring speedy results. After attending such courses for 10 to 15 days, peasants will have acquired one or two skill which will enable them

to become rich. They can quickly use them in production, and they can bring quick economic returns. In order to promote the planting technique of earth membrane coverage, Zhangyizhuang Town, Pingdu County, has organized 48 short-term courses. These courses have enabled large number of young strong peasants to skillfully grasp this technique, and with the result that 10,000 mu of peanut fields have produced more than 1,000 jin of output per mu.

Practice has proved that it is critical whether education focuses "upward" or "downward." If it focuses "upward," the focus of education will be tightly placed on the rate of student promotions, and all sorts of back doors contrary to the law of education will emerge. If it focuses "downward," the focus will be placed on the general economic development situation of the local areas, and this situation will be taken into consideration when local areas have to solve problems. Therefore, it will not be difficult to find out a fundamental measure for reforming the education system. It seems that this type of change in the direction of education is very simple. In fact, it is not very simple. Why do some areas not correct problems they know of, and why do they continue to one-sidedly stick to the student promotion education model? Why is that some areas will return to their old ways as soon as they have made corrections? Why is that although some areas want to adopt measures to enhance vocational education, their practice has not been understood by others? and why do some people want to resist these measures? These phenomena show clearly that in order to change the direction of education, minds should first be transformed, i.e. to emancipate the minds. We have to eradicate the old education model and to set us free from the shackle of old concepts, we should use modern concept to understand education, and we should understand the relationship between education and the economy. Only when this has been made clear can the transformation of the direction of education be carried out smoothly. The commendable point of the experience of Pingdu County is that it has made this relationship clear earlier than others, and has thus achieved some results.

Second, the system in which rural vocational and technical education and rural adult education were divided into too many sections and were controlled by many departments has been banned, a unitary management system has been adopted, and the returns of education have been raised. Over the past several years, the enthusiasm of various industries and departments in developing education has been very high, many schools have been built, and substantial results have been obtained. However, there are also some acute problems. On the one hand, there is a serious shortage of funds and teachers; and on the other a duplicated number of specialities have been set up, and human, financial, and material strength have thus been dispersed. Take ownership and town adult education as an example, the departments concerned required townships and towns to set up peasants' cultural and technical

schools, agricultural broadcasting schools, popular science schools, common law schools, party schools, troupe schools, and other many types of schools. If the setting up of these schools is not planned, many difficulties will be brought to basic levels. In view of this, many people have put forward the suggestion of unified management. However, it is very difficult to launch a system of running schools in a joint-effort way, and to implement the practice of unified management. Some departments are very enthusiastic in running schools by themselves, but do not have enthusiasm in adopting the practice of unified management. How can we give full play to the enthusiasm of various industries and departments in running schools; adopt the practice of unified management; and increase education returns at the same time? This is a problem that the current education reform should solve. Pingdu County has not set up any comprehensive education management departments (education committees) at the provincial and city levels. Under the situation in which education relations have not been smoothed out, it has adopted the method of setting up a county vocational education and adult education management center, and has concentrated the functions of many aspects in one single body. Moreover, it has also adopted the practice of the "three unified's" and the practice of the "three decentralized's"—that is to have unified leadership, unified planning, and unified management of teaching, to use human, financial, and material resources in a comprehensive manner, and to increase returns on education; and to have decentralized prediction on the supply of talented personnel, to obtain funds from decentralized sources, and to have decentralized control on personnel, to fully arouse the enthusiasm of various departments for education. This center plays a role in guiding the schools, which have to be separately run by various departments, and the township and town adult education centers, and it also plays a radiating role. In townships and towns, various types of schools that the departments concerned had requested to set up, have been merged into an adult education center, and this center has been organized into a comprehensive and multi-functional adult education base. Up to this point, Pingdu County has ended the situation in which its vocational and technical education, and adult education was divided into various sections, and has also given the whole province a successful example of unified management.

Third, the single channel of state and local finance and investment has been broken, and the whole society has been mobilized to run schools. In order to vigorously develop the economy, we have to develop education. It is the law; and it is common sense that we have to spend money on developing education. In the past, China has invested a small amount of money in education. However, China has a huge population. IN this way, and relatively speaking, the number of people who have to enter schools is very huge, and the shortage of education funds has therefore become more apparent. This situation will not be fundamentally changed in the current stage nor in the future. That means the state will not be

responsible for all education funds. Under this situation, at the same time as the state is positively increasing its investment in education, various industries and people should be mobilized to raise funds for education, and they should be encouraged to raise funds for setting up schools. If we do not adopt this method, the difficult problem of shortage of education funds will not be solved. Leaders of Pingdu County have a clear mind on this point. On the one hand they have tightened the county's expenditure on other aspects, and they have allocated about 50 percent of the county's financial expenditure to education. On the other hand, they have decided to drastically mobilize the masses to raise funds for education. In 1984, they made the "Decision on Raising Funds for the People's Education Fund in the Whole County," and decided that funds had to be raised in accordance with the proportion of 2 percent of annual per capita income, and this proportion would not change in 3 years. In 1986, the amount of education funds was doubled. In 1985, the county decided that 10 percent of the rural and urban maintenance tax, and 3 percent of the pre-tax profits of township and town enterprises were to be withdrawn, and they had to be contributed to the people's education fund. The setting up of the people's education fund system solved the county's problem of teachers' wages of civilian-run schools, and the problem of the administrative funds of primary and secondary schools, which had not been solved since the establishment of the PRC. In order to improve the conditions for running schools, the county has been mobilizing society to raise funds for education since 1979. It has not only subsequently built school premises, walls, gates, playgrounds, and toilets for rural primary and secondary schools; prepared tables and chairs for them; but has also set up a "four main areas" pattern—teaching, living, exercising, and production—in medium and small-sized schools. It has also raised funds for building a county teachers training center, and a vocational education and adult education center. In the process of fund raising, on the one hand it has paid attention to and has enhanced leadership; has adopted necessary measures; and has implemented policies to encourage advanced bodies and to supervise less advanced bodies; and has stressed the importance of the principle of trying one's best in doing the job. On the other hand, it has upheld the principle of mobilizing, encouraging, and persuading people, and has not forced or ordered people to raise funds; and has emphasized the principle of acting in accordance with one's capability. According to statistics, in the period from 1984 to 1987, the amount in the people's education fund raised by Pingdu County, the amount of funds raised by Pingdu County from society, and the amount of the county's financial investment in education amounted to 134 million yuan. If the county did not have foresight and sagacity; and not paid real attention to education; did not have substantial courage and resourcefulness, and breadth of spirit; did not have a strong career mind; and did not have the capability of mobilizing and coordinating various aspects of work, the county would definitely not have been able to obtain such a huge amount of investment in education.

Fourth, the passive practice of waiting for teachers allocated by the state has been banned, and a county teachers training center has been established to solve the problem of a shortage of teachers. In order to vigorously develop rural education, the number and the quality of teachers had to be increased. However, the practice in past years proved that if the county only depended on the state for its supply of teachers, the needs of education development could never be met. The current problems of a shortage of teachers and poor quality of teachers hindered the development of education and the increasing of the quality of teachers. According to Pingdu County's surveys on the situation of teachers in the county and its forecasting on the demand for teachers in 1985: Only 5.8 percent of the 3,000 junior-secondary teachers in the whole county are graduates of universities and colleges. If it wants to launch the 9-year universal and compulsory education program in 1990, it needs an additional 1,300 teachers. moreover, about 6,000 primary school teachers have to urgently improve their professional skills. However, the state will allocate only some 30 teachers, who have qualifications above university and college level, to the county each year. It is difficult for it to fill the great gap between the demand and supply of teachers within a short period of time. It is impossible for it to wait for, and to depend on the state to allocate teachers, and it is impossible for it to get more teachers from the state. The problem cannot be solved if it is afraid of difficulties and does nothing. It has to try all possible ways, to widen its field of vision, to get rid of the old model, and to open new paths. Therefore, the idea of training its own teachers and employing talented people from other areas, and the idea of using the strong point of colleges—concentration of intelligence—to train teachers for the county have emerged. The county has thus set up a county teachers training center; has set up four branch schools and 45 township and town training points; and has formed a teachers training network which takes the teachers training center as the mainbody, takes branch schools as bases, takes township and town training points as complement bodies, and covers the whole county. The teachers training center has adopted a system in which the local areas have to invest in education, colleges have to run schools, the province has to set an education plan, and mangement work has to be undertaken by different bodies. The county has employed teachers, who are from several tens of universities and colleges in and outside Shandong Province, to teach in the county. At present, some 12,000 primary and secondry school teachers have been trained, some 660 people have obtained professional qualifications, some 2,300 people have obtained the qualification of secondry school teacher, the percentage of secondry school teachers who have secondary school teacher qualification has increased from 7.4 percent in 1978 to 81.1 percent in 1981, and the percentage of secondry school teachers who have university and college qualifications has increased from 3.4 percent in 1978 to 18 percent in 1987.

