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## China

**QIUSHI [SEEKING TRUTH]**

**No 3, 1 February 1991**

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## The Historical Mission of Socialism as Perceived From a Global Angle

HK2503153091 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 3, 1 Feb 91 pp 2-8

[Article by Lang Yihuai (6745 3015 2037), associate professor of philosophy, Jilin City Party School]

[Text] Editor's Note: In the present grim situation when complicated contradictions prevail at home and abroad, the author of this article attempted to explain the historical mission of socialism from a new angle. We hope the publication of this article will help promote study and discussion on this important theoretical and practical issue, and deepen people's understanding of the true and general trend of history. [end editor's note]

The mission and trend of socialism is one of the most fundamental and important issues in our contemporary world. In order to meet the challenge of Western hostile forces and to better persevere in and develop the socialist cause, Marxist theoretical workers must find a scientific answer and proof to this issue in light of the reality of our times.

The socialist system has been a global economic, political, and cultural phenomenon since its inception and birth. This is particularly true today when life becomes more and more globalized and the links between countries become ever closer. Thus, we cannot observe and study the mission of socialism in isolation, country by country. Only by grasping the overall links of our modern world from a global angle can we approach "reality" in understanding and vividly and appropriately outline the present and future cause of socialism.

### I. The Greatest "Substitution Effect" in Modern World History: Changes in the Order of Entry Into Socialism

The founders of Marxism pinned their initial hopes on Western capitalist countries where the productive forces were better developed. Today, these countries still have not entered the socialist stage. Does this imply that socialism is no longer a necessary step in the evolution of human society? Does the fact that countries in the East have, with their backward productive forces, entered socialism first necessarily represent the historical mission of socialism? This is the first question people will ask when they study and ponder the historical mission of socialism. It is a question that is likely to cause muddles and confusion in understanding.

According to Marx and Engels, socialism would be realized in Western developed countries and would achieve success there first. Their reasoning was that the productive forces of socialized big industry had begun to exceed the limits permitted by the relations of production under capitalist private ownership, thus turning these relations from something for the development of productive forces into the shackles of productive forces. The poverty of the working class and their limited

consumption, which were caused by the private ownership of the means of production, resulted in a constant conflict between the demand for essential products (particularly workers' demands) and the tendency of unlimited expansion of production. This was the cause of periodic economic crises and the soaring tide of struggle waged by the proletariat in capitalist countries. The irreconcilability of this contradiction within the realm of capitalism spells the inevitability of socialism. Since this contradiction was most pronounced in Western developed countries, it was evident then that they would be the first to enter socialism.

However, the internationalization of capitalist exploitation that Marx and Engels noticed in their lifetime developed on an unprecedented scale after their deaths. Faced with diminishing room for development at home, the developed countries all drew on their economic and military superiority to expand overseas and shifted the focus of economic exploitation to other countries. Capitalist sovereignties, like Britain and France in particular, colonized more land than the size of their respective countries. They thus found new "sites" for their already exhausted development. Through unbridled plundering, importing cheap raw materials, and exporting capital and commodities en masse, the capital in these developed countries extended their claws of exploitation to the working class and laboring masses in backward countries. In this way, the worsening economic crises and pauperization of the proletariat at home were, to a large extent, "shifted" to the colonies and backward countries.

This shift produced two effects at that time. First, the momentum of the intensification of contradictions slowed down in the developed countries. The crises confronting capitalist reproduction became less serious. The "anger" cherished by the proletariat against the bourgeoisie subsided as the friction and internal strife within the bourgeoisie lessened. On the other hand, social contradictions intensified, social order quickly deteriorated, and social transformation became pressing wherever capitalist exploitation and the pauperization of the proletariat were shifted. Russia and Old China were two major countries subject to the impact of this "shift."

Although tsarist Russia was not a major target of this "shift," it was still dragged into the imperialist war by this "shift." It got itself locked in a fierce struggle with other imperialist countries over the redivision of colonies. "Revolution broke out in Russia earlier than in any other country" because its "system was rotten to the core," because it was "much more backward than the other countries," and because "the difficulties inflicted on it by wars were particularly great."<sup>1</sup> In other words Russia, which was obviously trailing behind the developed countries of Western Europe in terms of the accumulation of the basic contradictions of capitalism, managed to quickly develop a "revolutionary situation" because "the ruling class was unable to hold on to its power," the "poverty and catastrophe of the exploiting

class had intensified in an unusual way," and the revolutionary enthusiasm of the masses "soared."<sup>2</sup> Not only did the "overwhelming majority" of the working class side with the revolution, but "half" of the military and "nine-tenths" of the peasant masses also turned to the revolution "forthwith" or "within weeks."<sup>3</sup> All this resulted from the imperialist war touched off by the "shift." In other words, it was the friction produced by the "shift"—the imperialist war—which changed the order of entry into socialism between Russia and other imperialist countries.

Old China had been a feudal society for centuries. However, the invasion of imperialism and the inroad of international capital turned it into a semifeudal and semicolonial country and produced a fairly strong comprador capitalist class but a weak national capitalist class. At long last, China could boast "many Shanghais," that is, centers of capitalist wealth and proletarian poverty with populations of several million people."<sup>4</sup> It was precisely for this reason that in China the proletariat was more concentrated, calamities under the combined weight of the three big mountains were the most serious, and the spirit of resistance was the strongest and most mature. On the other hand, as the prime target of imperialist contention, Old China had the most unstable and vulnerable ruling order. This made it not only possible but also realistic for China to enter socialism. Thus, imperialism and international capital were the "unconscious tools" for the rapid emergence of socialism in China. Without the international shift of the basic social contradictions of developed capitalist countries, China would not have been able to enter socialism at an early date.

It can thus be seen that it was at the cost of the deferment of changes (socialist revolution) in Western developed countries that Russia and Old China were able to accelerate their social changes and enter socialism ahead of others. Put another way, the deferment of social changes in Western developed countries was compensated by the acceleration of changes in countries like Russia and China. The massive flow of capital and its exploitation changed the order in which different nations and countries entered socialism and formed a widespread phenomenon of substitution. If we say that this substitution process is fraught with coincidence, it is precisely this coincidence that vividly demonstrated the objective inevitability of socialism.

## II. Effects of the "Substitution Effect": Testing the Vitality of Socialism

The "substitution effect" produced by the outward expansion of developed capitalist countries not only proved the great vitality of socialism, but also demonstrated, with actual examples, the arduous and rigorous nature of the mission placed by history on socialism. But then, it is only through the arduous nature of its mission that we can see its strong and unbending vitality.

Since socialist countries, like the Soviet Union and China, are products of the "substitution effect," they have to deal with the difficulties brought on by the "substitution effect" in every stage of their growth, development, and strengthening.

First, socialism, as a blueprint for future society, was proposed by Marx and Engels on the basis of the state of affairs in developed countries like England in the middle of the 19th century. However, the eruption of the "substitution effect" brought forward the historical task of translating this concept into reality in Eastern countries of the early and middle 20th century, countries like Russia and China. Thus, mechanically copying Marx and Engels' tentative plans for socialism irrespective of local conditions became the unavoidable general trend. Since these Eastern countries were a far cry in terms of productivity, class structure, political traditions, and cultural spirit from the Western Europe upon which Marx had based his plans for socialism, the classical models of socialism inevitably met with huge obstacles in the course of practice. This was the usual cause of frustrations and setbacks suffered by the socialist cause during its development. Thus, the intrinsic value and vitality of socialism were in danger of being regarded as "not workable" or "not totally workable" and being discarded along with its external form (certain concrete ideas put forward by writers of classics).

Second, the "substitution effect" destroyed the domination of the world by a small number of developed capitalist countries. This resulted in panic, hatred, and violent counterattacks by the imperialist forces. Thus, the socialist countries were mercilessly slotted by history into an adverse international environment as soon as they were born. In such an environment, whether or not socialism could survive was not only a test of the presence or otherwise of the ability for socialism to survive, but also a test of the strength of this ability.

Third, the "substitution effect" also determined that, because socialism lagged far behind the developed capitalist countries at its inception, it was mercilessly slotted by history into an unfair position in competition. Socialism developed from a low starting point and meager heritage and proceeded to carry out construction in a war-torn environment. The replacement of the old structure by the new requires time and money and has to proceed a step at a time. Relying on their economic strength and various other privileges, the developed capitalist countries have been able to control the world market and establish an international economic and political order of which they are the center. Socialism will not only lag behind the developed capitalist countries for a long time to come, but will also have to work a lot harder than its rivals to catch up in the race. Thus, the development of socialism is an arduous process that is gradually unfurling itself in the midst of difficulties.

In short, the "substitution effect" determined that socialism would definitely encounter setbacks and hardships in the course of advance. Some countries lack the

accumulation of internal strength and tempering in the course of their shift to socialism. Basically they must rely on external forces to complete their institutional transformation. They are not tough enough to stand the test of history and are in an extremely vulnerable position. The fact that they are not self-sufficient in resources and have to depend heavily on international trade also means that they will find it difficult to withstand the economic onslaught of capitalism. This is also an unavoidable global phenomenon. It is thus not surprising that the situation has deteriorated in these countries. This is but an adverse current and eddy in the long process of history.

We are proud to say that China, the most populous socialist country, has withstood rigorous tests. It has not only survived but has achieved successes that stunned the world. Between 1951 and 1987, China's industrial production increased at an annual rate of 11.5 percent, higher than the average for developed countries, other developing countries, and the world by 7.3, 5.6, and 7.1 percent respectively. The output of its major industrial and agricultural products is already among the world's top few and its per capita GNP, living standards, and quality of life have all shown great advancement compared with the rest of the world.<sup>5</sup>

From the mainstream and basic trend of development over the past 10 years, we can see that socialism has entered a new stage and is demonstrating its vitality and intrinsic value in a more all-round and down-to-earth way.

First, if we take "theory to practice to reflection" as the first developmental stage of socialism, we would say that today socialism has entered its second developmental stage or period. Through practice and reflection during the first stage, we have come to understand more about the intrinsic value and quintessence of socialism, the law governing the development of socialism, and its specific processes and stages, as well as the need to combine the general principles of socialism with the concrete conditions of our country. If we say that the first developmental stage of socialism was characterized by the mechanical implementation of the classic designs for socialism envisaged by Marx and Engels, we could say that, in the second stage, greater attention will be paid to the intrinsic value and quintessence of socialism projected by these classic designs and to the need to combine the general principles of socialism with the concrete conditions of our country to give socialism its national traits. The reforms in China today are an important link in the second developmental stage of socialism. They clearly show that socialism is shaking off the blindness and puerility produced by the "substitution effect" and is becoming more conscious and mature.

Second, since socialist construction started from "poverty and blankness" in the first stage, despite people's high hopes, it could only develop at a low level as it struggled to survive and tackle the problem of food and clothing. Meanwhile, because of the lack of attention

given to the need to combine the theories of socialism with national conditions and the failure to do so scientifically, coupled with the erroneous tendency to seek quick success and to "catch up with and surpass" advanced levels as quickly as possible, the first developmental stage of socialism was inevitably accompanied by fluctuations, setbacks, hesitations, and a variety of other bitter experiences. In other words, there was instability. However, it was precisely the low level of development and instability during the first stage that made a high level of development during the second stage both possible and inevitable. In this new stage, there will still be some confusion but, as the guiding ideology for socialist construction becomes more and more mature, as the political and cultural quality of the masses improves, and as understanding of the laws governing the functioning of society approaches perfection, stability will become a fundamental trait of development.

Third, during the first development stage, the basic stance of socialism was closed and noncompetitive. As the country becomes stronger and the international situation changes, the confinement of socialism by outside forces will be smashed, the closed mode of development will be discarded, and socialism will begin to take on an open and competitive stance.

These changes in developmental traits indicate that socialism is beginning to break free of the historical limitations superimposed by the "substitution effect," and is beginning to dynamically create and decide its own mission and future. This shows the intrinsic vitality of socialism.

### III. The Internationalization of Contradictions in Capitalist Societies and the Limits of Its Development: The Prospects for Socialism in the World

Around the time that Russia, China, and other countries entered socialism, the international expansion of capital exploitation by developed capitalist countries further accelerated and strengthened. In the 30 years between 1946 and 1976, U.S. investment abroad increased from \$20 billion to \$347.3 billion, a net increase of 16 times.<sup>6</sup> By 1976, annual growth of U.S. assets abroad reached \$48.077 billion, with annual revenue amounting to \$29.444 billion.<sup>7</sup> Since the 1960's, the interest rates of developed capitalist countries on capital export have increased substantially. Between 1975 and 1980, the profit rates of U.S. monopolistic companies with direct investment in developing countries were 29, 25.3, 24.9, 23.9, 32, and 24.1 percent respectively.<sup>8</sup> [figures as published] Meanwhile, the developed capitalist countries drastically increased their imports of cheap raw materials from abroad and dumped their commodities at high prices abroad. In the 20 years from 1950 to 1970, petroleum, raw coal, iron ore, aluminum, copper, and natural rubber imported from the FRG alone increased by 50 times, 2.5 times, 8 times, 71 times, 6.5 times, and 2.5 times, respectively.<sup>9</sup> From 1948 to 1970, exports by the United States, the European Community, Britain, Japan, and other developed capitalist countries to the

Middle East, Asia (excluding the Middle East), Africa (excluding the Middle East), and Latin America increased by 350, 330, 250 and 340 percent, respectively.<sup>10</sup> In this process, the "scissors gap" between the export commodities of developed capitalist countries and that of developing countries grew wider and wider. Between 1951 and 1973, the developing countries lost some \$130 billion to the developed capitalist countries as a result of "high import and low export prices" in trade. Since the 1980's, losses sustained by developing countries in Africa, the Caribbean, and the Pacific region alone amounted to \$150 billion.<sup>11</sup> As the internationalization of capital exploitation by the developed capitalist countries stepped up, some monopolistic countries derived more than 50 percent of their total business turnover from their overseas operations in 1970. In some cases, the percentage was as high as 88 percent. Their profit rate from overseas operations also exceeded 62 percent.<sup>12</sup>

The process of the internationalization of capital exploitation by developed capitalist countries is also a process of the expansion of their highly developed productive forces. The internationalization of capital forms and movement has increased the "capacity" of productive forces. Thus, it is no "miracle" that present-day capitalism can steadily develop and can even pride itself on its transient "prosperity."

As a kind of productive relationship, capital has capitalists as its economic subjects. Thus, no matter how it acquires this form, it cannot but clash with socialized mass production. The accelerated internationalization of the movement of capital stems from the failure of capitalist countries to resolve their inherent contradictions. It also signifies the growth of the inherent contradictions of capitalism on a new level and a larger scope. Since these capitalist contradictions of international dimensions are also subject to the general laws governing capitalist movement, they, too have their developmental limits. While individual capitalist countries may overcome crises and ameliorate contradictions through outward expansion, the capitalist world cannot, at least for the time being (within the next few decades), do so by expanding outward toward other planetary systems. This is the ultimate limit for the development of capitalism; it is also the ultimate basis for the inevitable rise of socialism.

The developmental limits of capitalism on a global scale are approaching the following forms:

First, the two types of accumulation and their antitheses are growing in intensity. The accelerated internationalization of capital exploitation is also a process of the globalization of the inherent contradictions of capitalist societies. This being the case, the contradictions between international capital and the proletariat of various countries, particularly the proletariat and working people of backward countries, are intensifying and becoming a basic contradiction of our present-day world. In 1965, the per capita GNP of developed countries was 14 times

that of middle- and low-income countries but, by 1988, it was 23.46 times. In 1987, developed countries, which accounted for 16.2 percent of the world's total population, had 81.5 percent of total GNP, while middle- and low-income countries, which accounted for 83.8 percent of the total population, possessed only 18.5 percent of total GNP.<sup>13</sup> This distribution of wealth has pushed the economic contrast between the two classes toward the two extremes: At one end of the scale, the directors, managers and union chiefs of monopolistic enterprises in the developed countries, along with the leading politicians, are earning tens of thousands, hundreds of thousands, and even over a million dollars a year. At the other end of the scale, there are people starving everywhere. In many developing countries, one child will die from starvation every minute. There are still 20 to 30 countries with per capita annual incomes of less than \$100.

Second, the national contradictions between the interest-gaining and interest-paying countries are unfolding on a full scale. The contradictions between international capital and the proletariat and working people of the exploited countries have as their medium the national contradictions between the developed capitalist countries and the backward developing countries. In other words, they are realized through the struggle between the poor and the rich nations. On the other hand, the national capital of the developing countries also finds it impossible to tolerate exploitation and oppression by international capital. This has resulted in the majority of developing countries taking the road of struggle against imperialism and international capital. Since World War II, the movement for national liberation has made tremendous headway in the Asian-African-Latin American regions which had suffered most under the exploitation and oppression of international capital. By the end of 1981, as many as 87 countries had cast off colonial rule and declared their independence. International political organizations like the Nonaligned Movement, OAU, Conference of East and Central African States, Islamic Conference Organization, Union of Arab States, and OAS have been established by these countries in a further bid to free themselves from intervention and control by the developed capitalist countries. In recent years, they have actively called for establishment of a new international political and economic order and readjustment of North-South relations. In order to contend with international capital, economic groups like the Group of 77 and the Latin American Economic System; organizations of raw material production and export countries like OPEC, Organization of Arab Petroleum Exporting States, and Organization of African Petroleum Producing Countries; financial organizations like the Islamic Development Bank, African Development Bank, Arab Special Foundation for African Petroleum Importing Countries, and Organization of Arab Monetary Funds; and joint enterprises like the Caribbean Multinational Shipping Company and Arab Joint Shipping Company have been established. This kind of struggle has restricted and reduced the international

expansion of the productive forces of developed capitalist countries. When international capital has no more room for expansion, the contradictions between the capitalist mode of production and socialized mass production will definitely erupt at an accelerated rate.

Third, economic friction between the developed capitalist countries is sharpening. Thanks to the powerful impetus provided by the socialization of productive forces and the constant "rebound" of the ever-expanding export of capital, economic cooperation among various developed capitalist countries has seen considerable growth. The establishment of organizations like the West European "Community" means that the internationalization of capital exploitation and its contradictions are also unfolding within the developed capitalist system. In recent years, trade imbalances have touched off an escalation of friction between the United States, Japan, and Europe. The Omnibus Trade Act passed by the U.S. Congress in August 1988 was highly protectionist, directed against Japan, the FRG, and other countries enjoying trade surpluses with the United States. The realization of a large unified market within the European Community in 1992, and the free trade agreement between the United States and Canada which took effect in January 1989 both have the promotion of regional trade and economic development as their aim. As such, they are highly exclusive by nature. This is bound to intensify the contradictions between the developed capitalist countries and lead to economic unrest and instability in the capitalist world.