The reform and development of rural education requires party and government leaders at all levels to work together, and the key lies in the party and government at the county level. In China, a county is a social entity which has political, economic, and cultural functions, and function of other aspects, and is also a basic element which will thoroughly carry out the principles and policies of the party and the government. It plays an important role in forming a connecting link between the preceeding and the following bodies in joining rural and urban areas, and in linking up the relationship between the central and regional bodies. The general policy and the overall plan decided by the central authorities focus on the whole country, and emphasize solving problems which have a common nature. A province will not be able to set concrete stipulations which can match every city and county. Finally, concrete responsibilities have to be borne by the county level. Whether the county level can handle rural education reform in local areas well or not is on the one hand, decided by the question of whether the upper levels can give the county level initiative power to formulate policies in accordance with local conditions; to open up the county to the outside world; and to enliven the county; and is on the other hand, decided by the question of whether the county level can work creatively on the point of mircoscopic and macroscopic combination. Pingdu County's experience in education reform has manifested this type of creative spirit.

Since the 3d Plenary Session of the 11th CPC Central Committee, the party committee and the government of Pingdu County have firmly built up the concept of "taking education as the foundation" in guidance thinking have taken education into consideration at the same time as it is considering the economy, and have paid attention to and have made arrangements for education at the same time as it is making economic arrangements through seriously studying and understanding the party's and the government's important policy measure on education work. A survey on the economy and education of Pingdu County has been conducted. It has conducted forecasting work on its personnel, and has defined the economic development strategy of "strengthening agriculture, vigorously developing industry, enlivening circulation, and earnestly grasping science and education" in accordance with the county's overall economic scientific and technological, and social development plan. Moreover, it has combined the economy with education, has made these two aspects coordinate with each other, and has made them develop at the same pace.

It is in fact extremely difficult to grasp education work as the education cycle is long, the effects of education are not immediate, the realm of education is very large, and the foundation of education is weak. When compared with the education cycle, the term of office of cadres is rather short. Even if a county party secretary and a county head have been vigorously grasping education work since they assumed their office, it is not certain that results will be seen when their term of office expires.

Therefore, if they do not have the courage to handle the modernization program well, a selfless spirit, and a revolutionary drive, they will not pay attention to education, and will not grasp education work well. If they have short sighted vision, are eager for quick success and easy benefits, and are only busy with superficial construction which will show administrative results within their term of office, they will certainly neglect the undertakings of education. In this way, they will miss a great and good opportunity for developing education and the economy, which do not have sufficient reserve energy. As a result, the economy will thus become more insufficient in reserve energy, and finally the four modernizations will be adversely affected. The party committee and the government of Pingdu County have comprehensively understood the long-term nature, the difficulty, and the continuity of education, and have made efforts in seriously handle the undertakings of education, which will give the county more reserve energy in developing the economy. Over the past 10 years, although the party committee and the government of Pingdu County have changed, and the personnel of various departments have changed, the enthusiasm of the county party committee and the county government in grasping education work has not been weakened, but has increased. Moreover, they have grasped education work in a better and better way. The tasks that the last county government and the last county party committee had not completed have been continued by the following government and party committee. As a result, education in the county has reached a new stage.

In order to really develop education, and to achieve development results, party and government leaders at basic levels should be good in applying the policy measures of the party in a creative way, and should solve the practical problems of their local areas in a scientific and appropriate manner. Moreover, under a temporary situation in which no measure and stipulation has been set by the party and the state, they should find solutions to the problems, and the solutions should match the conditions in local areas, should be practical, and should focus on practical problems. This method is not put forward under a situation where there is an excessive degree of optimism, and is not put forward in accordance with subjective will, but is put forward in accordance with the results of scientific research. In the 10 years in which Pingdu County has been grasping education work, nearly all important decision were made under the situation where there was no precedent to follow: In 1978, the county party committee and the county government made a decision on consolidating the quality of the teachers of civilian-run schools, dismissed some 3,000 teachers in civilian-run schools who were not competent in an appropriate manner, and greatly improved the situation where the quality of teachers was poor. In 1979, the situation where primary schools were linked to and managed by secondary schools was changed, an independent management system of primary schools was established, the past situation where primary schools were linked to but were not managed by secondary schools

was changed, and primary education enhanced. In 1982, all state-run junior secondary schools were put under the control of townships and towns, and were merged with the secondary schools, which were linked to them, in townships and towns, and township and town central secondary schools were set up. In the aspect of foundation education, a three level education system—county, township and town, village—was set up. Under this system, each level is responsible for managing schools set up at each level; and this system has initiated the vitality of these levels in running schools. In 1984, the “decision on unitarily raising funds for the people’s education fund in the whole county” was made, and has thus found a stable and reliable source of funds for the development of education. In 1985, it was decided to set up a county teachers training center, and to link with colleges in training teachers through diversified methods. As a result, the supply of teachers for the 9-year universal and compulsory education program has been secured. In 1986, it was decided to establish a county vocational and adult education center, and it has thus given play to the strong point of intensive education, and the returns on education have been increased. These important decisions, which are creative in nature, have profoundly shown that the county level, which is among the “basic units,” can give play to the important function of taking the general situation into consideration, and linking up the relationship between the central and regional bodies. Moreover, they have also shown that the county level can, being a “forward command post,” focus on the realities of basic levels, can make rapid and a flexible response to the policy measures decided by the party and the state, and can achieve good results, which carry the characteristics of local areas, on the basis of the “microscopic and macroscopic combination.”

The reserve energy of an economy lies in scientific and technological education. After many years’ and hard work, Pingdu County has preliminarily and apparently shown that education can promote the building up of the two civilizations. In 1978, the economy of Pingdu County was less developed than that of other counties close to it, and its education was not developed. At that time, the per capita income of Pingdu County was 75 yuan, and the people there had to rely on the grains unitarily supplied by the state. In 1987, the aggregate social output value of the county was 2.78 billion yuan; when compared with that of 1978, it has increased 384.49 percent. In 1987, the aggregate industrial and agricultural output value was 1.9 billion yuan, and there was an increase of 200.4 percent when compared with that of 1978. The total grain output in 1987 was 1.85 billion jin, and was increased by 68.6 percent when compared with that in 1978. The net per capita income in 1987 was 732 yuan, and there was an increase of some 900 percent when compared with that of 1978. Apart from this, great results have also been obtained in socialist spiritual civilization, and the party style and the customs of the people have apparently been improved. The trend of working hard for prosperity, helping the

poor, uniting and helping each other, and loving collectives in society has been developed, and the stable and united political situation has been further consolidated and developed. In 1987, Pingdu County was named by the Qingdao City Party Committee and the Qingdao City government as an advanced county in spiritual civilization. It is true that Pingdu County's education system, which at present has a good foundation and will continue to develop vigorously, will help to promote the economic development of the county.

Attempts at Reforming the Internal Party System of Jiaojiang City in Zhejiang Province
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in Chinese No 6, 16 Mar 89 pp 34-36*

[Article by QIUSHI reporters Luo Shugang 7170 2885 0474 and Chen Huaipeng 7115 2037 7720, with Hu Jian 5170 1917 and Dai Xiaoshu 2071 2556 2562 of the Organization Department of the CPC Zhejiang Provincial Committee]

[Text] The Constitution of the CPC stipulates that the leading organs of the party at the central level and the various local levels are the representatives congresses at the central level and the various local levels, as well as the committees they form. However, throughout our party's history, it has been the party's day-to-day executive bodies which have been the true highest organs of power at every level, with the representative congresses and their committees being placed in a secondary, subsidiary position. Thus, this has formed a highly-centralized system in which a small number of people discussed officials matters, a small number of people took decisions and a small number of people led everything. This is a historical reversal. The development of inner-party democracy requires the reformulation of practice in accordance with the original, correct principles. As far as the local party organizations are concerned, this will be achieved through reforms and establishing the authority of the local party representative congress over the committee, and the committee over the standing committee. At present, the whole party is engaged in exploration, but the reform of the internal party system in Jiaojiang City, Zhejiang Province has breakthrough significance.

The focal point of the reform of the internal party system in Jiaojiang City is the establishment of a system by which the city party representatives congress exercises supervision and restriction over the city committee. Jiaojiang City is a county-level city and it has 11,000 party members. At the city party representatives congress held in the middle of December 1988, some entirely new reform measures were instituted.

1. The city party standing committee, a form which is now widely adopted, was abolished, and a system was established by which the entire city party committee leads the day-to-day work of the party and the city party representative congress directly exercises supervision over the whole city committee. At the last session, the

Jiaojiang City committee had 37 committee members and the standing committee comprised 9 members. This session, the city committee has 12 members and these 12 members lead the entire daily-work of the party in the city.

The consideration of Jiaojiang City in implementing these reforms was that at the county level, the levels of leadership organ within the party should be simplified. Under the present system, there are three levels, the representative congress, the committee and the standing committee. With the implementation of inner-party democracy, if they are all allowed to bring their roles into play, it will produce over-complex work procedures, which will affect the improvement of efficiency. Further, below the county-level party committee there are many grassroots-level organizations. Reducing the levels of leading organs will be beneficial to direct dialogue and intercourse between the county-level party committee and the grassroots-level organizations. Of course, they hold that the preconditions for abolishing the standing committee system is the perfection of a mechanism by which the city's party representative congress exercises supervision and a restraining function over the city committee. Without this, it will result in power becoming even more centralized. For this reason, Jiaojiang City has reformed the city's party representative congress system.

2. Jiaojiang City made a whole series of reforms centering around the systems inspection and control for the representatives of the city party congress in their relation to the city party committee.

The first of the reform measures is that, after the city party representative congress concludes, the representatives are to continue their activities. The previous system in Jiaojiang City was that party congress representatives only exercised functions while the congress was in session and, after the congress concluded, the representatives ceased their activities. In order to bring into play the role of representatives in supervising and restraining the city party committee, it is necessary to not only have the representatives carry out representative functions during the period the representative congress is in session, but also and more importantly to have them carry out representative functions after the congress concludes. First, they should act as a link between the grassroots-level organizations they represent, collect and pass on suggestions, implement the city committee's ideas and play a role in linking the upper and lower levels. Second, they should participate in the discussion and decision-making activities of the city committee. For example, the party congress representatives should have the right to put forward motions to the party committee and the right to participate in deciding personnel changes in the city committee. Third, they should engage in appraisal of the work of the city committee. Jiaojiang City has stipulated that every quarter, the city committee will seek opinions and, through the written submissions, it will be directly subject to evaluation by

the party congress representatives. Also, once a year, the city committee will be subject to a vote of confidence by the party congress representatives. When the vote of confidence is conducted, if any individual city committee member fails to win at least 50 percent support, the committee member will be required to submit his resignation. If the committee as a whole fails to win 50 percent support, it will be necessary for a new committee to be selected. The formulation of this measure is beneficial to forming a situation where the party congress representatives become the main entities in the system, and is also beneficial to having the party representative congress become the highest organ of power.

The second reform measure has been to transfer the organizational affiliation of city party committee members to the grassroots organizations, and thus the city committee members have dual organizational lives. The organizational affiliation of all Jiaojiang city committee leaders was originally the city committee or the city government office. Through this reform, the original affiliation of all city committee members, except the party committee secretaries and the mayor, have been transferred to the grassroots organization which they provide a linkage with. The members of the city committee have one organizational life in the city committee and one organizational life, for a certain time, in the grassroots organization. The Jiaojiang City committee believes that the adoption of this measure will allow a direct dialogue between the city committee leaders and the grassroots party members, as well as with party congress representatives. They will thereby hear suggestions and be subject to supervision.

The third reform measure has been to carry out preparational procedures for the party representative congress in advance, and to establish a party representative congress system which allows the representatives to play a guiding role. On this occasion, 10 days before the party representative congress was to open, the city committee sent to the representatives the agenda, major topics for discussion, the city committee work report and a name-list of the candidates for city committee membership. After this, the representatives, with representative groups as a unit, began to engage in activities. The representatives had the right, through a joint motion, to put forward revisions to the agenda of the representative congress or to put forward a new agenda. They also had the right to reject the names put forward as candidates for the city committee, and to put forward other names. During this course of the congress, the representatives reported the congress contents to the grassroots organizations for which they provide linkages. In this way, what was going on inside the congress was linked to what was going on outside, creating channels by which the vast numbers of party members could participate in and influence the representative congress.

The reason Jiaojiang City adopted these reform measures was that previously representatives only learned of the contents of the congress one day before the congress

opened. The agenda of the congress and the topics for discussion were arranged solely by the upper levels of the party and the representatives had no right to participate in these matters. Even if representatives felt a particular question was particularly pressing, they had no way to have it included on the agenda. In the same way, the representatives only came to know the names of the candidates a very short time before elections were held at a party congress and, lacking a knowledge of the candidates, the only option was to vote blindly. This situation showed that the party congress representatives were not the major components of the congress and that the congress itself occupied only a subsidiary position. The reason Jiaojiang City adopted the reform measures was to change this situation.

The above-mentioned reform measures have resulted in an appropriate increase in the status of the Jiaojiang City party representative congress, and the representatives have begun to be seen as the major element of the system. Because of the increase in the status of the party congress and the representatives, new demands have been placed on the quality of representatives. In response to these demands, Jiaojiang City has reformed the system by which party congress representatives are elected.

3. Centering on the improvement of the quality of party congress representatives, Jiaojiang City has carried out some reforms of the system by which representatives are elected.

The first of these reforms has been to reduce the size of the representatives' electoral units. Originally, the election of Jiaojiang City party congress representatives was carried out, in the rural areas using the township party representative congress as a unit and, in the urban areas, using the party representative congress of the various systems as units. This has now been changed to a system whereby in the rural areas the township party representative congress is still used as the electoral unit, while in the urban areas, the electoral unit size has been reduced, and the grassroots-level party committees or joint branch (general branch) party congresses are used as electoral units. The reduction in the size of the units and the subsequent greater mutual awareness between party members and representatives has had three advantages: First, it has been of benefit in party members' election of representatives and they have elected as representatives party members who truly have a capacity for handling official business. This has reduced the amount of blind voting. Second, it has been of benefit to linkage and contact between representatives and party members, and has meant that the representatives truly have their roots among the masses of party members. Third, it has been of benefit to having the masses of party members exercise supervision over representatives and ensured that the activities of representatives can be controlled by the masses of party members. Jiaojiang City committee has stipulated that party congress representatives who do not

measure up to their duties can be deprived of their representative qualifications through the passage of a decision by a certain number of the electoral units.

The second of the reforms is that a system has been established whereby various sectors recommend some candidates as congress representatives. The Jiaojiang City committee felt that the decisions taken by the party congress should have an overall beneficial nature and thus required that the various interest groups have party representatives. They have always stressed that there be a certain percentage of women party representatives, youth party representatives, minority nationality party representatives and so on and the participation of these groups was based on this same consideration. During reforms and opening up, new interest groups have appeared. In order to ensure that the party congress has a greater representativeness and that decision-making is more objective, Jiaojiang City has implemented a system whereby various sectors recommend some candidates as party congress representatives. On the basis of the situation in Jiaojiang City, they have delineated four sectors—the women's sector, veteran cadres' sector, entrepreneurs' sector and scientist and technicians' sector. These four sectors have selected candidates for representatives and handed these nominations to the candidates' grassroots-level organization for election. The implementation of this system whereby various sectors recommend some of the representatives for the party congress can, on the one hand, ensure that the representational structure is rational and can, on the other hand, manifest the interests of the various sectors through these sectoral representatives.

The third of the reforms is that all of the party congress representatives must be elected through competitive, differential elections. In the past, Jiaojiang City party congress representatives were all elected in elections where there were the same number of candidates as there were posts to be filled, and there were instances of representatives just being appointed. This time, in the election of party congress representatives in Jiaojiang City, firstly, the city committee did not put forward any candidates and all candidates were nominated by grassroots organizations. Secondly, all representatives had to be elected through differential elections. Even when city committee members were representative candidates, they still had to be elected through differential election by their grassroots-level organization. The differential ratio in the election was 53 percent, which meant that out of every two candidates, one had to be eliminated.

These reform measures on the one hand have meant that the grassroots-level organizations are more careful when electing party congress representatives and pay more attention to the representatives they elect. They make greater use of their representative and have a greater sense of responsibility in supervising their representative. On the other hand, this has also stimulated the enthusiasm of party congress representatives for participating and has given them a sense of mission in carrying out their duties.

The reform of the internal party system in Jiaojiang City has breakthrough significance. However, because it is the first such breakthrough and has just begun, the measures which have been initiated have inevitably had some imperfect aspects and even some loopholes. The problems included: after the standing committee system was abolished, it was not known what the appropriate number of members of the city committee should be; some of the party congress representatives were to be elected through recommendation by various sectors, and it was not known how to delineate the sectors or how the candidates recommended were to be elected; in the current Jiaojiang City party congress, the proportion of ordinary party member representatives has declined as compared with the last congress, while leading cadre party representatives now constitute 61 percent, and there are concerns as to whether this proportion is rational. These and other problems have all been subject to debate. These are aspects which await trial and examination through practice so that through research and further planning, they can be improved.

Tentative Comments on the Historical Achievements and Mistakes of the Communist International

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[Text] The Communist International lasted almost a quarter of a century from its founding in March 1919 to disbandment in June 1943. As an organization of the world's communist parties, the Communist International led the international communist movement during this period in which the situation changed constantly. Its theoretical thinking, strategic tactics, and principle and line produced a great impact on the revolution in all countries and even played a tremendous role in shaping the overall international political situation after World War II. It will therefore be of great theoretical and practical significance to sum up both the positive and negative experiences and lessons of the Communist International.

The Communist International started its activities under the new historical conditions of Russia having won the October Revolution and World War I having finished. The earlier activities of the Communist International underwent the tortuous course of the world revolution from high tide to low ebb and capitalism developing from turmoil after the war to economic stability. Its later activities were faced by a complicated situation in which peace and democracy had a trial of strength with war and fascism. A scientific conclusion can only be drawn when the historical achievements and mistakes of the Communist International are assessed from the scope at that time and are analyzed with a historical materialistic

attitude. The nihilist attitude which regards the Communist International as being without a single merit or which makes a negative appraisal of the Communist International is tantamount to oversimplifying history.