Fourth, the foundation in developed countries for capitalist production is becoming more vulnerable. Capitalist expansion and development of developed countries overseas have increased their dependence on the international economy. When the imports of resources slump, the "edifice" of the capitalist production system will come tumbling down. In 1968, Japan's dependence on imports of resources like copper, zinc, aluminum, nickel, iron ore, raw coal, petroleum, uranium, and timber was 73.4, 53.8, 100, 100, 84.7, 71.9, 99.5, 100, and 46.7 percent, respectively. By 1975, in addition to three items which remained at the 100-percent level, its dependence on other items also soared to 82.9, 61.7, 90, 85.9, 99.7, and 58 percent, respectively.<sup>14</sup> [figures as published] In October 1973, the Japanese economy was dealt a heavy blow because OPEC decided to reduce oil exports to Japan and to increase oil prices by a big margin. In 1974, the number of Japanese enterprises that went under increased to 11,681, with debts totaling 1,649 billion yen. Owing to the unlimited growth of production, many resources are falling short of demand. Thus, this kind of crisis is but a preview of the huge contradiction between the supply of resources and capital expansion.

Fifth, capitalism has lost its appeal in national politics and culture. Among those Asian-African-Latin American countries which declared their independence, about half called themselves socialist or claimed to be following the socialist road. The FRG weekly DER

SPIEGEL gave the number of these countries as 28 in 1977. Most of them showed a preference for "socialism" after their independence, primarily out of their strong hatred for Western capitalism. G.A. Nasser, former Egyptian president and representative of the socialist trend of thought in Asian-African-Latin American countries, saw "exploitative capitalism" "as one and the same thing as imperialism. The capitalist countries owed their economic leap to the massive plundering of wealth from their colonies. The initial economic source of Britain's industrial and agricultural development came largely from Indian wealth appropriated by the British imperialists. If we say that Britain's economic development had Lancashire's textile industry as its starting point, we would say that the large number of Egyptian peasants suffering from starvation and the large tracts of farmland hurried into the cultivation of cotton were necessitated by the need to supply raw materials to the British economy. Thus, "efforts should be made to eradicate this state of affairs, particularly to eradicate its possible aftermath in Africa."<sup>15</sup> In other words, international exploitation by capitalism is forcing the oppressed nations and peoples to look outside capitalism for ways to develop their national economies. The rise of this trend of thought indicates that capitalism, as a mode of social development, has been widely spurned by the backward nations and their people.

From the above analysis, it is not difficult to see that the internationalization of capital exploitation is a process of the expansion of capital development as well as a process of its self-negation on a global scale. Socialism with socialized mass production as its material foundation has not lost its social conditions for reproduction because of the internationalization of capitalism. On the contrary, because the productive forces are vigorously developing beyond the limits of national boundaries, socialism is being bred on a much larger scale. We have every reason to have faith in the global triumph of socialism.

Summing up, we may pass the following basic judgment from a global angle:

Viewed from the high plane and process of world history, the socialist cause is merely going through a temporary "period of difficulty." With the passage of time, socialism, as the true and general trend of history, will ultimately be able to break through the limitations imposed by history and fully tap and show its intrinsic value and superiority. Meanwhile, as room for the international expansion of capital shrinks, the process of the outward shift of the inherent contradictions and crises of capitalist societies will have no way to continue. Worse still, the contradictions and crises shifted outside will "bounce back." Thus, the "prosperity" and relative stability of capitalism is becoming, and will definitely become, a thing of the past. Although this phenomenon will continue for a fairly long time, it is no doubt a process of the constant buildup and eventual explosion of contradictions in the capitalist world. It will not only improve the world status of countries adhering to the

socialist orientation, but will also breed new socialist entities. Thus, as the subjects of socialist practice, the working class and laboring people of various countries must not despair and lose confidence on account of temporary difficulties. Soberly and calmly facing the reality and marching toward the future with confidence is our only correct choice.

#### Footnotes

1. Lenin: "With Imminent Catastrophe, What Is the Way Out?," *Selected Works of Lenin*, Volume 3, p. 168.
2. Lenin: "Bankruptcy of the Second International," *Collected Works of Lenin*, Volume 21, pp. 189-190.
3. "Third Congress of the Comintern," *Collected Works of Lenin*, Volume 32, pp. 461-462.
4. *Collected Works of Lenin*, Volume 18, p. 155.
5. See "An International Comparison of China's Developmental Achievements Over the Past 40 Years," compiled by the special task group of the State Council's Development Research Office, GUANLI SHIJIE [MANAGEMENT WORLD] No. 3, 1990.
6. "International Receipts and Payments Statistical Supplement, 1949-1960," U.S. Department of Commerce; "1970-1976 President's Economic Report," 1978.
7. XIANDAI SHANGQING GAILAN [MODERN MARKET GENERAL VIEW], No. 6, 1978.
8. Source: RENMIN RIBAO, 27 August 1990.
9. Soviet "Foreign Commercial Information Bulletin," Supplement to No. 3, 1972; "Situation in Capitalist Countries Since World War II—Collection of Statistics"; "Collection of World Economic Statistics, 1948-1959."
10. UN STATISTICAL MONTHLY, June 1972 and June 1973; "Commodities and Trade Statistics," 1963.
11. RENMIN RIBAO, 27 August 1990.
12. FORTUNE MAGAZINE, No. 5, 1976; "Multinational Companies in the World History of Development," compiled by the Economic and Social Affairs Section of the UN Secretariat, 1973.
13. RENMIN RIBAO, 27 August 1990.
14. [Japan] "Resources in an Era of Internationalization"; report compiled by the Economic Review and Resource Study Committee.
15. Quoted from *The Morning After Independence—Translations on Socialist Trends of Thought in Present-Day Asian-African-Latin American Countries*, p. 139.

### Deepen Reform in the Course of Economic Improvement and Rectification

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[Article by Jing Ping (2529 1627)]

[Text] In November 1989, the CPC Central Committee made a series of decisions to continue improvement and rectification and to deepen reform. The whole party and the nation have worked diligently together and have accomplished obvious success in rectifying and improving our economy. Our national economy is now going in the right direction. Meanwhile, since the party has administered timely new measures, we have managed to extend and expand on the success of reform. As a result, our reform is also going further and further along the right path. This experience tells us that rectification, reorganization, and reform are on the same side and can supplement each other. As long as we carry out the policy thoroughly and uphold the basic line of "one center and basic points," our national economy will be able to proceed on the route of continuous, stable, and coordinated development.

However, on the day when the decision to rectify and improve was announced, already there were people openly attacking this policy. For instance, SHIJIE JINGJI DAOBAO started the attack on improvement and rectification. The background, true picture, and essence of the attack is now clear to everyone. Surprisingly, to this day some comrades still think that implementing rectification and reorganization is a counter measure against further reform. They believe that rectification and reorganization have the attributes of stumbling, stagnating, and retreating from reform, and that they are the cause of today's economic difficulties. This is definitely a mistaken viewpoint.

Our country will not back away from the reform and open policy. Our economic system, formed during the middle of the 1950's, has many flaws. Only through reform can we correct these flaws. At the same time, we open ourselves to the outside to further liberate productivity and to fully extend the superiority of the socialist system. We want our country to get stronger and richer as soon as possible. The whole party and the whole nation understand that to deal with the ever-changing international struggle, we must further unfold the glorious truth of Marxism and strengthen the vitality of the socialist system. But, how far should our reform go within a certain period of time, and what major measures we should take? We must consider the questions of reality and feasibility. If the environment and conditions are not right, and we forcefully push too many measures to reform, results will be contrary to our expectations. This is because even though the measures may be necessary, the timing is wrong. In the second half of 1984, the economic growth of our country began to overheat. The money supply was excessive, and the distribution of national income was out of proportion. In 1985, the



retail price index nationwide rose to 108.8, and in 1988, to 118.5. As a result, many people decided to spend their savings and indulged in overbuying. We tried to tighten finance and credit during 1987, but because we were not thorough in carrying out this policy, the economic structure became maladjusted, the market was in chaos, and the fiscal deficit became larger. Under these circumstances, at the Third Plenary Session of the 13th CPC Central Committee, the party decided to rectify and reorganize our national economy. Since then we have had some success. However, at that time, 1988, many departments, sections, and units did not understand the necessity, urgency, and difficulties of improving and rectifying our economy. We did not manage to solve many complicated problems in our national economy. One year later, in November 1989, at the Fifth Plenary Session of the 13th CPC Central Committee, the party decided that we must continue the job of rectification and reorganization and continue to deepen reform. It was pointed out at the Fifth Plenary Session that we must make an honest estimate of the problems and of the difficulties that still exist in our economy and have a clear understanding of the seriousness of our situation. We should be more conscientious and persistent about rectifying and reorganizing our economy. We are committed and have the will power to implement the policy of continuous rectification and reorganization and of further reform. At the same time, the committee pointed out that to rectify and reorganize the economy did not mean that we would be putting a stop to this stage of reform, or that it was the end of reform. However, as we concentrate our energy on rectifying and reorganizing our economy, reform has to take a circuitous route. Reform must work for rectification and reorganization. We must not create a fissure between reform and rectification; they should not be antagonistic to each other. If we are not eager about rectification and reorganization, we will not be eager about reform either. This fact shows that the CPC made a correct decision. At the time the decision was made, if the party had failed to take drastic measures to rectify and improve the economy, to lower overheated growth rates, to control inflation, and to stabilize the economy, there would not have been any reform. If we had blindly pursued speedy reform, arbitrarily issued new measures for reform, or tried to "leap over the hurdle" and "jump start" the economy, we would have seriously damaged the progress of modernization, destroyed the development of industrial production, caused uneasiness, and created social instability. Deng Xiaoping was right when he said, "No open door, no reform, no future. And there will not be any modernization for our country. But we should be careful when we deal with practical matters. We must study our experiences as soon as possible after we have had them. After we take each step, we should summarize our experiences. We must find out in what areas we can speed up, slow down, or scale down. We must proceed like this. We must not force our way in." (Speech at the meeting with Basic Law Drafting Committee members from Hong Kong SAR [Special Administrative Region])

After hearing this sincere advice, shouldn't those comrades who are confused wake up?

Rectification and improvement prepare the road for deepening reform. During the course of events, they also need the cooperation of reform. These issues are united as one. During the last few years of rectification and improvement we have upheld the reform and open policy. There are continuity and stability in our policy, and this reinforces the success of reform. We have also taken new measures and careful steps to promote reform. Some of these steps are large steps that deepen the reform even more. For instance:

We have further clarified the direction of reform. A few years ago a small number of people, who were in fact bourgeois liberals, used the banner of reform and openness to fight against the four basic principles, to promote privatization, and to steer China toward "total Westernization." What these people meant by "reform" was for us to be on the capitalist path; and "openness" for China was to be merged into the Western capitalist system and to be subsidiary to Western countries. After the turmoil stopped and the counterrevolutionary riot was quelled, we criticized this bourgeois liberal viewpoint, clarified mistakes, made a distinction between the two different kinds of reform and openness, and further established the direction for reform. Afterward, our reform and open policy returned to the correct path and now marches along healthily.

We have a clearer idea of what should be the goal of reform after we have summarized our experience and studied our theoretical explorations. The goal of our economic reform is to build a socialist economic system and mechanism that are based on public ownership and to develop a planned commodity economy. In other words, we combine a planned economy with market adjustments. A plan is different from a directive. Our job should not be limited to controlling quotas. To implement plans and to administer controls we must take more initiatives. We understand that it is important to decide the proportion of development and that there should be rules. We understand the relationship between market supply and demand and pricing regulations. We must expand the size of the commodity market and establish a unified market system in China. This way, we can combine the superiority of a planned economy with the flexibility of market adjustments.

In rural reform, the household responsibility system linking remuneration to output remains unchanged. At the same time, we are trying to develop a socialized service system in rural areas, improve the two-level management system, and increase the strength of the collective economy. As for the reform of enterprise management, the majority of enterprises continue with the contract system. We have also improved the procedure of implementing the contract system. Some regions are the testing ground for new measures; enterprises will be allowed to "separate taxes and profits, pay back their loans before taxes, and fulfill their contracts after taxes."

The system of stockholding and leasing will continue to be tested. Enterprises are organized together as groups. As we continue with the manager-responsibility system, we will strengthen the party's leadership and ideological and political work. It used to be that we were "tough on the one hand and soft on the other." This is no longer the case, and the situation has begun to improve.

As to the reform of the macro system, we have readjusted and reformed the policies concerning the planned-investment system, tax collection, finance, and the monetary system. We have designated authority to grant approvals of major construction projects. We have strengthened the macro regulating function of the central bank and its provincial branch offices. We have a policy for credit distribution. We have designated a special office responsible for distributing funds for buying agricultural products. Some cities have been chosen to be the testing ground for stock exchanges. We have made some improvement in the price-control system. Commodity prices are now under strict control. We have readjusted the prices of the means of production and of consumer commodities. We have made some progress in improving the unreasonable pricing system.

We have rectified the procedure for circulation of funds. Companies that we involved in profiteering have been closed down. We have reregistered several hundred thousand companies and redefined the distribution system for the means of production. Political administration and business management have separate responsibilities, and administrative control is reinforced.

In the area of foreign trade, the measure we took in 1988 was to subsidize export trade with a contract system. Not long ago we decided that we would like to have more initiatives from the central and local governments and from the enterprises. We have extended the principles of the open policy; instead of foreign trade enterprises being subsidized, they will be held responsible for their gains and losses.

As for opening to the outside, we have had some success in this area. We have improved the investment environment and have given approval to many new foreign enterprises. The Hainan Special Economic Zone was established in 1988. Among the coastal cities, 14 districts have been set up for economic and technological development. These districts will enjoy an open policy similar to that granted to special economic zones. Xiamen has set aside special places to attract investment from Taiwan. Based on special treatment given by the central government, Guangdong, Fujian, and Hainan are conducting special tests of the reform and open policy. Last year, the CPC and the State Council made the decision to open and develop Pudong district in Shanghai. This decision will help us use the superior resources, science, and technology in Shanghai and in the area around the Huangpu River. This is an important decision because it will develop and stimulate economic development in the region.

The examples we have mentioned above show us that our reform and open policy is being steadily carried out and gradually expanded. Because we are implementing reform amid rectification and reorganization, we regulate our steps as we go along. This is to maintain stability and to coordinate the overall effort. Every measure and every step we take related to the reform policy is a result of detailed planning. We must think of the conditions surrounding reform and how each step may effect the reform policy. We should avoid chasing after a single goal; everything we do must be beneficial to the overall situation and for the good of stability. Every single measure should be combined into macromanagement. This is how we make progress in implementing the reform and open policy. As can be seen, those who think that during the last few years we "stopped or set back" reform are wrong. If they insist on repeating such a statement, even when reality tells them this statement has no foundation, then we must ask the unavoidable question: What, in the minds of these comrades, is the meaning of reform?

We ought to mention that we have made adjustments during the last two years based on the earlier results of reform. Earlier we emphasized distribution of power and relied on flexibility. We ignored central planning of the macroregulation. We have now strengthened the use of economic means by reforming the macrosystem. This is one very important aspect of reform. The reform policy concerns the reform of the enterprise system and the macrosystem. These two systems must be in line with each other; they cannot exist alone. In the past our economic system was highly centralized. A few years back, when we started to implement reform, we began by giving enterprises more independent power. This was a necessary and correct move. Today, the key link of reforming the economic system is the same—revitalizing mid-sized and large nationally owned enterprises. To accomplish this we cannot stop at just adjusting the relationship between the government and the enterprises, we must look at the macrosystem and the operational mechanism. Our experience tells us that we cannot separate micromasures from macromanagement. When we apply micromasures to revitalize the economy, we must follow the action with macromanagement, otherwise the enterprises will not really improve. They may even be in chaos. We need to reform the microsystem. We also need to reform the macrosystem. This includes planning, finance, and the monetary system. In other words, while we revitalize the microsystem, we reform the macromanagement system and strengthen macro-control. In a way this is a more important and complicated reform. We must not think that reform means distributing authority and profits only, that reform is to release the control of enterprises, and that we do not need to reform the macrosystem and strengthen management.

We have succeeded in rectifying and reorganizing the economy, but our duty is not finished. We have not yet solved the original conflicts in our economy, and meanwhile new conflicts have appeared. Therefore we must

continue with rectification and improvement, for this is no time to relax. We must uphold the reform policy and proceed with reform. At present the reform and open policy is playing second fiddle to serving the purposes of rectification and reorganization. However, we need to deepen reform in order to liberate productivity, to stimulate everyone's initiative, and to solve various economic problems. We should gradually build up an economic system and operational mechanism that can lead to the development of productivity. At the Seventh Plenary Session of the 13th CPC Central Committee, the party said that "we firmly believe in promoting the reform and open policy." "We must summarize our experience of reform and openness in the 1980's, and follow the development of productivity. We will continue to deepen reform and expand our open policy." In implementing our Eighth Five-Year Plan, we may take one or more years to develop rectification, reorganization, and reform. Furthermore, as we develop our economy, we should make further progress in regulating the industrial structure and deepening reform. In 10 years we ought to be able gradually to build up the new economic system and the operational mechanism with public ownership as the basis, a combination of a planned commodity economy, a planned economy, and market regulation. This is important to the development of the next 10 years, final establishment of the new economic system, and realization of the third stage of our national economic development.

### Several Issues Concerning Readjustment of Industrial Structure

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[Text] One of the big and important topics which must be categorically settled in the economic construction of the last 10 years is how to vigorously readjust the industrial structure, push its rationalization, and cause it to gradually proceed to modernization on that basis of rationalization. One of the noticeable features of the recommendation by the party Central Committee related to the formulation of the 10-Year Program and the Eighth Five-Year Plan is that it gives greater attention to the problem of industrial structure than was given in past five-year plans and regulations.

#### I

China's accomplishments in economic construction during the 1980's have astonished the world. In industrial structure, certain new phenomena have also appeared: The proportionate relationship between industry and agriculture has been readjusted as has the internal proportionate relationships of industry and agriculture; the tight supply situation of agricultural products and industrial consumer goods which caused economic concern in the past has been clearly eased; product structure has been improved; the electronics,

synthetic materials, and electrical goods for household use industries have achieved rapid development; and the obvious raising of production and technological levels of society, and the completion and commissioning of over 1,000 large and medium backbone projects, have greatly enhanced the stamina and continuing strength of our economic development. Indeed, readjustment of the industrial structure has made positive contributions to the development of China's economy and the improvement of the people's standard of living in the 1980's.

However, the irrational industrial structure, which has existed for a long time, has not basically changed. In the course of development, certain new contradictions and problems have appeared. The difficulties currently facing our country's economy are, first, the imbalance in gross volumes, and, second, the maladjustment of the structure. Imbalance in gross volumes has aggravated the contradictions in the industrial structure, while these contradictions have in turn brought difficulties to balancing the gross volumes. The knitting together of the two has restricted the coordinated development of China's economy and improvement of macroeconomic effects. At present, the main contradictions and problems in China's industrial structure are as follows:

—The inability to fulfill needs because of the high-speed growth of industry and the low-speed growth of agriculture. Coordination of the industrial structure is a development process. It cannot simply be measured by comparing the growth rates of the individual industries nor can there be the demand that the various industries maintain a similar growth rate or maintain a fixed proportionate rate in their growth. Since the Industrial Revolution and for the foreseeable future, the trend that industry's growth rate will exceed that of agriculture will continue. Similarly, since the application of science and technology has achieved breakthroughs in the chemical and raw materials industries and other sectors, industry's degree of dependence for raw materials on agriculture has been greatly reduced and this development trend is likely to continue. However, the present foundation of China's agricultural production is still rather weak and its ability to resist natural disasters is still not strong enough. The modernization of agricultural production and the entire rural economy has only just begun in certain places, and in many places not at all, while industry and the whole national economy are still suffering from agriculture's restrictions. The main obstacles to China's agricultural modernization are: In rural areas, with little cultivated land but a large population, it is rather difficult to achieve rational economic dimensions for agriculture; under the compulsion of comparative interests, investments in rural areas have been slanted toward nonagricultural pursuits and, at present, the state still lacks the basis for heavily supporting the modernization of agriculture. In recent years, the prosperity of the rural economy has depended largely on the growth and development of township and town enterprises, and agricultural production of grain, cotton, and edible oils has not been at

all stable. Moreover, with the rapid population growth, there has been an outstanding contradiction in supply and demand of agricultural products. Although the "difficulty of selling grain" has happened occasionally in individual years and individual localities, generally speaking, agricultural products have not been plentiful and shortages will appear once the harvest is poor.