In the history of development of the international communist movement I believe that the Communist International had indelible historical merit. Naturally, we cannot acquire an understanding of historical merit from abstract significance. Merit is usually mingled with mistakes. Even a single case usually includes merits and also reveals its mistakes. Herein lies the complex nature of the historical process. Overall, the following four outstanding historical achievements run through all the activities of the Communist International:

1. Disseminating Marxism and Leninism and Fighting Against Right Opportunism and "Left Infantilism" in the Communist Movement. The Communist International always played the role of an international theoretical center, laying down the basic principles of ideological theory, strategic tactics, and organizational building for the communist parties of all countries. At that time, it gave definite Marxist and Leninist answers to the major issues concerning war and peace, democracy and fascism, national liberation movement and world proletarian revolution, and party building. The struggles waged by Lenin against opportunism and "Left infantilism" in the communist movement ran through all the activities of the Communist International from its first to the fourth congress, enabling the young communist parties in all countries to eliminate the dregs of opportunism, prevent "Left" infantilism, and smoothly develop along the ideological track of Marxism and Leninism. Precisely because of these activities by the Communist International, Marxism and Leninism rapidly and extensively developed worldwide.

2. Helping the Proletariat in All Countries Establish Its Own Vanguard. During the early days of the Communist International, the workers' movement ran high and the struggles of colonial and semi-colonial people against imperialism surged ahead. As the proletariat in many countries did not yet have a vanguard at that time, most of the struggles remained at a relatively spontaneous level. Even the parties and organizations attending the founding of the Communist International were not communist parties. They were ordinary workers' organizations and some were even anarchic and syndical organizations. Most of the countries only had some communist factions and groups. During the period following the Communist International's Second Congress an important Communist International task was to help various countries establish a communist party. The Communist International adopted various means, including uniting the communist groups scattered throughout some countries, separating the "leftists" from the social parties in some countries to independently establish a communist party, and sending delegates to help some countries establish a communist party. The CPC was established with the assistance of the

Communist International. When the Communist International was disbanded in 1943 there were already 68 communist parties (or labor parties) distributed throughout the five continents of the world. These communist parties (or labor parties) played an important role in the international workers' movement and the revolutionary struggles in their own countries.

3. Supporting the Worker's Movements in Capitalist Countries and National Liberation Movements in Colonial and Semi-Colonial Countries From its founding, the Communist International morally and materially supported and helped the strikes and national liberation struggles in all countries. Whenever a strike was organized in a country or an anti-imperialist struggle was waged by a colonial or semi-colonial country, the Communist International would issue supportive declarations and letters of appeal. Such declarations and letters of appeal account for the majority of Communist International documents. The Communist International also gave sympathy and support to the anti-imperialist struggles and revolutionary movements waged by people in colonial and semi-colonial countries. Lenin's "An Outline of Nationality and Colony" and Luo Yi's [5012 2496] "Supplementary Outline" adopted by the Second Congress of the Communist International laid the basis for the strategy and strategic thinking of the Communist International in colonial and semi-colonial countries. The East Congress of All Nationalities and the Far East Congress of the Communist and Revolutionary Organizations held in 1920 and 1922, respectively raised the great slogan "proletariat and oppressed nations of the world unite" which enormously encouraged the revolution in colonial and semi-colonial countries. The Communist International also did its utmost to merge the proletarian revolutionary movement and the national liberation movement into a mighty current to smash the rule by capitalism and colonialism.

4. Waging Struggles Against Wars of Aggression and Fascism. The danger of international fascism emerged as early as 1922 and the Communist International paid close attention to the trend and pointed out that the danger of fascism existed in many countries and that it was the important task of communist parties in all countries to organize the masses to resist international fascism. At the congresses and enlarged executive meetings held later the Communist International stressed the struggles against fascism and the danger of war. Although there were mistakes in estimating the essence of fascism and implementing the united front strategy prior to the seventh congress, on the whole the Communist International made great contributions to the anti-fascist struggle. Following the seventh congress, the Communist International supported the struggles waged by the people of the oppressed nations in maintaining national independence, exposed the aggressive fascist essence and war plans, and adopted various means to help some branches work out strategic measures and establish a united front against imperialism and a people's front against fascism. During the period when Spain was

suffering German and Italian fascist armed interference or in the Chinese people's Anti-Japanese War, the Communist International gave enormous moral and material support. The International Column composed of communist activists and anti-fascist progressive figures from many countries added an illustrious page to the annals of the antifascist struggles.

Nevertheless, these historical achievements cannot conceal the following fact: The heavy loss the international communist movement suffered from the "Leftist" line manifested in all Communist International activities. This "Leftist" line included regarding Marxism as a dogma and deifying the Soviet Union's experience. While guiding the revolution in all countries, the Communist International usually did not lay down principles and policies in light of the actual country's circumstances and in consideration of its political, economic, cultural, and national characteristics. Instead, it requested the communist parties in all countries to follow one decision and order and this gave rise to many difficult problems.

The "Leftist" line followed by the Communist International for a long time is manifested in the following: First, because of the overoptimistic view of the world's revolutionary situation, the experience of the October Revolution was mechanically applied to countries with different social structures; second, the mistakes of impetuosity and rashness made in laying down revolutionary strategy and tactics through underestimating the self readjustment capacity and development potential of capitalism; and third, the serious dogmatism and sectarianism expressed in the attitude toward the Socialist Democratic Party while implementing the proletariat united front policy because of underestimating the influence of the socialist democratic tradition and the Socialist Democratic Party on the workers.

1. The Overoptimistic View of the World's Revolutionary Situation. During the period after the founding of the Communist International, the international situation was indeed at a high tide of revolution. However, the leaders of the Communist International were not sober-minded, believing that proletarian revolution would "triumphantly advance" from one country to the other and that the conditions for realizing worldwide socialist revolution were ripe. In an article in the first issue of COMMUNIST INTERNATIONAL, Zinoviev, chairman of the Communist International executive committee, predicted that "We will win the final victory in the next few months or even the next few weeks. The movement has developed so rapidly that we can say with assurance: In a year or so we will forget the struggles waged in Europe for communism because the whole of Europe will have then become communist."¹ Naturally, Zinoviev was not the only one optimistic about the situation. Many other leaders including Lenin were also optimistic. Because of their optimistic view they proposed that the proletariat's task was to fight face to face with the bourgeoisie and directly place the establishment

of proletarian dictatorship on the agenda. If the optimistic attitude is regarded merely as a mistake in estimating under the historical conditions of the time, then the optimistic estimate of the situation during the later years, particularly when revolution proceeded from a high to a low tide, became a "Left" dogmatist and putschist line. When revolution was at a low ebb, from the end of 1920 to early 1921, the Communist International effected a strategic change, raised the slogans "go among the masses" and "win over the majority of the workers," laid down the principle of a united front for the working class, and put forward the interim slogans of "workers' government" and "workers and peasants' government." Undoubtedly this was a great strategic change but the facts later proved that the strategic change was not thorough. The "Leftist" forces were still strong among the leaders of the Communist International and communist parties in all countries. This was manifested in the resistance against the united front strategy and the unwillingness to give up the illusion of the "quick victory of world revolution." The failure of the German revolution in 1923 proved this point. At that time the leaders of the Communist International and the German Communist Party regarded the seizure of political power as an easy job, exaggerated the maturity of the general situation, and underestimated the enemy. Following the failure of the German revolution the Communist International did not seriously draw a lesson. During the Sixth Congress of the Communist International held from the end of 1927 to 1928, "Left" dogmatism reached its peak. At that time the estimate of the revolutionary situation in capitalist countries and the national liberation movement in colonial and semi-colonial countries was overoptimistic. Stalin asserted that a series of symptoms of the upsurge in worldwide new revolution showed that Europe had entered a new period in which revolution had reached a high tide. In view of this understanding the Communist International set out the tasks for communist parties in all countries. The working class should be prepared to greet the upcoming class struggles and realize socialist revolution and, on the other hand, strengthen the struggle against the social democratic parties to ensure the victory of this revolution. Under the guidance of this "Leftist" ideology a realistic and sober estimate of the situation was regarded as "rightist" and the partial demands and measures adopted to meet the workers' daily needs were regarded as opportunist and criticized. While guiding China's revolution during this period the "Leftist" line of the Communist International was particularly prominent.

The "new principle" drafted by the Sixth Congress of the Communist International and perfected later by the 10th session of the executive committee of the Communist International directly influenced the "Leftist" line which occurred twice within the CPC (the Lisan line and the Wang Ming line). In 1927, the mighty Chinese great revolution suffered a serious loss, the party organizations and the worker-peasant mass movement were destroyed, and the revolutionary situation was at a low ebb. However, the Communist International leaders insisted that

the revolutionary situation was still at a high tide and that revolution would enter a higher stage. Although the main mistake within the CPC after 1927 was "Left" putschism and the harm done by the "Leftist" line was clearly manifested in practical work in the latter half of 1930, the Communist International blindly stressed the "danger of rightist deviation" and instructed the CPC to "wage uncompromising struggles against rightist opportunism" in spite of China's national and specific conditions. This was one of the essential reasons for the CPC's serious "Leftist" mistakes following the failure of the 1927 great revolution. Moreover, the Chinese revolution was almost facing an impasse. The Chinese revolution reached a turning point when the 1935 Zunyi Conference brought an end to Wang Ming's "Leftist" line in central rule.

2. Underestimating the Self-Readjustment Capacity and Development Potential of Capitalism. Although capitalism underwent turbulence and recession in World War I it overcame the postwar crises and turmoil beginning in the 1920s and entered a period of stability and quasi-prosperity. Tremendous changes took place particularly in the outlook of U.S. imperialists. According to statistics, during the period 1921 to 1929, U.S. industrial production increased by 90 percent, the investment rate outstripped the GNP by 20 percent, and per hour labor productivity went up 47 percent. The imperialist's economic stability and quasi-prosperity in the 1920s proved that the capitalist system's potential was not yet exhausted and that these results were not the momentary recovery of consciousness just before the death of the capitalist system as predicted by the Communist International.

Because the Communist International laid its strategy and tactics by proceeding from the optimistic estimation that capitalism would soon collapse and socialism would immediately win victory, and dogmatically applied the formula of the general capitalist crisis to guide the revolutionary struggles in all countries, it could not avoid making the mistakes of "Leftist" impetuosity and rashness.

The theory of the "third period" proposed by the Sixth Congress of the Communist International (August 1928) was a typical manifestation of "Left" dogmatism. The Communist International maintained that capitalist stability ended in 1928, the masses of workers had turned left, the high tide of revolution was taking shape, and the "third period" of capitalist "general crisis" and "total collapse" approached. The theory of the "third period" proposed by the Sixth Congress of the Communist International was not accidental. In his estimate of the new situation made in his political report to the 15th Congress of the CPSU (Bolsheviks) at the end of 1927, Stalin believed that the production growth, trade development, and industrial and technological progress in capitalist countries indicated a grave crisis in capitalism and that capitalist stability was not consolidated and would not last long. Regarding the estimate of the

situation, there were differences of opinion between Bukharin and Stalin. As the chief responsible leader of the Communist International at that time, Bukharin made another estimate of the world situation in his draft outline "On the International Situation and Task of the Communist International" submitted to the Sixth Congress of the Communist International. Bukharin's basic viewpoint was that there were no indications shaking the stability of capitalism. Conversely, capitalism was reformed to a certain extent and was relatively consolidated. However, Stalin believed that Bukharin's viewpoint was similar to that of Hilferding (the viewpoint of "rehabilitation" of capitalism), leader of the Socialist Democratic Party. For this reason the CPSU (Bolsheviks) Central Committee made more than 20 amendments to Bukharin's outline. The outline adopted by the Sixth Congress of the Communist International later gave the following description of the stage at that time: "This stage intensifies the various international contradictions... intensifies the internal contradictions within the capitalist countries... promotes the movements in the colonial countries... and further disintegrates capitalist stability and aggravates the general crisis in capitalism through the development of contradictions in capitalist stability."² According to the analysis by the Communist International this new stage will inevitably lead to the total collapse of the capitalist system.

The "Leftist" line of the Sixth Congress of the Communist International was also manifested in the possibility of national bourgeois revolution in colonial and semi-colonial countries. The "Revolutionary Movement in the Colonial and Semi-Colonial Countries (Outline)" adopted by the Sixth Congress of the Communist International pointed out: "The national bourgeoisie do not oppose the imperialist forces."³ This argument later became: "Oppose using bourgeois democracy to resist fascism." This confused bourgeois democracy with fascism and actually weakened the struggle against fascism. It even pushed the bourgeois and petty bourgeois democrats to the fascist's side.

3. Underestimating the Socialist Democratic Tradition and the Influence of the Socialist Democratic Party on the Workers The Communist International itself was composed of leftists separated from the Socialist Democratic Party. Because the socialist democratic parties of many countries adopted the stand of "defending their motherland" during World War I and later joined the bourgeoisie cabinet and voted for military appropriations, the Communist International had always regarded the heads of the socialist democratic parties as the sworn enemies of the proletariat and clearly defined struggles with the socialist democratic parties as "those between classes rather than between different factions in the proletariat revolutionary movement and the united front."⁴ From the autumn of 1920 to the spring of 1921, tremendous changes took place in the international revolutionary situation. One after another the proletarian revolutionary movements and strikes suffered failure and the Communist International had to change its strategy in

light of the objective situation. By the end of 1921 the Communist International officially adopted the united front strategy and raised the question of the Second International, the Interim International, and the Amsterdam Trade Union International taking concerted action. This was a brand new strategy and the idea of cooperating with the socialist democrats in this indicated a major change in Communist International principles. Although no achievements were made at the conference of delegates to the Third International held in Berlin in April 1922, the aspiration of cooperation and concerted action conformed to historical development. Later, the Fourth Congress of the Communist International officially adopted the principle of establishing a workers' united front and put forward the slogan of setting up a workers' government in cooperation with non-communist labor parties and workers' organizations. In the course of implementing this strategy the Communist International had a bias against the Socialist Democratic Party from the very beginning, stressing that the united front strategy can be genuinely realized only by proceeding from the "lower levels," namely, among the workers and regarding the united front as a "strategic means." The purpose was to expose the Socialist Democratic Party, like tying a noose round the neck of an offender. This fully indicated that the Communist International lacked sincerity in forming a strategic alliance with the Socialist Democratic Party. No wonder Vandervelde, leader of the Second International, said that the Communist International attempted to "strangle others after embracing them" in its united front strategy. As the struggles between the Communist International and the Socialist Democratic Party became more acute the united front strategy actually stagnated during the Fifth Congress of the Communist International (June 1924) and the possibility of forming a workers' government with the Socialist Democratic Party was ruled out. The "Strategic Problems (Outline)" adopted by the Fifth Congress of the Communist International made a wrong judgement of the nature of the Socialist Democratic Party, believing that it was the "third party of the bourgeoisie" and that "fascism and socialist democracy were the sharp edges of a big capitalist dictatorship weapon." The program adopted by the Sixth Congress of the Communist International pointed out: "In the course of its development the Socialist Democratic Party indicated its fascist tendency." It was the "main imperialist pillar among the working class." Its right wing was "openly counterrevolutionary" and its left wing the "most dangerous faction in the Socialist Democratic Party." Hence the label "social fascist" and the slogan "one class against another" emerged at this historic moment. Although the Socialist Democratic Party turned left in striving for peace and opposing war and fascism during 1931, which was favorable to realizing the united front and to the struggles against war and fascism, by the end of 1933 the Communist International still regarded the Socialist Democratic Party, and particularly its left wing, as the "most dangerous enemy." The bitter lessons drawn from

fascists assuming power in a number of countries compelled the Communist International to change its strategy at its Seventh Congress.

The Communist International was also affected by the "Left" dogmatic tendency in its attitude toward the Socialist Democratic Party, frequently setting revolution against reform and regarding the slogans and measures of the Socialist Democratic Party as nonrevolutionary or counterrevolutionary. By ignoring the influence of the socialist democratic tradition among the masses the Communist International divorced itself from the broad masses. The Communist International occasionally realized this point in the early 1920s. At the First Session of the Communist International Executive Committee (February 1922), Zinoviev said: "After undergoing years of fighting the masses now want tranquility. They want to keep themselves away from the new danger and wars. As Marxists with foresight we communists did not foresee this point. Although we could predict the wars and the serious economic crises we failed to predict the wish for tranquility, a loaf of bread, or a piece of meat."⁵ It was a pity that such a wish could not be realized from the Fourth Congress of the Communist International to the 1930s. As a result, during the late 1930s the broad masses, particularly in Europe, followed the social democrats rather than the communists.

While making an analysis of the Communist International's "Leftist" line it should be noted that the highly centralized Communist International organizational principle added fuel to the flames in implementing this line. Organizationally, the centralized principle ensured smooth implementation of this line. Occasionally, the CPSU (Bolsheviks) also forced the communist parties of other countries to accept their special experience through the centralized organizations of the Communist International, manifesting the tendency of great party and national chauvinism.

At first the leaders of the Communist International believed that the centralized organizational principle overcame the fatal laxity mistake of the Second International and inherited the tradition of the First International. Hence, from the day of its founding the Communist International implemented a highly centralized principle and the Russian Communist Party occupied a special position in its executive committee. Naturally, a centralized principle is not necessarily incompatible with democratic life. In his article "The Communist International and the CPC," Comrade Zhou Enlai said that during the initial period of the Communist International's founding, "although Lenin enjoyed a high reputation the Communist International decided on matters through democratic centralism; and the party delegates from all countries could actively comment on various issues and air their views."⁶ Moreover, as the newly established parties did not have a high theoretical level and lacked experience of struggle during the initial period of the founding of the Communist International, many communists linked the revolutionary movements

of their countries with the destiny of Russian and world revolution. The centralized principle was suited to the development level of the movement at that time. Beginning in the late 1920s the highly centralized leadership system was further enhanced. The special envoys sent to the branches by the Communist International actually became "commissioners" overriding the branches. They had no idea of the actual situation in the countries concerned nor did they acquire an understanding of the views of the leaders there. They dogmatically implemented the resolutions of the Communist International, incurring heavy losses for the revolutionary movements of the countries concerned. In Communist International activities during the 1930s there were cases of Moscow directly appointing leader of a certain party, rudely interfering in the internal affairs of another party, issuing orders unacceptable to a party, and even giving orders to disband a party. Because the large-scale movement to eliminate counterrevolutionaries launched by the CPSU (Bolsheviks) in 1937 and 1938 involved communist party leaders and activists in other countries working for Communist International organs, the communist party leaders in these countries were purged, incurring irredeemable losses for these countries. Moreover, the Communist International's democratic life and legal system were seriously undermined.

To sum up, in activities over almost a quarter of the century the Communist International made historical contributions to the development of the communist movement. The historical position of the Communist International should be affirmed while its mistakes should be earnestly summed up. To date, many aspects and problems of the Communist International remain unsettled. The truth of a number of facts is as yet uncertain leaving many problems outstanding which badly require historians to make creative explorations in light of their first hand information. They should apply the methods of dialectical and historical materialism to analyzing nearly half a century's history to sum up experience, draw lessons, and correctly handle the major problems concerning international politics and relations between parties.