—The industrial structure has been overly slanted to the processing industries in general. Over the past 10 years and more, the growth rate of the energy and raw materials industries has not been at all slow but, due to the too rapid growth of the general run of processing industries, the supply of energy and raw materials has appeared to be in serious shortage and these industries have become "bottleneck" industries. The causes are: 1) Processing industries in general require little investment, their construction period is short, and under the conditions of the plurality of investment bodies and the dispersal of investment, processing industries can easily be taken on and operated; and 2) prices are irrational. The prices of energy and raw materials are relatively low, whereas for the products of the processing industry both prices and profits are high. The blind development of the processing industries in general and the industrial structure turning toward light industries not only has aggravated the maladjustment of the internal proportionate relations of industry and the bottleneck restrictions, but has also affected the buildup of the continuing and sustaining strength of economic development.

—Compared with the energy and raw materials industries, communications and transport have even greater bottleneck restrictions on the development of the national economy. The railways and highways, in their capacity as the backbone of China's current communications and transportation system, have developed rather slowly and have depended mainly on sustenance from overload transport and tapping hidden potential. More recently, as a result of market weakness and a downturn in the volume of transport, the strained situation in communications and transport seems to have eased somewhat, but this is only a temporary phenomenon. Once the economy recovers its normal level of development, communications and transport will still be severely restrictive factors. The factors causing backwardness in the basic industries, such as energy and raw materials, are also responsible for communications and transport falling behind. Because investment in communications and transport is much higher than in the energy and raw materials industries, the construction period is also very long and, besides, investment in them requires a large concentration of financial power and material power and they cannot be so easily executed.

Properly solving these contradictions and continuously promoting rationalization of the industrial structure are the objective requirements for healthy development of

the national economy and are directly related to realization of the second-step strategic target and to economic growth and development in the early part of the next century.

Basically solving the problem of having enough to eat and wear indicates the first important stage in China's economic development, and moving from having enough to eat and wear to being fairly well off is another stage in the economic development of our country. Readjustment of the industrial structure in the new stage of economic development carries a new and even deeper significance. When the problem of having enough to eat and wear has not yet been solved, people's consumption may be said to be "no choice in food when hungry" and "no choice of apparel when feeling cold"; but when the problem is solved, the momentum of the agricultural population turning to nonagricultural pursuits picks up and poses new and increasingly urgent demands on the basic industries and facilities. On the other hand, with the increase in people's income and consumption, much greater attention is turned to the quality of the consumption and the character of selection is further enhanced. The structure of products and the industrial structure must be suited to these changes, promptly readjusted, and made to proceed gradually toward modernization. Only by so doing can the demands of the new stage of economic development be fulfilled. In recent years, spite the rise in the level of residents' income, the Engels' coefficient still perches high and refuses to climb down. Naturally, this is due to such causes as the existence of an urban social welfare system, such as overly low house rent, free education, and the relatively common existence of free medical care. But the fact that the product and industrial structures have not been promptly readjusted and that the consumption area is too narrow, are undoubtedly also important causes. The present market weakness is naturally caused by the enforcement of economic retrenchment, which in turn has generated insufficient demand. But there are also structural causes. According to the tabulation of the supply-demand conditions of some 630 kinds of principal commodities during the second half of 1990, supply of 109 commodities lagged behind demand. That is about 17.3 percent. The supply of 141 others, or 22.4 percent, exceeded demand. As for the remaining 60 percent, their supply and demand were general balanced. People by no means hope for market weakness but it is not a totally passive factor. It gives people a beneficial lesson. A socialist economy is not destined to be an economy of shortages. A definite amount of surplus is a necessary condition for market competition and is beneficial to promoting technical progress and satisfying consumer demand. In the new stage of economic development, while greatly developing the commodity economy, economic leaders and entrepreneurs are facing a new challenge. If we are skillful in grasping the opportunity to carry out readjustment of the product and industrial structures, the caliber of our economy can be rapidly raised and we can step up the speed of technical progress. If this is not the case, then the structural contradiction of the coexistence of

shortages and stockpiling may be generated from now on and may even be greatly aggravated.

While criticizing the blind development of the processing industry and the weakness of the basic industries and facilities, we must also note the rapid development during the past 10 years and more of the consumer goods and tertiary industries and their positive contributions to economic prosperity and raising the people's standard of living. If there had not been a display of the role of the plural economic constituents and if development of the commodity economy and regulation by market mechanism had not played their role, there could not have been the present situation of a plentiful commodity supply. Similarly, while criticizing industry for putting too much stress on developing heavy industry and slighting light industry in the past 30 years, we should also realize that a generation of people's hard struggle actually formed the accumulations needed for industrialization and formed a relatively complete industrial system, laying the foundation for today's modernization program. We should make an overall summation of past experience, commending the strong points of the past 30 years and the strong points of the recent 10 years and more, overcome any insufficiency, readjust the industrial structure more rationally, and do an even better job of economic construction.

## II

Based on the existing contradictions in China's industrial structure, and the demands of the new stage of economic development, in readjusting the industrial structure we must emphasize the following:

—Greatly strengthen and develop agriculture. A population of over 1.1 billion is China's special national condition, thus, solving the food problem for people throughout China is the basis for economic development, social stability, and the country's self-reliance. In 1990, agriculture had a plentiful harvest, but everywhere there now seems to be the cry of "difficulty in selling grain." However, can it be said that from now on China's agriculture will not have any troubles? Decidedly no! The plentiful harvest in 1990 was no doubt due to man's efforts, but the favorable natural and climatic environment also played an important role. Agriculture in our country not only suffers limitations imposed by weather conditions but is also affected by the important restrictive factor of there being a large population but limited cultivated land. The harsh facts are that a reduction in the cultivated land area and population growth have reduced per capita cultivated land. By the year 2000, even though redevelopment and new cultivation can replace the reduction in the original area of cultivated land, the population increase will continue to reduce per capita cultivated land. In 1995 and 2000, grain production must reach 900 billion jin and 1,000 billion jin respectively. Even if these two targets are realized, due to the population increase we can, generally speaking, only

maintain the present per capita grain-holding quantity. Of course, after readjusting the crop structure, raising per unit output, and such other devices as opening up as yet unused resources (barren land, barren hills, grassland, beaches in rivers and lakes), China's agriculture will still have some spare ground. It will be necessary to fully utilize the surplus rural labor force; continue to advance the depth and breadth of production; develop the overall rural economy, including agriculture, forestry, animal husbandry, sideline production, fisheries, and so forth; and continue to develop township and town enterprises. People's consumption must also be pluralistic in nature and should not be confined merely to raising the per capita holding quantity of grain. For the sake of realizing the target of agricultural development, it is necessary to adopt certain big and important measures: continuation of deepening rural reform; mobilization of the forces of the central government, the localities, the state, and the peasants to increase input and to accomplish certain big issues of basic construction in agriculture, such as strengthening the treatment of big rivers, opening up comprehensive regions in agriculture, construction of projects making water from the south flow northward, and so forth; continuation of grasping well and depending on education and technology to develop agriculture; reform of the agricultural product circulation system; strengthening land management and control and making valuable and rational use of land; further development of industries producing goods for agricultural use; continued firm and irrevocable enforcement of the basic national policy of planned population control; and so on and so forth. All these are the urgent needs of China's agricultural development.

—Strengthen the construction of basic industries and facilities. The lagging behind in development by China's basic industries and facilities has seriously restricted development of the national economy. It appears that China's industries slanted toward light industry in the 1980's, and, although it is necessary to simultaneously maintain a suitable growth rate for consumer goods industries, we should adopt an appropriate slanting policy in investment for construction of the basic industries and facilities. A major point during the next 10 years and the Eighth Five-Year Plan in the field of economic construction is to engage in construction of basic industries and facilities to strengthen the weak link of the national economy and cultivate the continuing and sustaining strength of economic development in the first part of the next century. Because of insufficient input of coal and petroleum during the Seventh Five-Year Plan the construction scale in the energy industry has not met the plan's demand and this will affect the ability to continue production increases in the 1990's. Increasing input and ensuring the stable growth of the energy industry provides an important material foundation for realizing economic development targets in

the 1990's. Development of communications, transport, and posts and telecommunications will ease the bottleneck restrictions on China's national economy and also constitute the material foundation for breaking local blockades and for the formation of a unified domestic market. It is also an important and necessary condition for improving and perfecting the socialist system of planned commodity economy. There is an intimate industrial relationship between the communications and transportation industries and they should be among the forefront and leading industries for the 1990's and even longer. With regard to the raw materials industries, readjustment of their structure should be a major point to be well grasped and, through the transformation and expansion of existing enterprises, we should raise their technological level and the quality of their products and increase the production of products which are lacking or in short supply as well as of high-grade products. By so doing, the same quantity of steel and the same quantity of nonferrous metals and other raw materials can perform much larger functions.

—The processing industry must be reorganized and transformed. That is, through reorganization of enterprise structure and technical transformation, we raise its technological level, improve product quality, and readjust the product structure. The scale of China's processing industry is large, but the technical level is low. It has more than enough ability to meet low-grade demands, but is deficient in strength to meet high-grade demands. For example, in the case of the machine-building processing industry, China has more than 3 million lathes, occupying first place in the world. But many machine-building plants have to stop operation at times. Because our products are of a low level and poor in quality, we must import many sets of machinery equipment annually from abroad. Beginning technical transformation with the machine-building industry can raise the level of the equipment of the entire national economy and improve the structure of export commodities, and it has important and strategic significance in economic development. The scale of China's light industry is large, but the quality and grade of the products are very low and their competitive power is very poor, but, through technical transformation, they may better satisfy the people's livelihood needs and find it much easier to enter the international market. Only through vigorous technical transformation of the processing industry can our export trade be transformed from principally exporting crudely processed products, to principally exporting well-processed products and accomplish the objective of increasing foreign exchange earnings through relying mainly on the quality and reputation of the export commodities.

—We must make the building industry maintain the trend of rapid development. In the 1980's, the growth rate of net output value and the number of people employed both exceeded the growth rate of industry

and of the communications and transport sector. In the 1990's, after development of basic industries and improvement in the people's standard of living (housing construction and construction of public facilities), the building industry will have wide prospects and may even display the effective form of labor export. According to experience in many countries, if the performance is good enough, the building industry can become one of the supporting pillars of our country in the 1990's.

—We need to attach great importance to developing tertiary industry. In the 1980's, tertiary industry developed rapidly. Its proportion of the GNP and the number of people it employed both registered a rise. This played a positive role in absorbing the surplus labor force and it facilitated the people's livelihood and enlivened the urban and rural economies. However, despite all this, China's tertiary industry's proportion of the GNP is still about 26 percent; this is not only lower than that of economically developed countries, but is also lower than the average level of developing countries. As a general rule, the more an economy is developed, the greater is the proportion of tertiary industry in the GNP. Tertiary industry can make large contributions to the growth of our GNP and labor employment during the 1990's. This will be important for rationalizing the industrial structure, raising the economic effects as a whole, and improving the people's standard of living.

In readjusting the industrial structure, it is necessary to realize two tasks: First, coordinating the industrial structure, and, second, rationalizing it, or, it can be said, raising it to a high degree or a high grade. In general, coordinating the industrial structure refers to its rationalization on the basis of existing technology. Although modernization of the industrial structure must also comprise its coordination and rationalization and must also be based on its coordination and rationalization, it is accompanied by the special implication of the "promotion" of the industrial structure arising from the raising of society's production and technological level. Making the industrial structure proceed toward modernization and realizing rationalization through its readjustment must be on the basis of scientific and technological advancement. Modern science and technology have undergone daily changes and improvement and, after advances in technology, new products will inevitably arise, new industries and trades will be formed, and, evolutions and changes in the industrial structure will inevitably result. The world's economic history over the past 300 years has shown that technical revolution has invariably accompanied or followed big changes in the industrial structure and social economic development. The invention and expanded use of the steam engine and the invention and expansion of electric and electronics technology have both shown this. Biological work; electronic information technology; automation techniques; new-type materials; new energy; aviation and aerospace; oceanology; lasers; superconductor and light fiber communications; and such other scientific and technical

results in the high technological sphere have already had, or will have, immense effects on the industrial structure. Hence, promotion of technological progress is of great importance both to the readjustment of the industrial structure and to the process of modernization as a whole. In order to promote technical progress, we must develop new technology and, on the other hand, we must carry out technical transformation of the existing enterprises.

In a definite sense the process of modernization of the national economy is the process of continuously proceeding toward modernization of the basis of rationalizing the industrial structure. In the process of rationalizing and modernizing the industrial structure, there are medium-term, long-term, and short-term targets. The former should be included in the five-year plans and 10-year programs and the latter, in annual plans. At present, the major point of economic improvement and rectification has shifted from balancing gross volume to readjusting the structure. Different from checking and controlling currency inflation, readjusting the industrial structure is a relatively longer process and cannot be accomplished within a short period. For example, in the case of railroad construction, even though large-scale investments have now been made, the results will not be seen for several years later. Besides, greatly increasing the investment volume is seriously affected by restrictions of financial and material power. As for construction of other basic industries and facilities, we must also consider the limitations of the state's financial and material power. Therefore, during improvement and rectification, readjustment of the industrial structure can only be limited to attaining a limited and periodic target, such as certain improvement in the proportion of investment in different industries, readjustment in the growth rate, a certain easing of the bottleneck situation in the development of the national economy, and so forth. If the demands are too high in this connection, then the targets may not be achieved or the improvement and rectification period may be dragged out. All this will be disadvantageous to the growth of the entire economy and to the reform.

At present the relationship between the domestic and international economies is becoming increasingly intimate. Hence, during the 10-Year Program on economic development and the Eighth Five-Year Plan it is necessary to consider this factor of international economic and technical interflow. In similar manner, this factor should be considered in the readjustment of the industrial structure and we must attach importance to displaying the relatively strong points in international exchange. The coastal areas are particularly important in this regard, and it is also important in the inland areas. There is a great difference in the degree of capability for international trade between different industries. Some industries can solve the insufficiency in domestic production by means of imports and some can display the strong points in domestic production through exports. In some industries and trades the degree of availability for trade is very low. For example, the shortage or insufficiency in domestic communications and transport

capacity can hardly be mended by international trade, particularly in the case of the insufficiency in basic facilities such as highways and railroads, since the latter can only be built inside the country itself. This is also an important factor which must be considered in readjusting the industrial structure.

### III

Three big problems need solutions in the development of China's economy in the 1990's, namely, balancing gross volumes, readjusting the structure, and improving the effects. Solutions to these three problems will all have to depend on structural reform. Deepening the reform is sorely needed in the continued development of the national economy and is also needed in enabling the rationalization of the industrial structure and its gradual advance to modernization. If progress cannot be achieved in deepening structural reform, it will be difficult for readjustment of the industrial structure to realize its anticipated targets.

Reform of the financial contracting system and the enterprise contracting system has a direct relationship with the central government, local governments, state, and enterprises. It is also related to readjustment of the industrial structure. Implementation of the financial contracting system was a realistic selection in the initial stage of reform. It has played a good role in arousing the positivism and enthusiasm of the localities in their being masters of the house in financial management and increasing revenues. However, following development of the economy and deepening of the reform, its passive role has become increasingly clear. It has principally fueled the over-dispersal of financial power and caused blockading by localities and the division of markets. The stiff nature of interests formed by the contracting system offers a great impediment to readjustment of the industrial structure. As for the enterprise contracting system, it has simplified many complex economic relations, like bundling together a mixed cluster of fibers into a single bag and, under the conditions of irregular economic relations, it plays a good role in carrying out macroeconomic control and arousing the positivism of the enterprises. Nevertheless, the enterprise contracting system has also revealed its defects daily. The contracting system has not only allowed the irrational industrial structure to continue, but has also, by means of system form, caused the current reality to become fixed. This is contradictory to competition and vitality in a commodity economy and is not beneficial to readjustment of the industrial structure. Because different enterprises have different base figures, and since their starting points are not the same, there is no way to carry out competition in terms of equality. Financial contracting and enterprise contracting need to be reformed. The direction for the reform is the implementation of the tax division system between the central government and the localities and also enforcement of the separate flow of profits and taxes by the enterprises. The concrete steps for implementation of this reform will require continued study. At present, the financial contracting system must



continue to be stabilized and perfected and, at the same time, piloting points for the tax division system must be actively pursued. The great majority of enterprises should continue to adopt the contracting system but, at the same time, the concrete methods can be changed and improved while piloting points for the separate flow of profits and taxes should be earnestly carried out.

If it is said that the dispersal of financial power is the important cause leading to the industrial structure slanting toward becoming small and light, then readjusting the industrial structure and strengthening the construction of basic industries and facilities will call for the centralization of funds. Centralization of funds will make it necessary to make an appropriate readjustment of the existing pattern of distribution of the national income. Since the reform, vast changes have already taken place in the distribution system and distribution pattern in the national income. The general tendency has been for individual income to rise rapidly but for the national income to fall drastically. Although the enterprises' profit retention has increased, the change in their ultimate income has not been large at all. If this trend continues then the state will not have the greater strength needed to engage in the construction of public enterprises and major construction projects and in readjustment of the industrial structure, while the enterprises' self-accumulation and development capacity for which we hope, will be seriously weakened. The rise in labor costs will likewise affect the competitive ability of our exports as well as the investments by foreign merchants. Improvement in the distribution pattern of national income and readjustment of the industrial structure are directly related. They are an important topic in improvement, rectification, and deepening the reform and are problems which must be solved in realizing the target of economic development in the 1990's. Hence, it is necessary to correctly handle the relations between the state, the collective, and the individual, as well as the relations between the central government and the localities. We must appropriately raise the proportion of financial receipts in national income and the proportion of the central government's receipts in total financial receipts. In this regard, we face many choices with two-pronged difficulties. If important and stern measures are not taken, then the irrational situation of income distribution cannot be rectified. Adoption of too drastic measures may adversely affect economic and social stability. If we do not raise the amount of state finance, particularly central government financial receipts, then capital construction and macroeconomic adjustment and control will lack financial support. This will affect the stamina of cultivating the economic growth, and, at present, we are also already meeting seriously growing difficulties. Lowering the proportion of the receipts of enterprises or localities may also possibly affect their positivism and enthusiasm. If we cannot immediately bake the "cake" to a larger size, then the various stalls they have already set up cannot continue to stand and this indeed is fraught with difficulties. If investment in the basic industries and facilities is not increased, then it

will be difficult to readjust the structure and to strengthen the stamina of economic development. On the other hand, too large an increase in investment on this side may expand gross demand and will not help to check currency inflation or maintain economic stability. All these contradictions exist objectively. They are facts which we cannot ignore. In reality, a perfect and flawless method is nonexistent. We should carefully weigh the advantages and disadvantages and persistently probe for a workable method which has more advantages than disadvantages.