Footnotes

1. See COMMUNIST INTERNATIONAL, Russian Edition No 1, 1919, pp 41-42.
2. "Collection of Documents of the Communist International," Chinese edition, Vol 3, p 3.
3. *Ibid.*, p 110.
4. "Minutes of the Second Congress of the Communist International," Russian edition, p 6.
5. PRAVDA, 26 February 1922.
6. "Selected Works of Zhou Enlai," Chinese edition, Vol 2, p 300.

Major Current Views on Philosophical Reform *HK1204024589 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Mar 89 pp 43-44*

[Article by Ren Xinwen 0117 2946 2429 of the Research Branch of the General Office of the NPC Standing Committee]

[Text] In recent years, discussion in the philosophical circles of our country has centered on the topic of reform of Marxist philosophy. Below, the major views in this discussion are introduced:

I. It Is Felt That the Philosophical Model of "Dialectical Materialism and Historical Materialism" Brings With It Dogmatism and Ideological Ossification

Marx called his philosophy "new materialism," "practical materialism," and "communist materialism," but never used the term "dialectical materialism," and especially not "dialectical materialism and historical materialism." In Engels works, only the term "materialist dialectics" is used and in a few cases, the term "historical materialism" is employed. Reference to Marxist philosophy as "dialectical materialism and historical materialism" began with Lenin's "Materialism and Empirio-Criticism." This expression was in wide vogue in philosophy books in the Soviet Union during the 1920's and the 1930's. The second section of the fourth chapter of "A Concise Course in the History of the Communist Party of the Soviet Union (Bolshevik)" further strengthened this formulation, broadening its use, making it standard and forming a fixed philosophical model. This philosophical model has long been accepted by Marxists in various countries around the world and it has had a very great influence on all socialist countries. In "On New Democracy" Mao Zedong noted that "the communist world view is dialectical materialism and historical materialism."

What we call Marxist philosophy today is generally a theoretical system which has Stalin's "Dialectical Materialism and Historical Materialism" as its main component, supplemented by Mao Zedong's "On Contradictions" and "On Practice." This philosophical model is lacking both in terms of contents and in terms of form and brings with it dogmatism and ideological ossification. This is mainly manifested in the following several aspects:

First, the current philosophical system continues to stress the class nature of philosophy. This is not appropriate for the new times where the focus of our work has shifted from class struggle to the four modernizations.

Secondly, in this philosophical system, dialectical materialism and historical materialism are split, the theory of reflection and the viewpoint of practice are separated, the theory of reflection and the view of dialectical development are disjointed and many major epistemological questions have been shunted to one side. The

patterns have thereby become self-existing, divorced from people, and thus they have taken on a mysterious hue. This is not an intrinsic attribute of Marxist philosophy. Thirdly, the current philosophical system talks separately about dialectical materialism and the dialectical materialist view of history, which are component parts of philosophy. This is contrary to the separation of disciplines and the increasing specialization of disciplines.

Fourthly, the current philosophical system talks separately about dialectics, epistemology and dialectical logic. This brings with it the problems of repetition, a mechanistic outlook and speculation.

Fifthly, in the epistemology and methodology of the current philosophical system, there are aspects which are outdated and aspects which are empty and lacking. These are unable to meet the demands of the scientific epistemology and scientific methodology necessary for the scientific and technological revolution and the four modernizations.

II. It Is Proposed That the Major Task of Philosophical Reform Is To Restore the Scientific Spirit and Creative Vigor of Marx' Philosophy

Marxist philosophy is a philosophy brimming with scientific spirit and creative vigor. This scientific spirit and creative vigor are centrally manifested in dialectically looking at the four relationships between thought and being, man and nature, man and society, and cognition and practice. The philosophical trend of Marxism is extremely clear. It begins from examining man's activities in creating the world and is developed and constructed with a creative viewpoint as the core. The philosophers before Marx did not stress man in the way that Marx did and, instead, sought outside man for the reasons for social development and the progress of human civilization. It was Marx who first restored man to his rightful position in the world and in the historical process. He discovered that man's essential power lies in man's creativity, that man's creativity lies in man's intellectual power and that creation is man's highest essence. Thereby, he found the true reasons for the progress of human civilization and social development.

However, some philosophical books and textbooks compiled after Marx and claiming to be Marxist did not truthfully reflect the most essential and most central ideas of Marx and his philosophy. A philosophy which was about man's freedom and creativity became a philosophy depriving man of creativity and freedom. Marxism which was originally brimming with a scientific spirit and creative vigor became a Marxism requiring obedience to the material, to existence, to history and to society. The primary task of philosophical reform is restoring the scientific spirit and creative vigor of Marxist philosophy. That is to say, it must on the one hand restore and uphold the most central, most essential and most vigorous scientific spirit and creative spirit of Marxist philosophy, and on the other hand must enrich and develop Marxist

philosophy, so that it can be built on the basis of the newest achievements in modern science. Further, it must ensure that philosophy can become reality, so that reforms in philosophy can become guides for reforms in society, and philosophy can play a role in building modern society and civilization.

III. The Problems in Philosophical Research in the Past Have Been Pointed Out

1. It has been ignored that Marxist philosophy is a "practical materialism." The essence of the powerful scientific vigor of Marxist philosophy lies in the fact that it can, at any time and place, respond to the call of practice and through summing up and condensing social practice and scientific knowledge, which are always developing, continually enrich its own contents and change its own form. However, in the course of our philosophical research, we have not mastered this essence. On the contrary, we have either consciously or unconsciously taken Marxist philosophy to be a condensation and summary of natural scientific knowledge and social scientific knowledge. That is, we have seen it as a "cognitive philosophy" and not as a "practical philosophy."

2. Attention has been focused on explaining and annotating the classical texts. However, there have not been any efforts to creatively resolve, in accordance with the views and methods provided by Marxist philosophy, the various practical problems and theoretical problems encountered in the practice of socialist modernization.

3. Philosophy is a product of the times and a reflection of the times, and the innovation and development of Marxist philosophy can only be realized through drawing in the essence of the spirit of the twentieth century. However, what are the spirit and the essence of the twentieth century? Our philosophical circles are not clear on this and there is no unified opinion. If this question is not resolved, the various experiments and attempts at innovating in and developing Marxist philosophy will see no real development.

IV. Ideas for the Reform of Marxist Philosophy

1. As to the avenues for developing Marxist philosophy, first, we should fill in the blank whereby Marxist philosophy has not made a specialized and systematic study of the general questions of man himself. Secondly, we must separate out the outdated and outworn contents of Marxist philosophy. Marxist philosophy emerged and developed during the transition from the modern age to the contemporary age and thus it is inevitable that it retained some of the vestiges of the aggregation of knowledge. When Stalin was writing "Dialectical Materialism and Historical Materialism," because of the

development of modern physics, astronomy, anthropology and sociology, the conception of nature and the conception of history were becoming gradually separated from philosophy. Continuing to leave the conception of nature and the conception of history in the Marxist philosophical system will produce a division between the materialist component and modern physics, and will result in a slide into abstract, ontological speculation. As historical materialism has to embrace sociology and other disciplines, it shoulders a heavy mill-stone. Thirdly, we need to explain and elaborate on those basic questions which the founders of Marxist philosophy put forward but did not answer. Fourthly, we need to overcome the various restrictions in Marxist philosophical theory. A major restriction in Marxist philosophical theory at present lies in the fact that it only stresses that the subjective needs to suit and accord with the objective, but does not on a real basis explain how the objective is to "suit" or "accord with" the subjective, and to a certain degree it ignores the function of the subject and subjective factors. Fifthly, there is a need to draw in new concepts and new modes of thought. These include for example: systems concepts and multi-dimensional thought modes; subject concepts and humanistic thought modes, value concepts and functionalist thought modes; artificial intelligence concepts and formal thought modes; and non-rational concepts and creative thought modes. And sixth, we need to use a systematic scientific method to rebuild the structure of the Marxist philosophical system.

2. As to the different views on how we are to rebuild the Marxist philosophical system, one idea is that the basic function of Marxist philosophy is to provide a philosophical world view in the general sense, to provide a view of the world. Thus, the people who subscribe to this idea hold that the target of Marxist philosophy is the entirety of the world, the most universal and essential patterns of the total existence of the world, the highest, most universal system of concepts. Another idea is that the basic function of Marxist philosophy is as a great cognitive tool, a scientific method of epistemology and of practice. Thus, those people who subscribe to this idea see the target of Marxist philosophy as the relationship between man and the world, and especially the modern characteristics of the relationship between man and the world. Marxist philosophy should use the materialism of practice as its theoretical cornerstone, so as to be able to make philosophical summaries and explanations of the historical emergence, real structure, basic contents, essential characteristics and functional modes of the relationship between man and the world and its modern characteristics. In particular, there is a need to look at the conscious dynamic role of man, the subject, in respect of the world and his dynamic creativity in respect of the world of man, as well as the sustained, harmonious development of the relationship between man and the world. Then, using this as the basic thread, the scientific system and new forms of Marxist philosophy in the modern world can be explored. The third idea is that philosophy is not for the purpose of exploring the final

mysteries of the universe, and it is unable to even comprehend the entirety of the world. Rather, philosophy's task is to study the mysteries of man's activities and especially to study the natural world and world of man which are produced through man's practical activities, as well as the separation of the subjective world and the objective world and the contradictions thereby produced. The people who hold this view feel that philosophy should center on these two aspects in understanding the relationship between man and the world.