Basic changes have already taken place in the pattern of the economic structure, therefore, we shall need to find certain new measures when centralizing funds for strengthening the construction of basic industries and facilities. Opening up a new road to employ economic measures to centralize social funds is indeed a new topic to us. For example we may, through multisided raising of funds between the central government, the localities, and the departments, carry out joint investment in construction so that whoever invests will benefit but will also bear the risks. The various parties making the investments must be based on the principle of equality and mutual benefit, and there will be separate calculation and separate sharing of the output value, taxes, products, profits, and employment of workers, which will all be proportionate to the investment so that, under the conditions of looking after the existing interests of the localities and departments and through economic alliance and specialized cooperation, dimensional operations and ameliorating arrangements can be realized. We should try hard to find a way to centralize residents' idle funds and to support readjustment of the industrial structure. If indeed we can centralize a portion of the increased amounts of monetary receipts of urban and rural residents by means of floating bonds for the construction of basic industries and facilities, then the sum that can be realized will be considerable.

Banks can play an important role in developing the planned commodity economy, and progress in readjusting the industrial structure and reform of the system both require further reform of the currency system. It is necessary to strengthen the functions of the central bank in effecting macroeconomic adjustment and control, controlling the money supply, and stabilizing the currency and the economy. At the same time, it is necessary to differentiate between credits and loans of a commercial nature and those of a policy nature and between different methods of control to serve the purposes of macroeconomic adjustment and control, enlivening the economy, and implementing the industrial policy. Encouraging consumer savings, starting savings schemes for buying residences and other commodities, appropriately expanding the issuing of stocks and bonds, setting up and improving the stock market exchange system, and so forth, should also be included in reform of the currency and financial structure. They can all be useful in readjustment of the structure.



Irrational pricing is an important cause of the irrational industrial structure. Distorted prices form an antiregulation mechanism which, along with the stiff character in interest in enterprise contracting, drives the investment bodies to strive for the general processed products which charge high prices and reap huge profits, thus causing difficulties in implementing the policy of readjusting the industrial structure. In order to push the rationalization of the industrial structure and cause it to gradually proceed in the direction of modernization, it is necessary to carry out price readjustment and price reform and we must, on the precondition of stabilizing the economy and preventing currency inflation, systematically readjust the prices of the important means of production, gradually solve the contradiction of the prices of certain basic raw materials and facilities being on the low side, and, in a planned manner, raise the purchase price of grain. Regarding processed products and durable consumer goods whose supply and demand are generally balanced, and particularly those whose supply is larger than demand and products whose flexibility in supply and demand is relatively large, we can consider the gradual decontrol of their prices and enforce regulation by market mechanism. In similar manner, the problem of the double-track price system must be gradually solved.

Readjustment of the industrial structure requires pushing enterprise reform and reform of the social security system. It is necessary, through reform, to strengthen the vitality of the enterprises, particularly of the state-run large and medium-sized enterprises, and at the same time to set up a restraining mechanism for the enterprises to ameliorate their organizational structure and to make it benefit the readjustment of the product and industrial structures. At the moment, enterprises cannot go into bankruptcy and the "iron bowl" of employment cannot be broken, an important reason for impeding readjustment of the structure. This is not because of a statute, since we already have the "Bankruptcy Law" but because of the lack of a sound social security and protective system. Even if production conditions in an enterprise are not good, it still has to contract for the entire staff, and its burden is thus rather heavy. Hence, it is necessary to place reform of the social protective system in an important place. This must be done as soon as possible since the later it is carried out the greater will be the difficulty and the more passive it will become. In recent years, we have spent a lot of money in granting bonuses but the distribution relations have not been put in order. As we see it now, if this money had been used to carry out wage reform and set up a social protective system, then the results could have been much better. The state has the obligation to protect the people's basic livelihood, but it cannot ensure and protect the life or death of an enterprise. In capitalism, competition has a destructive nature, but following violent competition and even in an economic crisis, the law of survival of the fittest is realized. This has frequently been the starting point of a new technological progress

and structural readjustment. Our own economic readjustment and economic reform should also reach the target of survival of the fittest. This is one of the keys to whether the economic improvement and rectification and economic reform can succeed, whether technology can continuously advance, and whether the entire national economy can be pushed relatively faster toward modernization.

### **Carry Out to the Letter the Principle of Agriculture Being the Foundation**

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[Article by Jia Zhijie, governor of Gansu Province]

[Text] Agriculture is the foundation of the national economy. The Seventh Plenary Session of the 13th CPC National Congress, which closed last year, reiterated that the solution to the problem of feeding the population of 1.1 billion was a matter of primary importance, and was the foundation of economic development, social stability, and national existence. Furthermore, it placed the strengthening of agriculture in at the head of the major projects in economic construction in the next 10 years and in the Eighth Five-Year Plan period. This was an exceedingly important understanding and arrangement. Seen from Gansu Province's actual conditions, holding firmly to this point is of special importance. Gansu Province is located in the intersection of the loess plateau, Inner Mongolian Plateau, and Qinghai and Tibetan Plateau. Its geography, climate, and natural conditions are complex and of various sorts. Of its cultivated land, 70 percent is mountainous. Basically, its agriculture depends on nature for sustenance. Many drought disasters have posed a great danger to Gansu's rural economic development. Because of the weak foundation, for a long time grain output has been low and unstable, and the province has to depend on large imports of grain from the outside to keep the balance of supply and demand. Since the reform and opening up, Gansu's rural economy has been able to attain a sustained and stable development as a result of the tireless and difficult efforts of the people of the whole province. As of 1990, a plentiful harvest has been obtained in agricultural production for eight years in succession. The gross output value of agriculture amounted to 5.653 billion yuan, an increase of 98 percent over 1978 and average annual growth rate of 5.8 percent; the gross output volume of grain was 6.86 billion kilograms, an increase of 34.5 percent over 1978. Furthermore, the gross output value of town and township enterprises was 6.487 billion yuan, an increase of 18.8 times over 1978; per capita net income of the peasants was 402 yuan, an increase of 302 yuan over 1978; the percentage of distressed households with per capita incomes below 200 yuan has dropped from 72.5 percent in 1978 to 9.4 percent. The most basic condition for agriculture's ability to achieve such great progress despite the cruel natural conditions is the firm adherence to the guideline of implementing the principle of taking agriculture as the

foundation. In recent years, in order to firmly and truly carry out this principle, we have adopted a series of concrete policies and measures and in actual practice have accumulated certain experiences.

**First, stabilizing and perfecting the system of contracted responsibilities on the household basis with remuneration linked to output and enabling the peasants to boldly develop agricultural production.**

In order to eliminate the peasants' worries about policy changes, we have taken stabilizing the system of contracted responsibilities on the household basis with remuneration linked to output as the central content in carrying out the party's rural economic policy. We have placed the emphasis on stabilizing and perfecting the system of land contracting and have formulated a series of mutually coordinated policies. For example, in the aspect of instituting the "three-field" system, transformation of fields of medium-level and low-level production, contracting of afforestation in barren land, development of small pieces of barren land, and so on, we have enforced the promise that whoever does the transforming and construction work is allowed to use that land, to enjoy this privilege continuously, and even to allow the inheritance of this operation right. No large readjustments are allowed on the contracted land, and we have enforced the systems of fixing the grades of land, encouraging joint production and joint investment, rewarding production increases, and punishing decreases in production. Peasants are encouraged to follow the principle of facilitating farming and engaging in joint cultivation and planting of pieces of land and to voluntarily readjust the contracted land but without changing the content of the contract. Where the necessary conditions exist, the "double-field system" of food-ration field and responsibility field may be carried out, but this should apply only to accounts and not to land. In newly developed land, operations of an appropriate degree of the different types of family or collective farms may be carried out. At the same time, attention is paid to improving the various kinds of specialized contracted responsibility system and the grassland contracted responsibility system with stabilizing the animal husbandry area and improvement of the breed of animals on the household basis, thus arousing the positivism and enthusiasm of the herdsmen in grassland construction.

To solve the problem that the unified operational layer is relatively weak in the double-layer operational system, and firmly insisting on the household contracting system, we have devoted great efforts to developing the collective economy, with the major points being placed on the village-level cooperative economy and village-run enterprises. In the course of work, attention is paid to the following two points: 1) Development of the collective economy is not to replace decentralization by centralization, but is for the purpose of the organic combination of family operation with collective unified operation, so that the double-layer operation system may be improved. 2) Development of the collective economy must suit the measures to local conditions, with due

consideration of available strength. It must expand gradually. No egalitarianism or indiscriminate transfer of resources must occur. At the same time, establishment of a healthy social services system is an important content for improving and perfecting the double-layer operational structure and deepening rural reform, while major efforts are devoted to establishing a sound servicing system for the country and village levels, supporting the peasants in creating various kinds of self-service organs, strengthening the comprehensive service functions of the supply and sales cooperatives, and supplying household operations with comprehensive services assisting before, during, and after production. All the above measures have brought stability to the peasants and the rural areas and are the basic causes for the sustained development of agriculture.

**Second, striving hard from many sides to increase input and to strengthen agriculture's development stamina.**

In agriculture, only when there is input is there output, and only when there is a large input can there be a higher output in production. In recent years we have resorted to various ways and means to increase the input of funds into agriculture. To support Gansu's agricultural development, the state has successively appropriated special project funds such as "san xi," "support the distressed," and development funds. The province itself has stipulated that, of the newly increased financial power at the provincial, district, and county levels, over 20 percent should be spent on agriculture. In the whole province, the ratio of aid-agriculture funds should not be less than 25 percent of gross financial expenditures. In the 1980's, the whole province's input into agriculture amounted to over 6.8 billion yuan, an increase of 100 percent over the 1970's. At the same time, following the State Council's relevant stipulations, we have raised funds from various channels for the development of agriculture. In 1990, finance offices at the three levels of province, district, and county raised nearly 80 million yuan. Concurrently with increasing the financial aid-agriculture funds, we have resorted to various ways and means to increase loans to agriculture. In 1990, such loan balances increased by 390 percent over 1980. Beginning in 1982, we have introduced foreign capital for use in developing agricultural projects, building large-scale water conservancy projects, developing agricultural education and scientific research, and extending the application of suitable kinds of technology. Over the past nine years, we have received noncompensatory aid from subsidiary food organs of the United Nations amounting to nearly 170 million yuan RMB, which we used to build a number of backbone water conservancy projects. Additionally, we received a loan of \$123 million from the World Bank to build a water-conducting project which is now in progress. Although the scale of the introduction and use of foreign capital has not been at all large, a good start has already been made. Also, by means of lateral association, we have introduced capital funds from certain outside provinces. The peasants and collectives have always served as the sources of funds for agricultural use, and in this regard we have earnestly enforced

the policy of "whoever invests receives the benefits." In this way, we have correctly guided the peasants to properly handle their accumulation and consumption relations, and have encouraged them to invest funds, materials, and labor to produce grain, cotton, and edible oils and to develop agriculture. We have also set up a healthy collective accumulation system, a system of towns and townships aiding and building agriculture, a sinking fund society for rural cooperatives, and a system of using labor to replace the pure acceptance of relief in poverty-stricken areas. In short, we have helped to develop fundamental construction in agriculture. In the province, the principle of using state investment to encourage and arouse investment by the peasants has been implemented. In view of the different levels of the peasants' income in different localities, we have prescribed the ratio of state investment in coordination with the peasants' investments (including conversion of labor and material contributions). Thus, in the Hexi region, the ratio is roughly 1:2 and in the Hedong region, it is 1:1. In recent years, in water conservancy projects, opening up of barren land, and "three field" constructions, these prescribed ratios have been basically followed. As a whole, in mobilizing the various sides of society to increase the input of funds in agriculture, principally it is through the supply and sales, foreign trade, and industrial enterprises working together with the peasants to build commodity bases, foreign trade and export bases, and industrial raw materials bases. By so doing, we can supplement the insufficiency in the capital funds for agricultural construction, develop commodity production in the rural areas, and provide industrial and commercial enterprises with a relatively stable source of raw materials.

Based on the realities of the plentiful rural labor force in our province and the heavy tasks in capital construction farmland water conservancy, we have set up a labor accumulation system for the whole province, stipulating that each laborer each year must make a labor accumulation of from 25 to 30 days; failure to comply with this stipulation requires compensation with cash payment (price of labor day to be fixed separately by the localities). According to statistics, over the past 10 years and more, the labor accumulation of peasants in the province employed in the unified improvement and treatment of hills, waterways, farmland, forests, and roads amounted to over 2.3 billion labor days, convertible to over 5.8 billion yuan. This has made valuable contributions to changing the basic conditions of Gansu's agricultural production.

Each year the province has specially studied and arranged for the production, transfer, and supply work of the means of production for agriculture. Key measures it has taken to ensure greater production in agriculture are the increase in the output of chemical fertilizer, farm medicine, farmland membrane, electric power for farm use, diesel oil for farm use, farm tools, and so forth. It has resorted to various methods to procure and increase them, such as increased production within the province,

transfers from outside areas, imports from abroad by means of the province's foreign exchange holdings, using of scarce raw materials to exchange for or purchase them, so as basically to fulfill the needs of agricultural production. In addition, we have firmly insisted on principally using peasant domestic manure for fertilizer and using chemical fertilizer only as supplements, and have adopted the combined use of organic fertilizer and inorganic fertilizer. In the winter and spring seasons each year we have systematically organized the public to make large-scale accumulation of family manure and opened up the fertilizer sources, so as to increase soil fertility and create conditions for the sustained increase in agricultural production.

### **Third, dependence on science and technology and using science and technology to develop agriculture.**

We have emphatically grasped the following five kinds of work: 1) Systematically strengthening the construction of a system of specialized scientific and technological leadership, management, and control. We must require the various localities and counties to be equipped with specialized or concurrent leadership in charge of science and technology. We have also selected and appointed assistant county heads to take charge of science and technology in some 44 counties. In addition, scientific sections have been formed in a number of rural village, a large portion of which have scientific and technical assistant village heads or cadres charged with specialized functions or duties in science and technology. 2) Adopting the method of walking on two legs to strengthen the construction of an agricultural science and technology service system. A unified plan has been carried out for the state rural technology promotional centers and the town and township rural technology and rural economy service stations, and funds have been invested from various sides to establish them in separate periods and batches. At the same time, we have vigorously supported and developed peasants' science popularization federations, societies, research societies, and various kinds of science and technology service stations which are civilian-run or are in cooperation with civilians, which take peasant technicians and model households in science and technology as backbones and which are outside the state's sphere of organization. 3) Vigorously pushing science and technology contracting. Since 1984, we have on a provincewide basis successively organized three rounds of large-scale science and technology contracting activities. Each year we have organized a large number of scientific and technical personnel to go deep into the first line of production to contract for rural scientific and technological projects. The scale and level of scientific and technological contracting have been continuously elevated and have developed from the initial stage of single-project type of contracting and single contracting by scientific and technical personnel, to the current overall contracting, whole village, whole county, and transterritorial contracting, double-track contracting in science, technology, and administration, and collective or group contracting

which is a combination of agricultural science and teaching materials. 4) Vigorously enforcing peasant technical training. In various ways we have made major efforts to train rural cadres, returned graduates from primary and higher middle schools, and retired military who have returned to civilian pursuits; so far, more than 1.30 million rural laborers have gone through practical technical training. They have since played a major role in renewing and developing agriculture in the rural areas. 5) Pushing the reform of the rural science and technology structure and carrying out the policy on rural scientific personnel. Utmost efforts have been made to solve the rural technicians' working conditions, standard of living, and general treatment so as to remove their worries about the future and to arouse their enthusiasm and positivism.

As a result of enforcing the strategy of developing agriculture with science and technology, science and technology have played a notable role in the production increase in agriculture in the whole country. According to estimates, in the past seven years, in the increased amount of the gross output value of agriculture in the whole province, the role played by science and technology occupied a ratio of 38.9 percent. In the increased volume of the gross output value of grain the role played by them was 28.8 percent. In the Hexi commodity grain base area 210,000 mu of "ton-grain fields" have been established. In the Longdong loess plateau drought farming area, many "ton-grain fields" have also appeared. In the poor mountainous regions and localities inhabited by the minority nationalities, a "food and shelter project" was responsible for planting 1 million mu of corn covered with plastic film. The per mu yield of corn amounted to over 500 kilograms; in some counties with an altitude of 2,200 meters above sea level, the pilot planting of corn covered with plastic film was found to have been successful. This has proved to be a successful method of helping the peasants make a comfortable living in impoverished regions.

**Fourth, firmly insisting on devoting long-term arduous struggle to undertake with great efforts capital construction in farmland water conservancy.**

Drought and water shortages and frequent natural disasters have been the greatest impediments and major contradictions in the development of agriculture in our province. However, through people of the whole province untiringly engaging in capital construction in farmland water conservancy and energetically devoting efforts to changing the basic conditions of agricultural production, certain actual achievements have already been attained.

1. In the construction of backbone water conservancy projects and the expansion of the effective irrigation areas. Over the past 10 years and more than 40 water conservancy projects have been undertaken and a considerable number of them have been completed and demonstrated their effects. In the whole province there are now more than 310 large, medium-sized, and small

water reservoirs; 169 irrigation areas each extend over an area of 10,000 mu, and the effectively irrigated areas of the whole province now cover over 13.46 million mu, or roughly 26 percent of the whole cultivated area. Certain counties which formerly had long depended on grain imported from the outside have now been able to maintain a moderate living standard thanks to the availability of these backbone water conservancy projects. Meanwhile, we have also mobilized the masses to take up small-scale water conservancy and vigorously engage in building up "four good" farmland embodying the features that interrelated water channels between the fields are solidly built, water seepage is prevented, and is generally good for different crops, including trees; develop water-saving farming, expand the effective irrigation area, and improve the utilization rate of water resources.

2. In the drought farming areas, developing terraced fields, sandy fields, gullies, and embankments has been taken as a long-term basic construction in the basic conditions of changing and improving agricultural production. We have made overall regulations which prescribe little work in this connection during busy farming seasons, but larger and more work in idle seasons. Specialized corps should do the work throughout the year, the peasant households should jointly undertake the work, and the work should not be interrupted throughout the year. In recent years, the whole province has each year newly built 750,000 to 800,000 mu of "three fields," and by the end of 1990, 14.82 million mu of such land has been completed, an increase of 5.46 million mu over 1978.

3. Suiting measures to local conditions in planting grass and trees and developing overall improvement and treatment of small valleys. In recent years the average afforestation each year in the whole province was around 2 million mu, grass planting was over 4 million mu, while treatment of erosion or loss of soil covered an area of approximately 2,600 square kilometers of land. This improvement of the ecological environment has played a positive role in improving production conditions. In addition, we have further and extensively engaged in rural road building and other construction of basic facilities such as rural electricity supply, and so forth.