Because of the differences in opinion outlined above, the basic orientation in the evolution of philosophy is: Some people uphold the dialectical materialist tradition of the classics, and want to use new achievements in the natural sciences to reveal "the entirety that is the world and its universal patterns" and sketch "a general view of the world"; other people oppose the formation of Marxist philosophy in accordance with the view that "philosophy is mainly ontology," and some of these people put their efforts into establishing an epistemological system, while others advance in a humanistic direction; still other people advocate the use of practical materialism to replace dialectical materialism, and the use of "practical ontology" to develop Marxist philosophy. These comrades hold that epistemology and humanism cannot be separated from an ontological foundation, but that natural ontology has double defects. Marx' philosophy should be a practical philosophy: an ontology which has the division and unification of a practical totality (the world of man) as a thing-in-itself; an epistemology which concerns the subjects and objects which are produced and created, constructed and reconstructed in the totality of practice; and a humanism which takes practice as the essential and existential mode (ontological structure) of man. All things in man's world are produced, evolve, separate and unify in the totality of practice. Practical ontology, as a theoretical system, does not hold out wild hopes that it can provide "purely objective" truth or become the incarnation of the "general laws" of the infinite universe. However, this does not mean that it is contrary to objectivity or to infinite principles. Further, practical ontology can truly find a juncture of linkage between Marxist theory and the actual process of history. This has real significance in guiding our country's reforms.

The Silent Sentence-Making Movement in Literature

*HK1204031589 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 6, 16 Mar 89 p 45*

[Article by Jiang Zilong 5592 1311 7893]

[Text] Has the Chinese literary arena ever been silent?

The Chinese literary arena is never silent. There may have been a quiet spell or two under the pressure of circumstances, but even then it would not be content with remaining silent. There will always be people who take great pleasure in predicting future happenings and

talking at great length about the future course of contemporary literature on the basis of the overall trend of development. However, people usually talk at length about the future when they see no future. If people can see clearly the road before them, why would they bother to discuss in such seriousness the question of the road ahead.

In the literary arena, there will always be people who come out to sweep away what is left before them—things left behind by their predecessors, things left over from the day before last, even from yesterday. They would leave nothing untouched in order to keep themselves busy.

When politics is no longer in command of everything, when the administration no longer interferes with literature, literary men would feel compelled to create some incidents and would rack their brains to achieve a "sensational effect." Very few people would, after all, be content with being left out, muted.

When literature can produce a "sensational effect," the response usually takes the form of a tide of criticism, praise, envy, or jealousy. When literature loses its "sensational effect," some people would say that this is normal. When serious literature sells poorly and the readership dwindles to an appalling few, these literary men would cry out in alarm and call such a situation "abnormal," warning that literature has fallen into a "dire strait." They would say that they are "caught in a dilemma" and "left out in the cold," and have "lost their sense of bearing." Having been "left out in the cold" for several years, even a dozen or so years, one should perhaps have turned the time to good use by dispassionately producing some really great works at his or her own pace. This shows that literary men are not very good at being left to themselves. This is not intended as a criticism. In this bustling commercial society, why should literary men be singled out and be expected to find contentment in desolation.

Literature does not seem to be able to choose, but a society can choose the kind of culture that best suits its needs. Contemporary literature has survived a period of constant political interference and administrative orders without being humbled. Strangely enough, under the impact of the commodity economy, it has become feeble and juvenile and lost its sense of bearing. Against this backdrop, "advertisement literature" has come into existence. Periodicals, big and small, are filled with pages of self-advertising. On the other hand, writers in large numbers are being organized to dig up stories and produce reportage that will fetch money for the literary bodies (not just the writers themselves). Editors, too, are losing no time in churning out sloppy collections of this reportage. All this only serve one purpose: To make money. This will do neither the enterprises nor literature any good. Despite the growing contact between the writers and the entrepreneurs, good works that reflect life in the enterprises are difficult to find. What writers

see in the enterprises is money. The brandishing of the banner of "reform literature" has slung mud on both reform and literature. Before 1982, before the clarion calls of "reform" were heard, I had written a number of stories about life in the factories. At that time I did not have the faintest idea what "reform" was. After 1983, "reform" became the most used word in China. Since then, I have not written anything more on factory life and have steered clear of the hot topic of "reform." I did this out of prudence. I think that writers have a duty to cherish "reform" and literature. Today, the reading and viewing public are keeping at arm's length "movies on reform," "television programs on reform" and "novels on reform." They owe this to the trendy "advertisement literature" and "reform literature" and also critics who love to brandish big banners.

If we say that contemporary literature is marking time and there is as yet no sign that it will make any big stride forward, the sentence-making movement in literature is progressing swiftly and with thoroughness. The speed with which it moves is amazing. Language, be it the language of the novelists or the language of the critics, has undergone a fundamental change. We must not look upon this sentence-making movement as a mere word-game. While contemporary writers in general are not worthy of the name "contemporary" and are ill-prepared for and incapable of coping with the complexity of contemporary life, the language of contemporary literature has benefitted greatly from contemporary life. The language of contemporary literature may breathe of modern life, or written in a quasi-classical style, or Anglized with deliberate breaches from conventional grammar. It is free-flowing, flexible, intense, precise, lively, vulgar all at once. Even though literature has lost its sense of purpose, one will not fail to find a number of very trendy "ideas" embedded in the writing. Albeit no longer sincere, language has fulfilled its function as a means of expression. It may lack philosophy, first-rate ideas and a sense of history and responsibility, but it shows freshness, truthfulness and wit. In short, the contemporary sentence-making movement has broadened the course of literature, and greatly enhanced and enriched the bearing capacity and coverage of language, thus making up for the lack of imagination in contemporary literature. Today, it will be very difficult to carry on writing if one cannot produce good sentences. Perhaps this sentence-making movement is a way out for contemporary literature.

Paper Boats on Fire, Candles Lit, the Sky Burning

*HK1204054189 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 6, 16 Mar 89 p 46*

[Article by Shi Fei 4258 5481]

[Text] "May we ask Mr Plague—where do you want to go? Paper boats on fire, candles lit, the sky burning." These well-known lines from 30 years ago are about the elimination of schistosomiasis in Yujiang county,

Jiangxi. Three decades on, not a short time by any standard, these blood-flukes are far from eliminated. "Mr Plague" has returned to provinces like Hunan, Hubei, Jiangxi, Anhui, Jiangxi.

In the cultural arena, another well-known "Mr Plague" has also made his comeback: the "plague of obscenity"!

It is hard to figure out the precise number of publishing houses that turn out "obscene" publications to corrupt minds, or the number of such publications. According to reports, 10 publishing houses, involving 7 or 8 provinces or cities, were recently fined by the State Media and Publications Office. Although the number of publishing houses that are involved in the publishing of "the drug of obscenity" far exceeds this, it is alarming enough. The "drug traffickers" and "drug manufacturers" have set up their bases and established their spheres of influence in the cultural arena. Small wonder that shortly after the ban on "obscene" publications, the newspapers were so full of veiled comments. "The city gate is on fire and the fish in the moat are suffering." "We cannot simply rely on 'bans' to bring prosperity to the cultural arena." "How does one judge a publication as obscene? There is no yardstick for making such a judgement." In short, quite a lot of people seem to take exception to this ban on "obscene" publications.

Why did people who made these comments not stop and take a look at the harm brought about by this "plague of obscenity," and think for a minute of the damage this is doing to our younger generation? Plagued by "obscene" novels, a 17-year-old young man from Jiaying was "sentenced to 18 months' imprisonment for attempting to rape a girl." (see QIANJIANG WANBAO) In Shanghai, two self-employed young men who ran a hair salon resorted to such means as private video viewing to "sweet-talk a dozen or so young women into taking part in orgies held at the salon, saying 'it is now (sexually) more open and things like this are quite common.'" (see XINMIN WANBAO) In a Beijing neighborhood, more than 130 of the 800 unemployed youths have been found guilty of varying degrees of wrong-doing. Some people asked them where they learned such bad things. The answer given by some was: "Where else but publications and videos of course." (see RENMIN RIBAO) It is thus not difficult to understand why so many parents and teachers have come out with these appeals: "Publishing evil books is not much different from committing murder!" "Do not just think of money; think of the younger generation as well."

No matter what signboard they brandish, the "drug manufacturers" in the cultural arena who only think of their purse and do not give a damn about other people's lives are real criminals, leading young people astray. They are the "Mr Plague" that spreads disease in the cultural arena. No matter how they might try to justify

their actions, those who care about the healthy growth of our millions and millions of young boys and girls will only want to see this of "Mr Plague": Paper boats burn, candles lit, the sky burning.

Striking Literary Grace, Unique Style—On Reading *Listening to the Snow*, A Prose Collection by Mao Qi
HK1204150189 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 6, 16 Mar 89 pp 46-47

[Article by Du Pengcheng 2629 7720 4453]

[Text] First of all, I would like to say a few words of appreciation to the Shanghai Literature and Art Publishing House. When the media and the press are hard hit by the onslaught of consumerism and the publication and circulation of serious literature are having a difficult and desolate time, the Shanghai Literature and Art Publishing House has, defying profit considerations, made the bold decision of publishing this beautifully printed and nicely bound prose collection of quality, value, and literary grace. I simply have to admire the comrades of this publishing house for their boldness, resolution, and vision. Their work deserves esteem and positive evaluation.