**Fifth, firmly insisting on suiting measures to local conditions and enforcing leadership in different groupings.**

Gansu Province has a wide territory and the spread from east to west is over 1,650 kilometers. Its various localities have different climatic conditions and there is a huge difference in their natural conditions. Even in the same county and the same village, agricultural production conditions are vastly different. There is a saying that "in every five li the territory is different and in every 10 li the sky is different." Under such special conditions, the guidance of rural work and development of agricultural production must firmly insist on suiting the measures to local conditions, carry out leadership and guidance in different categories, and firmly desist from

making a single measure be "applicable to all." For the sake of deepening the understanding of the provincial conditions, beginning in the early 1980's, the province has expended a large amount of human, financial, and material strength, employed comprehensive techniques, and investigated and studied the resources of the whole province in land, water, air, and biota, and has completed the basic work in the demarcation of agricultural areas. The province has been divided into five large economic regions—Hexi, Central, Longdong, Longnan, and the Gannan and Jilinshan animal husbandry area. Agricultural development rules have been formulated separately for them and the major points and fighting targets in development have also been separately earmarked for each. The Hexi economic zone takes up principally the development of irrigated agriculture. It should sufficiently develop its strong points of having a powerful agricultural foundation, plentiful resources in land, water, light, and energy, and relatively good development conditions. It should carry out comprehensive development, form a stable base area for commercial grain, and a production and processing base area for edible oils, sugar, meat, vegetables, melons, and fruits and should emerge first in becoming fairly well-off in the province as a whole. The Central economic zone places its reliance on such central cities and towns as Lanzhou and Beiyin, builds backbone water conservancy projects, energetically builds the "three fields," and engages in grass planting and afforestation. It carries out comprehensive improvement and treatment and attempts as early as possible to eliminate all hindrances to progress and to accomplish the target of providing the peasants with a higher standard of living. Longdong economic region takes principally to dry farming. Here agriculture and animal husbandry coexist and there is a combination of the two. The "Longdong grain warehouse" has been rebuilt and the equilibrium in grain supply and demand has been realized. The Longnan economic zone has fully displayed its strong points in the possession of plentiful resources of living things. It has developed multiple forms of business undertaking, established pillar industries, helped the distressed to develop, and gradually solved the eating and living problems of the minority races living in an environment of high altitude, cold, and damp atmosphere. In the Gannan and Jilinshan animal husbandry region, animal husbandry is the principal pursuit but it is well combined with forestry and agriculture and has actively developed the commercial type of animal husbandry, building up animal husbandry and forestry base areas, so as to help the minority races to turn from poverty to well-being. Counties in its various localities and even certain towns and townships have also suited measures to local conditions to discover their own development in various ways.

Based on the demands of the general strategy, and following the strategic arrangements of grasping construction of the two xi's [Dingxi and Hexi] and of the whole province gradually and by means of laying emphasis on the major points, we have successively made arrangements for the three major battles of

building the two xi's—construction of the Longdong old region, and aiding the distressed in the minority nationality area in the high-altitude, cold, damp region in the south. In particular, with regard to construction of the two xi's which has been listed in the state's major projects for development, under the correct leadership and vigorous support of the party Central Committee and the State Council, after eight years of hard work, the region has achieved outstanding development, especially evident in the notable improvement in basic conditions for agricultural production. Grain output in the region has steadily increased. In 1990, the gross output of grain in the two-xi region amounted to 3.65 billion kilograms, an increase of 46 percent over 1982. Of this, the gross output of the Hexi commercial grain base area amounted to 2.15 billion kilograms, and the per capita grain output of the peasants was 665 kilograms. The quantity of commercial grain supplied to the entire province was 860 million kilograms, being nearly 70 percent of the commercial grain of the whole province. This has played an immense role in easing the whole province's pressure for grain and solving the problem of the people's eating to the fill and getting warmly clothed in the central region, and has realized the fantastic strategy of "developing the western section to relieve the central region." In the central dry and drought region of which Dingxi is representative, the gross output of grain amounted to over 1.5 billion kilograms, double the output in 1982. The per capita grain output of the peasants grew from 150 kilograms to 265 kilograms, an increase of 77 percent, and per capita net income grew from 72 yuan to 320 yuan, an increase of 340 percent. In the central impoverished area and the Longdong Qingyang old region, simultaneously with actively developing grain production we have also actively developed multiple forms of business undertakings and town and township enterprises, and we have organized the export of labor. Regarding the way out for localities, which in reality offer no means for subsistence, we have organized emigration to Hexi and the newly developed irrigated regions in the locality, provided technical and scientific services, developed various industries and trades such as planting, processing, and so forth, and thus solved on a large scale the problem of clothing and feeding the masses. Meanwhile, a small portion of people who have already emerged from their distressed state were found to be progressing in the direction of development and money-making. As for areas and peasant households that have not yet extricated themselves from distress and poverty, the size is not large and the number of households is not large either. Yet, for those people who live in regions with extremely poor natural conditions, at high altitudes, and that are cold and damp in climate, and for the minority nationalities there, the problem of shaking off distress and poverty is extremely difficult and the tasks involved are immensely tedious and enormous. In 1989 we shifted the major points in the strategy of relieving impoverishment and achieving development to these areas. The directions were also shifted from providing simple and unitary material aid to the combination of both poverty relief and development, from giving

simple support in funds to a combination of both monetary input and scientific and technical input, and from "aid and relief work" to each and every peasant household to a combination of such work, with social relief as a whole. After a year's difficult and strenuous efforts, notable successes have been achieved.

**Sixth, strengthening leadership and fiercely grasping its execution.**

The provincial party committee and the provincial government have formed a prestigious agriculture leadership subgroup with the committee secretary and the governor acting respectively as chairman and vice chairman, and with the responsible comrades of relevant departments all participating as members. The subgroup is responsible for the macroeconomic guidance, leadership, and coordination of the major problems in agricultural development. Principal leadership at various levels all have set up separate liaison points with the relatively poor and distressed regions, making frequent visits to these localities to investigate and study, understand the feelings of the populace, look for the road to development, and hold in their hands the initial power in leadership over agriculture. In arranging the economic work for the entire province, agriculture is firmly placed in the primary position and, considering the shortage and lack of financial strength and material strength, definite affirmation is given to the principle of giving priority to grain production and agricultural construction in the planning and programming. In actual work this principle has been well implemented.

For the sake of truly carrying out the targets and tasks in agricultural development down to the grassroots level, we have paid major attention to grasping the two issues of target control and grassroots-level organizational construction. In target control, we have divided and assigned level by level the tasks and targets in agricultural development to the relevant departments of the county, district, and province. We have stipulated that the lower-level contract work and tasks from the upper level, and that the upper level undertakes to ensure the lower level of the necessary conditions, thus doing the grasping, supervision, and inspection level by level and in the end doing the summing up and assessment work and awarding those with good performances, but punishing those whose performance has been poor. Regarding the rural areas and the peasant households, bidirectional contracting is also enforced so that the various targets in production, construction, and planned population control are carried out by the many households and so that the gross target of the province as a whole is realized. On the side of the rural grassroots-level organizational construction, we have specified the general demands of "selecting a good team, building a good setup, taking a good road, laying a good foundation, and creating a set of good performances." We have laid emphasis on grasping the building of the rural party branch and on the selection of a capable secretary for the

party branch. In recent years, we have also paid important attention to the construction of the cooperative economic organization and have made definite progress in this connection.

Over the past 10 years, under the correct leadership of the party Central Committee and the State Council, and in respect of the implementing of the strategic guideline of taking agriculture as the foundation, we have done a certain amount of work and have achieved certain successes. However, as a whole, we clearly understand that so far as the entire level is concerned, agriculture in Gansu Province is still backward, has a weak foundation, and has a low capability to resist natural disasters. Basically, the situation of depending on heaven to subsist has not been changed at all. The problems of instability, imbalance, and low-level economic development in various localities are outstanding and prominent. Among the peasant households which have barely solved the problem of eating to the fill and having warm clothing, about one-third will revert to the impoverished and distressed class if natural disasters should happen. Although each year the per capita net income of the peasants has risen steadily, it has remained for many years at the bottom of all the provinces. Besides, the disparity from the national average is still increasing. In the rural areas, development of secondary and tertiary industries has been extremely slow, while the town and township enterprises have still not shaken off their difficulties. The speed of the transfer of surplus labor force in the rural areas has been slow. Therefore, from beginning to end we must remain clear-headed. We cannot make too high an estimate of the successes already attained. Nor can we make too high an estimate of the degree of well-being of the peasants or of the general sustaining or ability to bear on the part of agriculture. To truly solve Gansu's problem in agriculture and the problem of having a sufficient supply of grain for the province, the road is still long and tedious. At present, from top to bottom, the position, in conjunction with formulation of the Eighth Five-Year Plan and the 10-Year Program, is summing up past experiences and lessons in economic development and bringing up the fighting target and basic line of thought in development from now on. The general structure of thought is to further implement the strategic guiding thought of taking agriculture as the foundation, irrevocably and firmly insist on certain basic principles and basic road which have been proven many times over to be useful by actual experience, continue to rely on self-dependence and regeneration and the spirit of hard toil and perseverance to continue the foundation building of agriculture to the end that the basic conditions for agricultural production in the province have a basic change for the better, that the ability to withstand natural disasters is greatly raised, and that the stamina of agricultural development is augmented. On this basis, and with stabilizing the realization of self-sufficiency in grain production, stably solving the problem of the peasants having enough to eat and sufficient warm clothes for the winter, and the all-round coordinated development of the rural

economy, the province will enter the new stage of development and become well-off. We firmly believe that, if we can be firmly resolved, be tireless, and resolutely continue our efforts, we can readily realize these targets and that there are great prospects for Gansu Province's rural economic development.

### **On the Essence and Harmfulness of Bourgeois Individualism—Refuting 'Rectification of the Name of Individualism'**

*HK0304032091 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 3, 1 Feb 91 pp 23-29*

[Article by Li Huirang (2621 1920 6245)]

[Text] A short while ago, when the thinking of bourgeois liberalism spread unchecked, some people propagated on large scale the bourgeois individualism which has long been cast aside and has been constantly criticized by the party and the people. Some of them even openly challenged socialist and communist thinking; and advocated that they wanted to "rectify the name of individualism." To certain people, bourgeois individualism was rational, proper, and progressive thinking. They held that it was inappropriate to criticize it. Instead, its status should be restored. They also claimed that this was an "updating of thinking." Under the pretext of "rectifying the name of individualism," a number of arguments proving the "rationality" of individualism were put forward within a short time. For example, they held that "the natural instincts of man are marked by selfishness"; that unselfishness "is a slogan of slaveholders," and should no longer be used at the stage of socialist society; that "individualism is the essence of the commodity economy, so that one must develop individualism in order to develop the commodity economy"; and so forth. As these viewpoints, which embellished bourgeois individualism, were extensively discussed in some journals, magazines, books, and the remarks of certain people, this created much confusion in society. The general mood of society seriously deteriorated, people's souls were corrupted, and the results of our party's ideological and political work were undermined, thereby disrupting the construction of socialist spiritual civilization. A host of facts have proved that the thinking of individualism, or ultra-individualism, is the root of all evil. It may be said that the phenomenon of corruption in the party, as well as various unhealthy tendencies in society, were brought about by individualism. Therefore, to continuously criticize and eliminate in an in-depth manner the ideological influence of bourgeois individualism, and to refute the erroneous argument of "rectifying the name of individualism" is a significant task on the ideological and theoretical front.

Today, we need to discuss and clarify first whether or not individualism, which has long been spread and propagated on a large scale by the bourgeoisie, is still significant; and what is the essence of bourgeois individualism. In *The Communist Manifesto* Marx and Engels pointed

out that the "bourgeoisie destroyed all feudal, patriarchal, and pastoral relations in places where it gained a dominant position." "It turned human relationships into nothing more than naked gains and losses, and heartless 'cash transactions.' It stimulated the sacredness of feelings such as religious devotion, enthusiasm of cavaliers, and sentiments of ordinary citizens; and drowned itself in the icy water of egoist plans."<sup>1</sup> Since capitalism takes acts of getting rich by pursuing extra profits as one's ultimate goal, it thus becomes the most prominent breeding ground of individualism. Therefore, the development of individualism has reached its peak. Marx also pointed out that bourgeois individualism "tore away all human relationships, and replaced them with egoism and selfish needs, and turned the human world into isolated and aggressive individual worlds."<sup>2</sup> Experience has indicated that bourgeois individualism is a system of bourgeois ethical theories, which are constantly perfected in the wake of the emergence and development of capitalist private ownership. The purpose of development is to serve the development of capitalism. It advocates the emancipation of individuals, rights, and happiness. Its main and basic meaning refers to the ideological outlook of value, as well as an attitude toward life which is marked by individual superiority and solipsism. Individualism is a basic principle, as well as an essential characteristic, of bourgeois ideology—something not even contemporary Western bourgeois scholars have denied. These scholars have repeatedly stated that individualism is a "cultural tradition" of modern society in the West.

Historically, bourgeois individualism has seen a lengthy process of emergence and development. In the 14th and 15th centuries, the bourgeoisie emerged in the wake of the development of the commodity economy. It was inevitable that its power had to break down the fence of feudal society; and furthermore it charged its way to abroad and to every corner of the world to earn gold coins. This vigorous characteristic of capitalism at the early stage was ideologically manifested in the Renaissance in Europe, and individualism did the same in the form of humanism. In view of feudal autocracy and theocratic rule, followers of humanism extolled, in the form of poems, articles, and paintings, the value of humanity and dignity. With emancipation of the individual character, they emphasized taking "human beings" as the focal point, opposed the attitude of taking "gods" as the focal point; and used the natural properties of human beings to criticize the asceticism of feudal theology. In essence, it was the manifestation of a historical phenomenon that the bourgeoisie shook off the bonds of feudal society with their capital. During the period of bourgeois revolution in the 17th and 18th centuries, there was rather comprehensive development of individualism, which became the ideological theory of the bourgeoisie. Many bourgeois thinkers expounded on individualism and expanded it in a more ideological and systematic manner. One major typical representative was philosopher John Locke. His so-called "contract theory" systematically expounded from the viewpoint of



"natural law" the equality, freedom, rights, and value of individuals. Locke's viewpoint was regarded as the political and philosophical basis of modern and contemporary individualism in the West. According to Adam Smith, noted English classic economist, the instinct of egoism, or so-called self-preservation, was "favorable to individuals, that is, favorable to society"; and his thinking of free competition, in which all economic activities were controlled by "an invisible hand," laid the economic foundation for modern and contemporary individualism. In addition, some bourgeois thinkers put forward various viewpoints, such as that "man's natural instincts are selfish," that "man's first rule is to maintain his own survival," "individual struggle," and "self-expression." It is undeniable that in the struggle against feudal autocracy and theocratic rule, bourgeois individualism played a progressive role in the course of building a capitalist new world. This was never denied by Marx or any Marxists of the time.

In the wake of historical development, however, bourgeois individualism, which takes the individual as the focal point and pursues individual interests and the purpose of attaining individual goals, has gradually exposed its negative effects of developing an inherently corrupt society. Therefore, some bourgeois thinkers repeatedly advocated the adoption of constraints and restrictions on individualism. Beginning with the political, economic, cultural, and ethical viewpoints, they criticized the "cultural tradition of individualism." In the 19th century, even the French political thinker Alexis de Tocqueville, who was the first to apply the concept of individualism, explicitly pointed out: "Individualism is simply a sentiment in which one feels at ease and comfortable when one cares only for oneself. It isolates every citizen from his compatriots, and makes his relatives and friends become estranged." "Egoism may make all buds of virtue wither; whereas individualism will first dry up the source of social ethics. As time passes, however, individualism will eventually be reduced to egoism, also hitting at and undermining all other virtues."<sup>3</sup> In the 20th century, bourgeois individualism was subject to more frequent criticism. In his book *Contradictions of Capitalist Culture*, Daniel Bell, noted U.S. postindustrial society scholar, summed up the cultural predicament faced by capitalism as the doctrine of consumption, hedonism, self-expressionism, nihilism, and selfish desire, which endlessly expands and opposes the public interest. They were all brought about by the "cultural tradition of individualism." Robert Nesbitt, professor of human sciences at Columbia University in the United States, held that individualism "has disintegrated society and turned it into a stretch of gravel. It seemed that people here were once again living in a tropical forest, in which one survives by the law of the jungle."<sup>4</sup> Robert Bell, professor of the Social Sciences Faculty at the University of California, even held that "individualism may have mutated into cancer."<sup>5</sup> Thus, we can see that, although bourgeois individualism is still the dominant ideology and basic value concept of the contemporary capitalist world, even people of insight in

Western society have realized that the days of individualism are numbered. Nevertheless, what amazes us is that there are some people in our socialist society who put forward the need to "rectify the name of individualism" and make every effort to prettify individualism and pay homage to it. This strong reaction is worth our in-depth study.

We have learned that, according to historical materialism, society's consciousness is determined by the existence of society. A particular type of economic base requires a corresponding particular ideological superstructure. After China established socialist public ownership, bourgeois individualism had, on the whole, lost the economic base on which its existence and development depended. Objectively, it was replaced by the proletarian principle of collectivism. Otherwise, there would be conflicts between it and the requirements of the socialist political and economic systems. There would even be the development of disintegration. Over the years, the theory that individualism was favorable to and necessary for socialist construction, which was advocated by those who stubbornly upheld the thinking of bourgeois liberalization, has nakedly indicated that "there is nothing to be afraid of in unchecked selfish desire, hedonism, or individualism; and even egoism is tolerable," and so forth. Isn't it true that it works in this way? Such thinking, which regards bourgeois individualism as an indispensable treasure of socialist construction, is a reaction of history, as well as a major step backward in history. Under no circumstances should anyone who lives in the socialist era and who jointly struggles for communism, ignore or be insensitive to this kind of thinking and action. Instead, they should resolutely wage an uncompromising struggle against it. This has great bearing on the basic interests of all nationalities across the country, as well as being an obligation and duty of every communist and every righteous Chinese citizen.

We must conscientiously struggle against bourgeois individualism, resolutely overcome it, and further understand its basic falsity. Like the aforesaid statements, the basic falsity of the thinking of bourgeois individualism is that it takes one's self as the focal point; completely turns upside down the relationship between individual and society and between personal interests and social interests; places the status of individuals and personal interests above society and social interests; and takes the individual and personal interests as the criteria and yardstick for judging everything. Under the socialism, however, individuals are dialectically consistent with society, as are personal interests with social interests. The principle of collectivism finds its deep roots in socialist public ownership, which closely integrates social interests with the personal interests of every member of society. This thus requires the proletariat and the masses to care about and cherish the collective; to establish the sense of responsibility of being the masters of their own affairs; and to take the socialist cause as their lifelong individual goal of struggle. At the same



time, the thinking and principle of collectivism reflect the bidirectional relationship of value between individuals and society, and extensively combines the two. It covers the respect toward and satisfaction of the individual, as well as the obligations and duties of the collective. Judged from individual value, it emphasizes fulfilling an individual's obligations and duties toward society and other people; while the formation as well as the realization of individual value are linked to the collective. Only in the collective can one have one's individual value. It is just as Marx and Engels pointed out: "Only in the collective can an individual obtain the means to fully develop his talents. In other words, only in the collective can one have personal freedom."<sup>6</sup> Therefore, the principle of collectivism requires individuals to submit themselves to the collective of society. This thus brings the individual will and strength into the mighty torrent of collective practice, thereby giving full play to the capability of the individual. Thus, we can see that the principle of the collective does not negate the value of the individual. On the contrary, it provides a reliable guarantee for realizing that value. Therefore, to carry forward proletarian collectivism in socialist society is an essential requirement for consolidating and developing the socialist economy owned by the public. On the other hand, since bourgeois individualism takes individuals as the group of the highest importance, it always aims at stimulating a continuous expansion of selfish desire among people; spreads disunity between individuals and the whole, and between them and their countries; isolates individuals from the whole group, even undermining the collective; and so forth. All these are incompatible with the socialist concept of value. Bourgeois individualism is an agent that disintegrates and corrupts socialist economy, politics, culture, and ethics. We must have a thorough understanding in this respect.

In the socialist system, the public interests of society are consistent with personal interests. Nevertheless, this does not mean that there will never be any contradictions. Generally speaking, the long-term and basic interests of an individual are always consistent with the public interests of society; whereas some of their short-term and particular interests may contradict the public interests of society, though some do not go against such interests. Such contradictions are not antagonistic ones that cannot be mitigated. A principle for solving such contradictions is to subordinate one's personal interests to the social interests and, under such a prerequisite, personal interests must be properly taken care of. Provided that one respects facts and is not prejudiced, one should acknowledge that our party and country are much concerned about and take care of personal interests, and that under no circumstances do the public interests of our country and society exclude personal interests. Rather, they are just the basis for fulfilling the personal interests of the masses. However, everyone knows that our party has learned a lesson in its socialist construction when dealing with the relationship between national interests and personal interests. Due to the influence of "leftist" thinking, at one time we put excessive and

undue stress on national interests and collective interests, while ignoring personal interests. Therefore, how should we rectify this? Shall we do so by applying Marxism or individualism? Our party resolutely took sides with Marxism in this respect, correctly rectified the "leftist" tendency, scientifically summed up our experience, and adopted practical measures to properly combine national interests, collective interests, and personal interests. To some people, however, national interests, collective interests, and personal interests should be reversed. In other words, their personal interests should be given top priority. But this must not be allowed.

Under no circumstances do personal interests equal individualism. Personal interests are objective facts to which we should pay proper attention; whereas individualism is part of the ideological and ethical domain. The two must not be taken as equal or be confused. To acknowledge and protect personal interests does not mean that we acknowledge and protect individualism. In the economic domain, we have adopted the policy of distribution according to work. This means that we acknowledge personal interests and act according to the basic principle of integrating national interests and collective interests with personal interests. Facts have shown that it is very necessary. Also, those kinds of thinking and acts that care only about personal interests but ignore or undermine social interests and others' interests will fall into the trap of individualism. We resolutely oppose and criticize individualism, but never oppose or deny personal interests. Some hostile forces in the West, as well as people in China who stubbornly uphold bourgeois liberalization, accuse us of denying personal interests. This is a total slander. We are historical materialists. We always hold that protecting personal interests is a major theoretical and practical issue in our socialist construction. In 1980, when answering the question from Italian correspondent Oriana Fallaci, "Does communism also acknowledge personal interests?" Comrade Deng Xiaoping firmly and explicitly said: "They are acknowledged. According to the remarks of Marx, socialism is the first stage of communism. This is a lengthy historical stage, during which the practice of distribution according to work must be adopted, and national and collective interests must be integrated with personal ones. Only thus can we mobilize initiative and develop socialist production. At a higher stage of communism, the productive forces will be highly developed, and from each according to his ability, to each according to his needs will be adopted, so that personal interests will be acknowledged, and personal needs will be satisfied in a better way."<sup>7</sup> The basic task of socialism is to develop productive forces; whereas the basic goal of developing productive forces is to meet the ever-increasing material and cultural needs of the masses. There is no doubt that the personal interests of China's people must be given better protection in the wake of the improvement of productive forces. A lively proof is that our substantial achievements in reforming and opening up over the past 10 years have greatly improved people's material and cultural lives. Therefore, anyone who is

enthusiastic about protection of personal interests should first focus on and safeguard the overall situation concerning the cause of socialist construction, should give full play to his wisdom and strength to serve the development of productive forces, and should strive to realize more quickly the socialist modernizations.

"Man's natural instincts are selfish." This is a significant exposition preaching and encouraging individualism. It should be said that this viewpoint is not new at all. One may realize that in the course of development of the aforementioned bourgeois individualism, it just repeats what the bourgeois thinkers said. And this viewpoint basically violates the historical facts of development of human society. Anthropology and archeology have long proved that human history is 2-3 million years old, that the history of human civilization is only several thousand years old, and that private ownership and the concept of ownership by private persons are a social phenomenon that emerged only in a civilized human society. Primitive society simply knew nothing about selfishness. In future, the social phenomenon of selfishness and the like will also be absent in a communist society. Therefore, to say that "man's natural instincts are selfish" is simply a put-up job by the bourgeoisie.

But then what really are man's natural instincts? Man's natural instincts are man's inherent basis that makes him man, that is, the rules of instincts that distinguish him from other animals. As early as more than 140 years ago, Marx made a scientific exposition in this area. He explicitly pointed out: "Man's intrinsic character is not simply an inherent abstract matter of an individual. In reality, it is an aggregation of all social relations."<sup>8</sup> This means that the existence, activities, and consciousness of man are essentially socialized; and that man is socialized man. Based on the Marxist viewpoint that intrinsic character is an aggregation of social relations, we come to the following conclusion: Man's intrinsic character is specific and historical, and is continuously molded and transformed by historical conditions, his practice and activities, and the social relations of his time. In other words, there is no eternal or general intrinsic character or natural instinct of mankind. Nevertheless, some people simply turn a blind eye to facts and continuously fabricate such and such expositions on man's intrinsic character and natural instincts. In fact, this is simply an attempt to force bourgeois natural instincts onto mankind. We must realize that this is a significant ideological struggle, and we must be prepared to wage a long-term fight in this respect.

Unselfishness "is not a communist slogan" but "is a slogan of slaveholders," which should no longer be used at the stage of socialist society. This viewpoint, which openly misinterprets and condemns unselfishness, was first published in the press in 1986. When it was published, it was criticized by the people. Even Professor Li Yuanzhe, a Chinese scholar in the United States, and Mr. Chen Zhongmin, an Overseas Chinese residing in the United States, felt sorry and angry about the denunciation of "unselfishness." They said, "Intellectuals

shoulder major responsibility for society, and should act in the spirit of unselfishness." Only when the spirit of unselfishness is carried forward "can social life be healthy and normal, and can society make progress. Otherwise, social life will be chaotic, and society will be retrogressive. This can be easily proved by facts."<sup>9</sup> It is obvious that to oppose and defile the act of unselfishness violates social ethics, and is not welcomed by the public.

Mentioning "unselfishness," we refer to a lofty ethical and ideological realm. It means that top priority should be given to the overall interests of society; and the spirit of placing public interests before personal ones, unselfish contribution, and self-sacrifice. The act of "unselfishness" has long been praised by the people as a traditional ethic of the Chinese nation and of mankind. Some people have gone so far as to distort "unselfishness" as "a slogan of slaveholders"! Anyone who knows a little about history understands that in a slave society, slaves were forced to obey their owners and were regarded as privately owned tools with the ability to speak. How was this related to "unselfishness"? These slogans saying it is "a slogan of slaveholders" are simply a distortion of human history and a blasphemy of human ethics. In China's history, there emerged a number of fine and outstanding personalities who placed public interests before their personal ones, made unselfish contributions to solve our national crises, and promoted progress in society. They have long been praised by the people. There are old sayings of "being concerned about the overall situation before everyone else, feeling happy only after everyone feels so," "what man was ever immune from death; let me but leave a loyal heart shining in the pages of history," and so on. They always encourage people with lofty ideas to fight for the cause by stepping into the breach as another falls. When praising the lofty ethics of martyr Rou Shi, who "helped others at the cost of himself," Lu Xun said with deep feeling, "Since ancient times we have had people who immersed themselves in hard work, who defied death to work hard, who pleaded for the people, and who laid down their lives for a just cause... Though their actions were similar to writing the 'biographical history books,' which recorded the genealogy of emperors and ministers, they shone as bright as ever. This was China's backbone."<sup>10</sup> Lu Xun himself was also an example in this respect. We must clarify that the "unselfishness" advocated by the proletariat is totally different from the meaning of that "unselfishness" proposed by any classes in the past. Basically, the "unselfishness" advocated by the proletariat refers to the emancipation of all mankind and the realization of communism, whereas such "unselfishness" proposed by any classes in the past at most referred to the overall interests of that particular class. Therefore, the proletarian "unselfishness" is more extensive and profound than that proposed by any classes in the past. On the issue of regarding "unselfishness" as a basic ethical principle, only the proletariat can qualify. However, it is an undeniable objective fact that in civilized human history over the past several thousand years, many people have praised "unselfishness" as an ethic.

Marx and Engels explicitly pointed out: Communists are "unselfish people."<sup>11</sup> This is a maxim of our Communists. In our party's history, many Communists laid down and devoted their lives for the people's interests and for the communist cause. Their acts and deeds were earthshaking. Without them, there would never be an "us." Every righteous Chinese, as well as those with a conscience, would not deny or forget this. To them, the best way to remember these people is to carry forward their spirit and to fulfill their unaccomplished cause. Comrade Deng Xiaoping pointed out: "Under the correct political guidance in the course of waging a long-term revolutionary battle, we won a great victory by beginning with analyzing the actual situation; by carrying forward the revolutionary and death-defying spirit; by strictly observing discipline; by acting in the spirit of self-sacrifice, in the spirit of unselfish action and giving top priority to other's interests, and in the spirit of overcoming all enemies and all difficulties; by upholding revolutionary optimism; and by acting in the spirit of overcoming all difficulties. To engage in socialist construction, and to realize the four modernizations, we also carry forward these spirits on a large scale under the correct leadership of the CPC Central Committee. Any Communist who fails to carry forward these spirits is in no way qualified. Furthermore, we must publicize and play an exemplary role in popularizing these spirits among all people, and all young people, so as to make them become the mainstay of the PRC's spiritual civilization."<sup>12</sup> In this respect, we must always bear in mind and practice it.

"Individualism is the essence of the commodity economy, so that one must develop individualism in order to develop the commodity economy." This is another major exposition propagating and encouraging individualism. This conclusion is totally wrong. First, it completely confuses the essential differences between the socialist commodity economy and capitalist commodity economy. The socialist commodity economy is a planned commodity economy built on the foundation of public ownership. Though it shares similarities with capitalist commodity economy, the two are essentially different: 1) They manifest different production relationships. As socialist commodity economy is built on the basis of public ownership, the subject of operations is publicly owned enterprises, and it is a commodity economy developed on the condition that, after elimination of the exploiting system, the laboring people make decisions on their own affairs. The economic interests of enterprises are basically uniform. They are on equal footing and cooperate with each other. On the other hand, in capitalist commodity economy, which is built on the basis of private ownership, the subject of operations is enterprises privately owned by capitalists. The relationship between capitalists and the hired laborers are that of exploiting and being exploited. In addition, the competitive relationship among capitalists is one of trying to outwit the others. 2) Their production goals are

different. The socialist commodity economy's development goal is to continuously satisfy the masses' ever-increasing material and cultural needs, as well as their living demands. However, the capitalist commodity economy's development goal is to obtain more surplus value. 3) Their modes of operations are different. Generally speaking, the socialist commodity economy is subject to planned, proportional development; whereas in a capitalist commodity economy, though the country in question adopts certain measures to "interfere," the interests of individual private owners are basically in conflict. Therefore, the commodity production of the whole society is in anarchy. There is no doubt that the above-mentioned differences have determined that under socialist conditions, the commodity economy needs the spirit of collectivism to develop, and under no circumstances needs such selfish thinking as individualism. We must also educate those individual operators and private owners of enterprises in observing the law, as well as in socialism, so that they can make profits without undermining the socialist economy and its interests. It is obvious that there is no way to let individualism run rampant in the individual economy or the sector of privately owned enterprises.

Second, the view that "one must develop individualism in order to develop the commodity economy" is an absurdly vain attempt to remold the nature of our party and country. Those who propagated this viewpoint advocated the introduction of commodity economic principles into ideological, political, and ethical realms. For example, when exchange at equal value was adopted in the commodity economy, some people proposed introducing an exchange at equal value into political life, and attempted to use it to remold our political life. Also, while it was necessary to protect and develop commodity-currency relations when developing the commodity economy, some people wanted to theoretically "upgrade" the development and proposed the attitude of "judging everything in monetary terms." Under the impact and inducement of "judging everything in monetary terms," some people (including some Communists) became slaves of money. In order to obtain money, they trampled on the laws, betrayed their principles, and ignored national and personal character. In order to obtain money, they gambled, trafficked in drugs, prostituted, abducted people, and did whatever they wanted. Under the corrupt thinking of individualism and money worship, our society's general mood, as well as moral ethics, deteriorated rapidly. This has been widely rued by the masses. Thus, we wonder about the real purpose of "rectifying individualism" and of widely propagating it under these conditions!

Simply put, bourgeois individualism conflicts fundamentally with proletarian collectivism and the thinking of unselfishness, and is incompatible with our socialist system. In order to consolidate and develop the socialist system, we must devote major efforts to carrying forward collectivism and the communist spirit of unselfishness, as well as to resolutely opposing and criticizing bourgeois

individualism. Comrade Deng Xiaoping repeatedly stressed the need to oppose bourgeois individualism. In 1990, he urged, "We must criticize and oppose the corrupt bourgeois thinking of benefiting oneself at the expense of others, pursuing only profits, and 'judging everything in monetary terms'; and criticize and oppose anarchism and extreme individualism."<sup>13</sup> In remarks delivered at the Second Plenary Session of the 12th CPC Central Committee, he explicitly pointed out that to indulge in spiritual pollution is to "encourage various kinds of individualist thinking to run rampant." We must resolutely resist and struggle against the corrupting influences of various kinds of individualism. However, because specific party leaders took party leadership work and ideological and political work lightly over the years, Comrade Deng Xiaoping's guidance and instructions were not seriously implemented. This has brought extremely serious results to the state. The lesson of blood has suddenly woke us up. Under the central party leadership, which centers on Comrade Jiang Zemin, we should take positive action, seriously implement Comrade Deng Xiaoping's guidance and instructions, comprehensively wage a struggle against bourgeois individualism, and conduct education in patriotism, socialism, and collectivism—this is an important ideological guarantee for winning a victory in our cause.

#### Footnotes

1. *Complete Works of Marx and Engels*, Volume 1, p. 253.
2. *Ibid.*, p. 450.
3. *On the Democracy of the United States*, Volume 2, p. 625, Commercial Press, 1988 edition.
4. Robert Nesbitt: *Prejudice: A Philosophical Dictionary*, 1982, Harvard University Press, English edition, pp. 184-186.
5. Robert Bell: *Custom of Souls—Individualism and Its Manifestations in American Life*, 1985, University of California Press, English edition, p. 3.
6. *Collected Works of Marx and Engels*, Volume 1, p. 82.
7. *Selected Works of Deng Xiaoping (1975-1982)*, pp. 310-311.
8. *Selected Works of Marx and Engels*, Volume 1, p. 18.
9. RENMIN RIBAO OVERSEAS EDITION, 20 November and 8 December 1986.
10. *Complete Works of Lu Xun*, Volume 6, p. 118.
11. *Complete Works of Marx and Engels*, Volume 3, p. 103.
12. *Selected Works of Deng Xiaoping (1975-1982)*, p. 327.
13. *Ibid.*, p. 328.

#### Formation, Development, and Role of the Mass Line

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in Chinese No 3, 1 Feb 91 pp 29-32

[Article by Chen Jinyu (7115 6651 3768)]

[Text] What is the party's mass line? This term was defined in the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" as follows: "The mass line means everything for the masses, reliance on the masses in everything, and 'from the masses, to the masses.'" The same definition was used in "Decision of the CPC Central Committee on Strengthening Ties Between the Party and the People." "Everything for the masses" refers to the fundamental position and aim of the party; "reliance on the masses" refers to the party's fundamental viewpoint and code of action in revolution and construction; and "from the masses, to the masses" refers to the party's most fundamental method of thinking and method of work in all its activities.

The party's mass line is characterized by its unity of world outlook and methodology. "Everything for the masses" requires that we adhere to the viewpoint that cadres' authority is given to them by the people, the viewpoint of wholeheartedly serving the people, the viewpoint of putting the interests of the masses above everything else, the viewpoint that responsibility to the party and responsibility to the people are consistent, the viewpoint of consciously subjecting oneself to supervision by the masses, and so on. "Reliance on the masses in everything" requires that we adhere to the viewpoint that the masses are true heroes, respect the initiative of the masses, believe that the masses can emancipate themselves, rely on the masses while educating and guiding the masses to press ahead, correctly handle the contradictions among the people, and so on. "From the masses, to the masses" requires that we humbly learn from the masses and be students before becoming teachers; that we go among the masses to promote investigation and study; that we strive to make the decisionmaking process more democratic and scientific and fully concentrate the correct views of the masses; that we refrain from resorting to compulsion and orders and be adept at translating the party's policies into the conscious actions of the masses; that we put everything to the test of practice by the masses and continuously strive to improve the party's principles and policies. Moreover, in order to uphold this fundamental method of leadership and work, we must also combine the leadership core with the masses, combine collective leadership with division of responsibility, and combine general calls with specific guidance.

The mass line was formed and developed by our party, which has always adhered to the Marxist principle of historical materialism, through practice during the long years of revolutionary struggle. An important trait of our new democratic revolution was that the enemy of the

revolution was extremely strong and brutal and the revolutionary force was weak and feeble. With a gigantic disparity in strength between the enemy and ourselves, the only way for our party to survive, develop, and triumph would be to strike deep roots among the masses, rely on the masses, and share weal and woe with the masses.