I may not be the most suitable person to tell you what an excellent collection *Listening to the Snow* is because the author is a good friend of mine. After the publication of this collection, I rang up Mao Qi [3029 6936] a couple of times to inquire about the response of the experts and the readers. As was to be expected, the book has won wide acclaim. In a letter to the author, an old poet from Beijing wrote: "I think your prose contains poetry and yet excels poetry. It is poetic prose, prose poetry. This is a unique feature of your prose writing. Another outstanding feature of your collection is that it is condensed, exquisite and refined." With great emotion, a Hebei University lecturer wrote: "I have read several of your prose pieces in one breath, and I must say I have never felt so good before. They are poetry; they are paintings; they are music.... I thought I was hearing musical notes, and my soul felt soothed and comforted." A middle school teacher from eastern Gansu wrote of her ecstasy when she read *Listening to the Snow* under the lamp. "I finished more than half of the collection in one breath.... It was so interesting.... It gave me a unique kind of enjoyment." I also noticed that the first remark made by a literary critic in his newspaper review of this collection went like this: "Among the prose writers from Shaanxi, I like the prose writings of Mao Qi the best." Words of mouth of this nature are simply too numerous to enumerate. In a nutshell, "great minds think alike."

As summed up by the editor in his "synopsis," the unique feature of this prose collection is that "it gives free rein to emotions and lets the pen take its own course." "It is a combination of genre and landscape paintings, a gathering of foreign celebrities and ancient Chinese scholars, the integration of the wonderful and

miraculous land of fairies and the rich and colorful world of real life, the coupling of compassionate pursuits with obsessive longings..." Nearly everything we were going to say about this collection was mentioned. Perhaps the only omission was that he had neglected to point out in particular the rich poetic sentiments and profound philosophical thoughts contained in *Listening to the Snow*. These are precisely what make the collection so fascinating and gives it such a wonderful aftertaste. The title, *Listening to the Snow*, is itself appealing enough, to say nothing about the poetic and life-like prose writing between the covers.

One of the most important attributes of prose is sincerity. Only when the writing is sincere will it be able to touch and move people and strike a sympathetic chord in the minds of its readers. Since I also come from central Shaanxi, every time I read about the mountains, rivers and history of rural Shaanxi and about the customs and habits of its people in *Listening to the Snow*, I got a feeling that I was actually there seeing things happen. The peasants of central Shaanxi are an industrious and honest lot. Through the ingenious pen of the author, their punctiliousness and wit, joy and sorrow, pursuits and dreams are all vividly presented before our eyes. They strike us as trustworthy, endearing and lovable characters, and bring us fond memories and sweet thoughts. Things beautiful are mostly simple and sincere. "The Autumn Night" by Lu Xun and "The Receding Figure" by Zhu Ziqing [2612 5261 3237] which we know so well are fine examples of this nature. For a piece of writing to sound sincere, the most important ingredient is the author's precious and true feelings. As I see it, this is true with most pieces in *Listening to the Snow*, the most sincere and touching piece of which is, I think, "Between Father and Son." I believe that every father will be moved by this piece of prose.

Prose is different from novels, whose appeal lies in their plots. It is also different from poetry, which records moments of inspiration. Prose is the direct revelation and pouring out of one's real feelings. There is no covering up, no holding back, no pretense, no hypocrisy. From a piece of prose writing, one can easily see the author's ability, insight and language skill. In his introduction to a book written by a friend of his, Yu Boping [0205 0130 1627] said: "There are all kinds of books and writings on writing skills, but the basics lie in two aspects only, namely, talent and knowledge." Reading Mao Qi's *Listening to the Snow*, I cannot agree more with Mr Yu. The writing talent and language skill evident in *Listening to the Snow* has already been adequately illustrated by the remarks made by experts and readers, as quoted in the preceding paragraphs. What I would like to say in particular is his knowledge. Many people have noted that Mao Qi's prose pieces are profound, readable, and show openmindedness, simplicity and literary grace. He owes these, I think, to his industrious, study, and wide learning. Through my contacts with him over the years, I have noticed that he is very fond of reading and pondering over questions. His interests are very wide-ranging. He

cherishes life and shows an interest in all kinds of things. We may say that his training and knowledge have added to his wisdom and insight, as well as his literary talent and skill. He is a poet, an eclectic and a scholar all in one. This is perhaps what makes his style so unique.

Lastly, I must say this again: *Listening to the Snow* is a collection I would not hesitate to recommend to any reader. In particular, at the present time when the publishing industry is disoriented, there is much rubbish being published and young people do not know good from bad, we have an even greater responsibility to recommend a good book such as this.

The Pagoda

HK1204055789 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 6, 16 Mar 89 p 48

[Article by Xu Qi 6079 3217 of the Baotou Federation of Writers and Artists, Nei Monggol]

[Text] Looking back, I saw framed within the carriage window the silhouette of the pagoda in the rain.

The pagoda stands as a symbol, a symbol of ancient Chinese culture.

The religious would tell you that the pagoda represents something that prevails over evil, and that usually what is prevailed over is something or someone inviting and attractive as Lady White Snake. That was why the Leifeng Pagoda went crumbling down. Do not forget, the monk Fa Hai was a man too.

I wonder what the pagoda stands for in the eyes of those who believe in the teachings of Freud.

History apart, I see the pagoda as the symbol of beauty.

Pagodas dot the land of China. There is the Dayan Pagoda in Cheng'an, the Huqiu Pagoda in Suzhou, the Liuhe Pagoda in Wulin, the Wenbi Pagoda in Piling.... They are architectural miracles, the crystallization of the wisdom of the craftsmen. There are wooden or stone pagodas, pagodas with eaves, pagodas without eaves, pagodas with bells, pagodas without bells, pagodas beautifully adorned, pagodas in the ruins, pagodas in the dusk, pagodas at dawn....

One does not have to go to the ancient monasteries deep in the mountains to find pagodas. In the south, one might find an ancient blue-tiled pagoda at the end of a blind alley behind mossed walls. When you are sipping tea in a restaurant, you might see the eaves and windows of a pagoda when you look out. You might even be able to count the number of levels it has. If it has seven levels, it must be a stuba, is it not?

A pagoda is the stacking of floors one above the other.

When I was young, there was a pagoda at the back of the bamboo grove behind our school. As naughty boys, we used to play truant. At the risk of being bitten by bamboo snakes, we would try to beat one another at climbing the pagoda. The half-hanging stairs and broken structure only made our escapade all the more exciting. We would shout and make all kinds of noises. The pagoda would ring with echoes, as if the spirits of human beings with animal faces entrapped within the four walls were wailing. I would climb all the way up to the top of the pagoda and look down, while my friends carried on making noises or merely hung around quietly. Looking into the distance, I could see green patches which were greener than the river sides showing up where the prairie fire had left off. We thought then we had all the time in the world.

It must have been in a dream. I was holding her hand and walking up the pagoda. The place was full of tourists, but I felt that I was all alone with her. When my hand accidentally touched her arm or waist, my heart would beat ever so wildly, like the fluttering wings of birds circling round the pagoda in the dark, not being able to find their way home and losing themselves in the depth of the night sky. Silhouetted against the flying wild geese and the pagoda wall, she and I, viewers of the surrounding scenery ourselves, became part of the view in the eyes of the tourists.

There are not many pagodas in the Northwest. However, by the side of the Great Wall, one can still find beacon towers where one can ascend and look as far as the eyes can see. These towers often brought back memories of the ruined and deserted pagodas where partridges wailed even though I was actually looking out into the distant hills, the great desert in setting sun, the naked river cutting across the stretches of sand. In a starlit night, one

could almost reach out and pick a star for use as a lantern to light up one's own tent. In those carefree days as a horse herder, it was quite a blissful existence leading a life with a past or a future.

There are also the fire towers in the primitive forests. I found it so refreshing looking out into the endless rows of trees every time I left my woodcuts behind at my forest ranger's hut to stand guard on the tower. I had also been to the sentry tower at Beiji village in Mohe County. That was another kind of pagoda. The soldier there had kept the army dog on a leash while I climbed breathlessly up the sentry tower, held up my powerful telescope and curiously panned across the foreign soils on the opposite side of the Heilongjiang River. Through the lenses, I could see the Russian-styled window panes, horses and cows pulling carts, and women walking on narrow paths, their shawls, skirts and high-heeled shoes so clear that they could have been walking right before me. Playing their concertina, they sang as they walked. It was as if I was watching a Natasha or Dajiana singing on the television. Winter fog over the border river, people and flowers in the fog, star lights in a clear night,... were all pictured in drawings by the servicemen. This tower was but an elevated structure, built for a special purpose other than the beauty of ancient architecture.

The pagoda will always have a place in my heart.

It stands as the concrete form of something abstract, the doubling of mirages, the accumulation of poetic thoughts, the achievement of one's lifetime.

I had a dream last night. A gust of spring wind blew and shattered the reflections of the pagoda in the pond. Was it a good omen or was it a warning of something evil to come?