Not long after its founding, our party pointed out that its task was to fight for the interests of the broad masses of the people and to mobilize and rely on the masses in carrying out revolutionary activities. The resolution on the party's program adopted by the Second National Party Congress in 1922 stipulated that "all of the party's movements must extend deep among the broad masses of the people."<sup>1</sup> The resolution adopted in 1925 by the Enlarged Executive Committee of the Central Committee pointed out: "The future of China's revolutionary movement depends on whether or not the CPC can organize and guide the masses."<sup>2</sup> The political resolution adopted by the Sixth National Party Congress in July 1928 pointed out: "The party's general line is to win over the masses."<sup>3</sup> However, the concept of the mass line had not yet been clearly put forward. Comrade Li Lisan used the concept of the mass line for the first time in a speech delivered in October 1928. After that, the concept was also used by Comrades Mao Zedong, Zhou Enlai, and others. For instance, the "Letter of Instructions of the Central Committee to the Front Committee of the Red 4th Army," drafted by Comrades Zhou Enlai, Li Lisan, and Chen Yi in September 1929, emphasized, in connection with the work of fund-raising, that "the Red Army should not do the job on its own" and should do so "through the mass line." On the question of confiscating the property of landlords and the local gentry, it emphasized that the work "must be done through the mass line."<sup>4</sup> In December of the same year, Comrade Mao Zedong pointed out in the "Resolution of the Ninth Congress of the Red 4th Army" which he personally drafted, "The party must give positive attention to and discuss army work. All work must be implemented through the mass line after the party's discussion and resolution."<sup>5</sup> Amid the difficulties of the anti-"encirclement" campaign during the Second Revolutionary Civil War, Communists who upheld the correct line as represented by Comrade Mao Zedong recognized all the more profoundly the importance of the mass line. Many important articles were written during these years. The subjects of discussion also extended from work done for the masses by the military in the soviet areas to the party's work concerning the Red areas, the White areas, the trade unions, the economy, the elimination of counterrevolutionaries, and so on. Between 1933 and 1934, Comrade Mao Zedong repeatedly expounded on the importance of showing concern for the well-being of the masses and improving the livelihood of the masses in his articles on economic work and reports on rural surveys. He repeatedly demonstrated and proved that the only way to mobilize and organize the masses, rally them around the revolutionary political party and build them into a fortress that no reactionary force could destroy

was to earnestly work for the interests of the masses and conduct propaganda and indoctrination among the masses. In these writings, he had in fact regarded the mass line as the principle constantly and universally followed by the party in its revolutionary activities.

During the War of Resistance Against Japanese Aggression, our party's concept of the mass line was being refined in earnest. An indication of the maturity of the mass line was the decision on "Some Questions Concerning the Method of Leadership" written by Comrade Mao Zedong for the party Central Committee in June 1943. In this decision, he systematically expounded the content of the mass line and the steps to be taken to implement this line, and he scientifically analyzed the entire process of the correct method of leadership and its various links, namely, "from the masses, to the masses," "concentrate the ideas of the masses, and persevere in the ideas." The Seventh National Party Congress upgraded the mass line to something with a vital bearing on the party's survival and development and on the party's nature. Comrade Mao Zedong listed maintaining close ties to the masses as one of our party's three major work styles in his Political Report to the Seventh National Party Congress. Comrade Liu Shaoqi pointed out in his report to the Seventh National Party Congress on the revision of the party constitution, "The party's mass line is our party's fundamental political line as well as our party's fundamental organizational line." After the Seventh National Party Congress, the mass line was further familiarized by the whole party and was universally and consciously applied in work in various fields.

In the course of socialist revolution and construction after the founding of the People's Republic, the party's mass line was further developed and basic viewpoints relating to the mass line were continuously being enriched. In 1957, Comrade Mao Zedong linked the party's mass line with the correct handling of contradictions among the people. He pointed out that the "question of correctly handling contradictions among the people involves following the mass line, something which our party has always stressed." "If the ties between the party and the masses are poor, the socialist system cannot be established, and even if the socialist system has been established, it cannot be consolidated." In 1962, Comrade Liu Shaoqi succinctly summarized the mass line into two basic parts, namely, viewpoints and methods, and pointed out that formalist "mass movements" ran counter to the mass line. After the Cultural Revolution and the practice of reform and opening up, our party came to understand the mass line even more profoundly. In 1977, with the serious damage done by the Cultural Revolution in mind, Comrade Deng Xiaoping fervently appealed to the public for restoration of the traditions of the mass line. He said, "The mass line and seeking truth from facts are two most fundamental aspects of the work style advocated by Comrade Mao Zedong... As far as the present state of affairs in our party is concerned, I feel that the mass line and seeking truth from facts are of particular importance."<sup>6</sup> The "Resolution on Certain Questions in the History of Our Party

since the Founding of the PRC," adopted by the Sixth Plenary Session of the 11th CPC Central Committee, listed the mass line, seeking truth from facts, and maintaining independence and keeping initiative in one's own hands as the three living souls of Mao Zedong Thought. The Sixth Plenary Session of the 13th CPC Central Committee had a special discussion on the ties between the party and the people, and solemnly adopted the "Decision of the CPC Central Committee on Strengthening Ties Between the Party and the People" for the first time in the history of the party. The "Decision" pointed out that now, when our party is faced with the test of functioning as the ruling party and implementing the reform and open policy, whether or not it can always maintain and develop flesh-and-blood ties with the masses has a direct bearing on the prosperity of the party and the state. Everything for the masses, reliance on the masses in everything, and from the masses to the masses constitute the fundamental line of work for realizing our party's ideological, political, and organizational lines. Implementation of the mass line not only requires effort to improve work styles and methods, but must be combined with efforts to ensure a more democratic and scientific approach of decision-making, deepen the reform of the political system, promote the building of a clean government, and strengthen supervision within and outside the party. Relevant provisions were also clearly stipulated. A striking feature of this was that on the basis of socialist modernization and the social practice of reform and opening, the party's political, organizational, and ideological lines were truly integrated with the mass line. The mass line was not only systematically applied in all activities of our party, but was also systematically applied in all activities of our state. This marked a new development of the mass line by our party.

From the process of the formation, development, and deepening of the mass line, we can see that the mass line is closely linked with the political line, even with the party's entire cause. Whenever the mass line was properly implemented and close ties were maintained between the party and the masses, our cause developed smoothly. Whenever the mass line was not properly implemented and the ties between the party and the masses were impaired, our cause suffered setbacks. In the history of our party, we have seen four different situations in the relationship between the mass line and the political line. In the first situation, the political line has experienced problems, but the mass line has been properly implemented and close ties are maintained between the party and the masses. An example of this could be found during the early days of the Second Revolutionary Civil War. In the second situation, the political line is wrong, the mass line has been trampled upon, and ties between the party and the masses are strained. An example of this was the 10 years of the Cultural Revolution. In the third situation, the political line is correct, the mass line has been properly implemented, and close ties are maintained between the party and the masses. An example of this was the 11 years

between the Seventh and Eighth National Party Congresses. At that time, the interaction of the correct political line and the close ties between the party and the masses provided a powerful impetus for the development of revolution and construction. During those 11 years, one-third of the time was spent defeating Chiang Kai-shek, another third was spent in recovery, and the last third was spent completing the socialist transformation. There are many reasons for the rapid progress and tremendous achievements made then. Where the party was concerned, the reasons were as follows: First, the party's line and principles were correct. Second, the party's leadership core was mature and stable. Third, cadres at various levels all set an example with their own deeds and strictly enforced orders and prohibitions. Fourth, the party had a strong rallying force and had maintained close ties to the masses. These four reasons had a lot to do with the fact that the party's mass line was implemented in great depth in more ways than one. Comrade Deng Xiaoping once reviewed the road traversed by our party during the 11 years between the Seventh and Eighth National Party Congresses with profound sentiments. He pointed out that, during the War of Liberation, during the land reform and the struggle to eliminate counterrevolutionaries, during the struggle for the socialist transformation of agriculture, the handicraft trades, and capitalist industry and commerce, and during the struggle to develop industry, agriculture, and other economic and cultural undertakings, the great victories won by our party all resulted from the implementation of the mass line. In the fourth situation, the political line is correct, but the ties between the party and the masses are somewhat strained. This has been more or less the case during the past few years. Since the Third Plenary Session of the 11th CPC Central Committee, the party's line, principles, and policies have been in accord with popular wishes and have enjoyed popular support. For this reason, the socialist cause has made tremendous headway. However, for a variety of reasons, including poor implementation of the mass line in certain respects, some cadres became estranged from the masses and even became corrupt and degenerated. The ties between the party and the masses became somewhat strained. This affected and interfered with the implementation of the correct line and reduced the achievements we could have made. The party Central Committee with Comrade Jiang Zemin at its core was profoundly aware of this situation. It concentrated its efforts on solving this problem when implementing the party's basic line, and achieved considerable successes. The "Decision of the CPC Central Committee on Strengthening Ties Between the Party and the People" adopted by the Sixth Plenary Session of the 13th CPC Central Committee enjoyed immense popular support.

In recent years, there have been some very noteworthy problems regarding party-people ties and implementation of the mass line. After a decade of reform and opening, the party's policies have enjoyed popular support and have brought tangible benefits to the vast numbers of urban and rural inhabitants. This is an

achievement acknowledged by the whole world. For various reasons, however, a number of problems that affect the immediate interests of the masses have been mishandled. A particular case in point is that unfair distribution and other phenomena have not been effectively put right after a long time, thus affecting the enthusiasm of mental laborers and employees of large and medium-sized state enterprises who rely on wages as their main source of income. Take the question of letting the masses be masters of their own affairs, for another example. In recent years, socialist democracy has been restored and developed in our country and a higher level of democracy has been achieved in people's political life. However, the question of "providing institutional guarantees for democracy in the political life of the party and the state, in economic management, and in social life as a whole" has not been completely resolved, the channels for people's participation in politics have not been made completely unimpeded, and in some localities and units the status of the masses as masters has been ignored. Improper policies and task assignments have also resulted in tension in the relations between the cadres and the masses in some grassroots units. Take the education of the masses, for a further example. As a result of the weakening of ideological and political work, and the unchecked spread of bourgeois liberalization at one stage, some people, particularly the youngsters, have muddled and even erroneous ideas about upholding the four cardinal principles, promoting the fine tradition of hard work and arduous struggle, and other questions. Of particular importance is the question of the work style of cadres. Corruption of a small number of cadres who abused their power for personal gain, took bribes, bent the law, and so on, has aroused the strong resentment of the masses. In our present endeavor to implement the decision of the Sixth Plenary Session of the 13th CPC Central Committee as well as the party's mass line, we must suit the remedy to the case. Measures must be taken to tackle in earnest the ideological and work style problems of cadres as well as practical problems that have aroused the strong resentment of the masses and seriously affected party-people relations. For instance, in order to correctly resolve the question of the interests of the masses, we must introduce a more democratic and scientific decisionmaking process to ensure that our decisions and implementation of decisions are conducive to the protection and furthering of the interests of the broad masses. In order to resolve the problem where the status of the masses as masters has been ignored or weakened, we must promote the development of socialist democratic politics. In order to resolve the problem where ideological and political education has been slackened, we must strengthen the development of socialist culture and education and deeply unfold education and struggle to uphold the four cardinal principles and oppose bourgeois liberalization. In order to resolve the problem of cadre work style, we must strictly enforce party discipline, resolutely punish corruption, and promote the building of a clean government. In all these respects, we must do some earnest and real work to

convince the masses that new improvements and developments have indeed been made in the relations between the party and the people and between the cadres and the masses. Formalist practices which pretend to be reaching out to the masses but are in fact moving away from them will only further impair the party's image and must be resolutely stopped.

The 1990's will be the crucial decade for the building of socialism with Chinese characteristics. We must take the mass line as the fundamental line in all our work. This line must be implemented in all activities of construction and reform, in all policies and measures, and developed into a habit, a regular practice, a system. In this way, the party's mass line will be truly integrated with the party's political, organizational, and ideological lines and will find profound embodiment in the targets, tasks, motive force, conditions, and ways and means of socialist modernization. In this way, "everything for the people and reliance on the people in everything" will become a more striking feature of China's socialism.

#### Footnotes

1. *Selected Documents of the CPC Central Committee*, Volume 1, CPC Central Committee Party School Publishing House, 1982, p. 58.
2. *Ibid.*, p. 406.
3. *Ibid.*, Volume 4, p. 180.
4. *Selected Works of Zhou Enlai*, Volume 1, pp. 36, 39.
5. *Selected Works of Mao Zedong*, 1948, Northeast Book Store edition, p. 548. Later editions of *Selected Works of Mao Zedong* amended "the mass line" to read "the masses." See *Selected Works of Mao Zedong*, combined edition, p. 86.
6. *Selected Works of Deng Xiaoping (1975-1983)*, p. 42.

#### Further Run Market Fairs Well

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[Article by Liu Minxue (0491 2404 1331), director of State Administration for Industry and Commerce]

[Text] Market fairs are one of the forms of commodity exchange in China. Following the Third Plenary Session of the 11th CPC Central Committee, in the course of reform and opening up, and in the wake of the implementation of various economic policies concerning rural areas, as well as the development of the socialist commodity economy, this traditional form of commodity exchange has been remarkably developed and has undergone significant changes.

1. In the past, market fairs were used mainly by peasants for trading among themselves. Through these fairs, they sold their surplus products in small quantities, and bought in small quantities for their own consumption



sideline agricultural products and industrial goods for daily use. The scale and scope to which they helped supply each other's needs was small and limited. After the Third Plenary Session of the 11th CPC Central Committee, not only did rural areas rapidly expand the market fairs, but large and medium-sized cities also developed their market fairs. Now, in addition to peasants, individual handicraft households, individual commercial households, town and township enterprises, state-run enterprises, supply and marketing cooperatives, other collective enterprises, organs, organizations, institutions, units, and residents are participating in the market fairs. According to statistics, the turnover volume of commodities exchanged among peasants in the market fairs accounted for less than 30 percent of total turnover. Now that China's economy is changing from a single mode of ownership into one with different economic elements and with public ownership as the principal form, and its economic system is changing from a highly centralized planning system into an integration of the system of planning with that of market readjustment, the market fairs have become a necessary supplement to and an integral part of the state-run commercial sector and a circulation channel of socialist commodities.

2. In the past, the major agricultural and sideline products were purchased and sold according to plans by the state-run commercial sector and the supply and marketing cooperatives. Only agricultural and sideline products in the third category and those first- and second-category products exceeding the quota of centralized purchase were exchanged at market fairs. In the wake of reform and opening up, all agricultural and sideline products, except for a few of them (such as cotton), were allowed to be sold at the market fairs. Furthermore, the commodities being exchanged at the market fairs were no longer limited to agricultural and sideline products, but included industrial goods for daily use, petty commodities, handicraft products, and some production means. This indicated that, in the wake of changes in the rural economic structure and development of the commodity economy, the market fairs have gradually developed from an exchange of agricultural and sideline products to a comprehensive market for agricultural and sideline products, industrial products, means of subsistence, and means of production.

3. Before reform and opening up, the area covered by market fairs was very small. Generally, it was hardly larger than a county or the area adjacent to two neighboring counties. Following the Third Plenary Session of the 11th CPC Central Committee, the rural commodity economy developed rapidly, the division of labor in the rural society expanded continuously, and town and township enterprises grew quickly. In addition, a large number of specialized households, teams, and villages emerged, so the living standards of peasants were improved. This thus makes their nearby market fairs unable to meet the demands of peasants with respect to purchasing or selling commodities. Therefore, the scope

of market fairs was gradually expanded. In particular, after the State Council lifted in 1984 the restrictions on long-distance sales, any commodity available on the market fairs were allowed to be peddled over a long distance. This thus broke through the regional boundaries of market fairs and those of commodities in circulation, so commodities from every corner of the country were available in the market fairs of many places, particularly in large and medium-sized cities. The scope of the market fairs was expanded from the exchange of local commodities to the circulation of commodities among localities and between urban and rural areas.

4. Most of the market fairs in the past were set up on the side of the road, and transactions were done out in the open. Basically, no facilities were provided. After 1979, particularly after 1985, various localities generally attached great importance to the construction of market fairs. In most cases, these market fairs were large and medium in size, covered by awnings. Other facilities were set up afterward. Some localities also set up large market fairs in modern buildings. The facilities of these market fairs were better; so were the management skills. Many of them were accompanied by restaurants, guest-houses, warehouses, and other service facilities. The development trend of market fairs is from a low-class image to a high-class one, and from makeshift facilities to permanent ones.

All these changes have indicated that the development of the socialist commodity economy and in-depth development of economic structural reform have added new features and new life to the market fairs, which is the traditional form of exchange; and have made them a part of China's socialist market.

At present, there are more than 70,000 market fairs in China's urban and rural areas which form a network of commodity circulation between the urban and rural areas, and among localities. Of the gross retail volume of commodities in society in 1990, 23 percent came from the market fairs. The development of trade in market fairs promoted production of agricultural and sideline products, enlivened the exchange of materials, and satisfied the varied demands of the masses in respect of production and livelihood, so China's socialist market has become more thriving.

In the past, the supply of vegetables and sideline products to urban residents basically came from the state-run commercial sector. After reform and opening up, and in the wake of emergence of different economic elements, as well as varied circulation channels, the situation underwent changes. According to statistics on China's cities, comparing the 1979 transaction volume of major commodities at urban market fairs to the retail volume of the state-run commercial sector, the ratio of vegetables at market fairs was about 6.74 percent of the retail volume of state-run commercial sector. The ratio of pork was about 2.87 percent; that of beef and mutton was about 11.47 percent; that of eggs was about 3.54 percent;



that of chicken, duck, and goose was about 18.87 percent; and that of aquatic products was about 10.89 percent. In 1989, the percentage of vegetables at market fairs was about 139.14 percent of the retail volume of the state-run commercial sector; that of pork was about 75.07 percent; that of beef and mutton was about 188.23 percent; that of eggs was about 102.83 percent; that of chicken, duck, and goose was about 232.35 percent; and that of aquatic products was about 183.66 percent. These figures indicated that the supply of nonstaple food to urban residents through the market fairs had exceeded that through the state-run commercial sector except for pork, the supply of which was about three-quarters of that supplied by the state-run commercial sector. Moreover, the supply of some commodities through the market fairs exceeded that from the state-run commercial sector by a large margin. It became apparent that the livelihood of urban residents was closely linked to the market fairs.

Generally speaking, nonstaple food such as vegetables available at the market fairs was supplied in great variety. In particular, the quality of live and fresh ones was better. In order to stabilize the market, the state offered subsidies to the state-run commercial sector providing vegetables, pork, and other nonstaple food. Such vegetables and nonstaple food at the market fairs not only saved subsidies from the state, but also increased the state's revenue. It was estimated that the total amount of taxes levied on the market fairs, as well as collected funds for energy and transportation development, was around 20 billion yuan between 1981 and 1989.

In many localities, the production of commodities depended on local market fairs. A thriving market fair helped promote development of the rural commodity economy and that of town and township enterprises, thereby increasing peasant income. According to statistics, the income earned by peasants from the sale of commodities at market fairs was 36,600 million yuan in 1986, 44,388 million yuan in 1987, 56,681 million yuan in 1988, 70,791 million yuan in 1989, and 34,914 million yuan in the first half of 1990. This indicates that the market fairs are obviously favorable to both urban residents and peasants and to the state and the masses.

Not long ago, Comrade Li Peng said, "Everyone is looking for a way to run our economic system well and to realize in a better way the integration of the planned economy with market readjustment. I think that we may gain rather comprehensive experience first in the supply and demand of nonstaple food." Market fairs are of great importance in respect of supply of nonstaple food. We should act according to the instructions of Comrade Li Peng and sum up our experience with market fairs; and, on the supply of nonstaple food, explore the way to integrate the planned economy with market readjustment.

Undoubtedly, it has been proved that the development of market fairs, which are a traditional form of

exchanging commodities, is indispensable in China's socialist system and must be utilized and carried forward. China's market fairs are not totally free fairs. They were established by the state and are subject to the administration of government organs, as well as restrictions of the planned economy. They are an indispensable component of China's socialist market. They may serve, and are serving, development of the commodity economy. The move to develop market fairs is not a stop-gap measure. Rather, it is a long-term policy of the party and the state. Therefore, how are we going to further develop market fairs in future?

First, there is no doubt that in the circulation of commodities, the state-run commercial sector is the major channel, and the market fairs are a supplemental one. Of course, the so-called major and supplemental channels are defined from the perspective of the overall circulation of commodities. It is neither possible nor necessary to require that the trade volume of each and every commodity or that of each and every state-run commercial unit exceed the market fairs. Our experience over the years has proved that the state-run commercial sector should be responsible mainly for controlling the business of important materials. We should allow peasants, operators of handicraft industry, and peddlers to deal in certain varied and scattered commodities, particularly some fresh and live commodities, through the market fairs. This kind of operation is better than that of the state-run commercial sector. By acting in this way, we will not weaken the dominant position of the state-run commercial sector. In addition, the state-run commercial sector may concentrate its efforts to run the business concerning important materials well. It is favorable to the state, producers, and consumers. Take agricultural and sideline products as an illustration. Products such as grain, oil-bearing crops, certain cash crops, and materials for making Chinese herbal medicine should be supplied mainly by the state-run commercial sector. Some other commodities may be supplied jointly by the state-run commercial sector and the market fairs, and some may be supplied entirely by the market fairs. As for the scope of circulation in the planned economy, that of the means of production should be larger than that of means of livelihood; that of industrial products should be larger than that of agricultural and sideline products; that of major products larger than that of ordinary ones; and that of durable commodities larger than that of fresh and live ones. Therefore, we should give further play to the role of market fairs, and give them a free hand in the sale of certain agricultural and sideline products, handicraft goods, petty industrial commodities, and certain types of garments.

Second, market fairs are subject to the scope of market readjustment. Market readjustment refers to the use of the law of value to readjust supply and demand in the market. In the market fairs, the function of the law of value is realized by changing commodity prices on the basis of value through supply and demand. Changes in commodity prices are an inevitable phenomenon in the

market. Therefore, we should avoid taking restrictive administrative measures against the pricing of transactions. Of course, under no circumstances does this mean that we are incapable of controlling the transaction price in market fairs. For instance, when there is a shortage in the supply of certain commodities, we may actively locate the sources of supply; and when certain commodities become overstocked, we may devote major efforts to promoting their sale. We should seriously deal with acts of selling fake and inferior goods and of giving short measure, speculation activities such as hoarding, fraud, price gouging, and so forth. The measures in this respect are effective in stabilizing the market price.

Third, we should actively develop wholesale markets for agricultural and sideline products and enliven regional exchange of goods and materials. A major reason market fairs can play their increasingly important role after reform and opening up is the establishment and development of wholesale markets for agricultural and sideline products, as well as long-distance sales among regions, and between urban and rural areas. Today, there are 1,313 wholesale markets for agricultural and sideline products across China, and 253 wholesale markets for petty industrial commodities. From now on, we must continue to develop the wholesale markets, to continuously perfect various service facilities, and to create better conditions for further enlivening the exchange of goods and materials. Any commodity available on the market fairs should be allowed to be sold over a long distance and on a wholesale basis. We resolutely oppose the erroneous practice of regional protectionism.

Fourth, we should further strengthen the supervision over market fairs by industry and commerce administrative organs, perfect rules governing market administration, and do well in the construction of market fairs. After reform and opening up, the industry and commerce administrative organs at all levels have made remarkable achievements in developing and supervising market fairs. The experience gained by various localities showed that the most important factor for industry and commerce administrative organs to enliven and supervise the market fairs is that they, as administrative organs, should establish the market fairs, exercise their governmental administrative function of supervision, are able to impartially allow the state-run, collective, and individual economic elements to participate in the market fairs, which is favorable to the development of market fairs. Industry and commerce administrative organs should continue to strengthen market supervision and market construction, gradually standardize the supervision of market fairs, perfect the market mechanism, and promote an impartial and fair market competition so the market fairs will be continuously improved and perfected in the course of development and will play a more important role in fully developing the socialist commodity economy.

### **In Developing Export Trade, the 'Principle of Scoring Success Through Quality' Should Be Upheld**

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[Article by Li Langqing (2621 1526 3237)]

[Text] The present international market is a highly competitive market. If our foreign trade enterprises, whose job is to manage and produce goods for export, want to get into the market and expand their business, they must make high-quality goods, offer reasonable prices, and finish their products on time. These are the three essential elements in international trade competition, with making high-quality goods the first requirement. The buyers in the international market would rather pay a higher price for a good-quality product than to pay less for something inferior. This is the common rule of the market today and is also a common feeling shared by every international buyer. The strategy of "winning with low quality and low prices" is increasingly outdated and does not help us compete in the international market. Therefore, if we want to develop our export trade, we must follow the policy of "winning by producing quality goods."

This is best illustrated by reviewing the development of international trade. After World War II, Japan did not do well economically, and the world frequently ignored Japanese products because of their poor quality. Finally, the whole country recognized that to expand export trade and eradicate poverty, the quality standard of Japanese goods must improve. Japanese leaders at the time even created the slogan "Save the Nation by Making High-Quality Goods," taking a series of measures to implement this policy. It did not take the Japanese people too long to get rid of the bad reputation of their commodities. In the international marketplace Japanese products began to gain the status of being of high quality. This was the important move that revitalized Japanese export trade and invigorated its overall economy. Our national export trade speeded up development after the Third Plenary Session of the 11th CPC Central Committee. One important reason is that we have imported much advanced technology, and thus the standard of industrial production has improved tremendously. We have managed to produce more marketable and better quality goods for export. Because many enterprises that produce export commodities now pay attention to the quality of their products, foreign businessmen have begun to have more confidence in them. Internationally well-known factories have begun to move the production of their brand-name products to China. However, we have not yet developed and incorporated the sense of quality into our national spirit. The slogan "Save the Nation by Making High-Quality Goods" may not be suitable for our country, still we need to do more than simply acknowledge the economic significance of the quality issue; we must stand up at the higher level of national spirit when we discuss it. The Chinese are

intelligent, hard-working, and brave people. They are also meticulous and serious people. We may look at the historical artifacts given to us by our ancestors. Although the standard of industrial development was low and work tools were backward, our ancestors produced delicate handicrafts that were of excellent quality, a phenomenon that never ceases to amaze us. Today, our attitude toward producing high-quality goods is below par, and we have lost our national traditions and the spirit of "always working meticulously and striving for the best."

All the brand-name products that are internationally popular share the same characteristic; they are made by people who "work meticulously and constantly strive for the best." We can hardly pick out defects in these products even if we try. For instance, every stitch in a high-quality garment has to be accounted for. The cleaning and ironing is done meticulously and neatly, so no odd piece of thread will be exposed. Once, while I was touring a factory that produced brand-name sports shoes, I saw a worker discard a shoe as a reject because it had a small gray spot stuck on its sole. When I asked why, the manager replied: "This gray spot may cause trouble and make the sole become detached. If a customer buys this pair of shoes and one sole falls off, even if it is the only incident in our history, it is enough to ruin the name of our products." We were deeply impressed by his belief in "working meticulously and striving for the best." He believed strongly in competitiveness and in professional responsibility. When there is a problem with the quality of export goods, sometimes it happens not because we are behind in technology, it happens because the manufacturers do not believe in "working meticulously and striving for the best," and do not practice stringent and scientific management. For instance, we often have a quality-control problem in the garment industry because we do not take care of details. The sewing is messy, the end threads are not cut off, oil stains and dirt are not cleaned off, and the ironing is not done properly. These are ordinary problems, hardly a technological difficulty. Not long ago, I went to an exhibit and sale of export goods. In the exhibit I saw thermoses with tops shaped like duck beaks. The bodies of the bottles looked all right, but their tops were poorly made and were not straight. As a result these bottles looked inferior. One piano had a nice tone, but two keys were out of tune. There were women's backpacks that were nicely designed and made, but their metal ornaments were rusty. Many products are like that; we can find defects as soon as we check. Many goods are made with high-quality materials, but because of these "small problems," they are considered inferior products, fit for bargain sales on the streets only. Sometimes the sale price cannot even cover the cost of the original material. We do not have bountiful material resources. We only have the rich resource of human power. If we import expensive raw materials and manufacture them into "street-bargain products," what do we gain from that? How do we expect to expand our foreign trade? If we want to invigorate our foreign trade, we must first have a strong sense of quality. Our attitude toward our job and products should be "working meticulously and striving for the best." We should be

ashamed of shoddy work and consider poorly made products a national embarrassment. Whether we are in the process of designing or manufacturing, whether we are perfecting the inner quality or the outward appearance of the products, whether we are inspecting the quality or the packaging of the products, we must not be satisfied at achieving a "passable overall standard." We must "work meticulously and strive for the best." We have to let all consumers in the world know that the label "made in China" means high-quality and trustworthy products. However, we must not equate inexpensive goods with shoddy products. Even when we are making inexpensive goods, we must follow the designs and quality standards required by our customers. We must "work meticulously and strive for the best." We should not be negligent in our work, and our products should be "inexpensive but well-made." Only then can we enter the international market and expand our trade.

To maintain the quality of export commodities, we must meet the customers' required standard of quality and follow the production rules made by the countries that import the products. Also, we must understand certain concepts and deal with certain relationships.

1. The appearance and the packaging of a product is very important. This is a concept we must learn. Our products must have good inner quality, but they must also be appealing and nicely packaged. If the products we present to the international market look ugly and are poorly wrapped, no one will believe that beneath the unappealing appearances are good-quality commodities. For instance, if the finished look of a machine appears to be crude, it will be difficult to convince any buyer that it is a sophisticated machine. It is important to learn how to package our products. At a trade fair in Guangzhou a foreign businessmen who knew Chinese products well once told our buyers: "Some of the soap produced in China is not bad, but the packaging is so unappealing. No one will display it on the shelves in any department stores. It would be difficult to even try to sell it in a street market." There is an old Chinese saying: "A person needs clothing, and a Buddha needs to be gilded." Even the best commodity, if it wears "rags," will not be worth a thing. For instance, we often put precious handicrafts in coarsely made paper boxes, then stuff the boxes with paper shreds. This immediately lowers the value of the handicrafts. The packaging of commodities concerns not only the appearance of the products, but serves to protect the products as well. In short, if we want to expand our export trade, we must solve the problem of presenting and packaging our commodities, as well as improve the inner quality of these products.

2. We often pay attention to the quality of the samples but forget about quality control in the production process. Many foreign businessmen notice that the samples presented by our factories are often more meticulously made and are of better quality. The businessmen say that they can never rely on the quality control exerted by the manufacturers over their products; sometimes it is bad,

and sometimes it is good. If we do not solve this problem soon, the name of our commodities in the international market will be greatly damaged.

3. We have the tendency not to differentiate trademarks, not to protect the reputation of our trademarks, and not to see the relation between trademark and quality. The function of a trademark is to differentiate one commodity from another made by a different factory. More important, a trademark is used to indicate the quality standard of the commodity. Some of our factories do not care about the reputation of their trademarks. Moreover, there seems to be confusion in choosing trademarks. Many trademarks remind us of a feudalistic or small-scale peasant economy. Many goods are given geographic names or names of scenic spots in the regions where the products are from. Sometimes the commodities are not good enough to become brand-name products, yet the manufacturers refuse to accept help from those who make quality goods. Therefore, we should unify the trademarks of our export commodities. That is to say, the same variety of export commodities should bear the same trademark; and, in order to share the trademark, the product must pass stringent tests in technology and equality. Only those that meet the required standards should be allowed to be manufactured under the same brand name.

4. Just because a commodity belongs to the less expensive category does not mean that we can afford to be careless about quality control. We should understand the relation between quality standards and the categories of commodities. Generally speaking, whether the commodity is of high, medium, or low price, each has its own market. There are objective demands for every kind of goods. High-, medium-, and low-priced commodities have their own quality standards. We must meet the required standard and "work meticulously and strive for the best." Our work should not be shoddy just because the commodities belong to the medium- or low-price range. Neither should we think that medium- and low-priced products mean poorly made products.

In short, we should look at the issue of quality in terms of national spirit and characteristics. Throughout the production process, from studying, developing, and designing, to manufacturing and assembling, to packaging, storing, and transporting, we should show our national spirit of "working meticulously and striving for the best." We should guarantee quality and create brand names. Our commodities should become the pride of our socialist nation. The reputation of Chinese products must improve gradually. If we can accomplish this, we can then hope to expand our foreign trade.

### **The Significance of Philosophical Categories in Natural Sciences Research**

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[Text] Marxist philosophy's guiding role in the natural sciences is determined by the general patterns of the

mutual relationships between philosophy and the natural sciences. Some people do all they can to deny this point and even propose that we should "be as determined as we are when shooting away flies to shoot away this philosophy." Certainly, in the "great criticism" we have carried out in the natural sciences field since the PRC's founding, major mistakes have occurred. However, this cannot be blamed on Marxist philosophy. It was because we were subject to the influence of leftist mistakes; it was not a result of correctly understanding and grasping Marxist philosophy. These experiences and lessons are worthy of serious summing up. However, the aim of the summing up is not to negate but to strengthen Marxist philosophy's guidance in natural sciences research.

How are we to achieve this guidance? What are the specific avenues by which it is to be realized? If these questions are not answered clearly, we will be unable to convince those persons who repudiate the guidance of Marxist philosophy. Having natural scientists use Marxist philosophical categories to guide their own theoretical creation is one of the avenues by which Marxist philosophy guides natural science research. If we have a correct understanding of this question, we will be able to further firm our faith in the need for natural sciences research to adhere to the guidance of Marxist philosophy.

### **Natural Sciences Research Must Use Philosophical Categories**

Any research in scientific theory is a thought process. Engels said: "For thought, one needs philosophical categories." Categories are the basic form of thought. The results of scientific research are consolidated through the form of categories, and the relationships between categories are used to reveal the various scientific principles and laws. For example, in Newtonian mechanics, inertia, mass, force, acceleration, energy, work, and so on, are all mechanical categories and it is the relationships between these categories which form the laws of Newtonian mechanics.

Superficially, the categories used in Newtonian laws are mechanical categories and do not involve philosophical categories. But when mechanical categories are being formulated, philosophical categories are being employed consciously or unconsciously. In his second law, Newton said: "If any force produces a motion, doubling that force will produce double the motion and trebling the force will produce treble the motion, regardless of whether this force is applied all at once or gradually and continuously."<sup>1</sup> Here, Newton was using the philosophical category of cause and effect. Force is the cause and the motion produced is the effect. Thus, modern textbooks on mechanics all define force as the factor producing acceleration, while acceleration is the effect produced by the force. The philosophical categories of cause and effect not only provided a philosophical basis for the second law, but also played a guiding role in the primary

research. For example, when studying the mechanical motion of bodies, if we have a correct grasp of the philosophical categories of cause and effect, we are able to classify the force in the cause category and classify the motion produced by the force in the effect category, and thus use the relationship between cause and effect to specify the relationship between force and acceleration, and thereby master Newton's second law on a higher and more universal level.

On the other hand, if we lack a correct understanding of the categories of cause and effect, research in the natural sciences may become lost on by-roads. Newton, on the question of cause and effect, did not firmly adhere to a materialist stand; instead, he provided a theological explanation of the cause of movement of the planets and moons. He said, "The current movement of planets cannot derive purely from a natural cause. Rather, they must be moved by an omniscient force... There is no natural cause that can result in all planets and all moons moving in the same direction and in the same plane, without experiencing any obvious change. This is surely a result produced by divine wisdom. Likewise, there is no natural reason that can give planets and moons this appropriate speed, make their size correspond to their distance from the sun or other central body, or enable them to move around these bodies in such concentric orbits."<sup>2</sup> If Newton had persisted with a materialist cause and effect viewpoint, on the question of the cause of planetary and satellite movement, he certainly would not have provided a theological explanation, but would possibly have postulated the existence of some unknown natural cause, and thereby stimulated people to further exploration. However, Newton did not do this and it must be said that this is the result of his divorcing himself from the materialist causality viewpoint.

From both the positive and negative sides of Newton's experiences, we can see that natural science thought must use philosophical categories and that natural science research is always subject to the governing of philosophy. The only question is what sort of philosophy will do the governing. In modern times, if natural scientists do not draw their philosophical categories from Marxist philosophy, they will have to draw them from other philosophies. Engels, when analyzing the source of the philosophical categories of modern natural scientists, pointed out, "They take these categories unreflectingly from the common consciousness of so-called educated persons, a consciousness which is dominated by the relics of long-obsolete philosophies, or from the little bit of philosophy compulsorily listened to at the university (which is not only fragmentary, but also a medley of views of people belonging to the most varied and usually the worst schools), or from uncritical and unsystematic reading of philosophical writings of all kinds. Hence, not only are they in bondage to philosophy, but unfortunately in most cases to the worst philosophy, and those who abuse philosophy most are slaves to precisely the most vulgarized relics of the worst philosophies."<sup>3</sup> Prior to the birth of Marxist philosophy,

many spontaneous materialists and proponents of dialectics drew their philosophical categories from old philosophy. This was a historical limitation, and we must not be overcritical of persons in the past. Marxism, when it emerged, critically inherited all valuable categories from all philosophies in history and became the highest form of philosophical development. Drawing categories from Marxist philosophy is the only feasible avenue, and is also a shortcut. In this, all philosophical and thought achievements of positive significance in history have achieved a centralized, scientific summation and thus it can ensure a reliable world view and methodological basis for research in the natural sciences. Trying to "shoo away" Marxist philosophy is equivalent to shooing away all progressive philosophies and will eventually and inevitably result in one becoming a slave to the worst relics of the worst philosophies. This has already been fully proved in the history of philosophy and the history of science. Has not Fang Lizhi become such a slave?

#### **The Significance of Philosophical Categories for Scientific Research Activities**

Everyone knows that the question of the relationship between thought and being, between the spiritual and the material, is the basic question of philosophy. All scientific research must correctly grasp the epistemological categories of thought and being, and cognition and practice. No person can escape the limitations of these basic philosophical categories. This is equally true for natural scientists.

All scientific understanding begins by summing up individual phenomena and then proceeds to the finding of universal principles. Holding that the natural sciences can only understand specific, limited things, contradicts the natural sciences' cognitive forms. The universal forms within the natural sciences are the patterns, and the laws and principles of the natural sciences are the manifestations of these universal patterns. The English philosopher Hume used his famous "induction" to deny the possibility of natural sciences understanding universal patterns, and came to his skeptical conclusions. Engels gave a positive answer to this question and believed that all real and deep understanding lay in the following: In our thought, we raise the individual to the specific and then raise the specific to the universal. From the finite, we find the infinite and from the temporary we find the eternal, and thereby define things. Is such understanding reliable? Engels said: "The cognition of the infinite is therefore beset with double difficulty and from its very nature can take place only in an infinite asymptotic progress. And that fully suffices us in order to be able to say that the infinite is just as much knowable as unknowable, and that is all that we need."<sup>4</sup> Thus, natural science's understanding of the infinite is both absolute and relative. From its immediate nature, it is absolute, and, in terms of its historical development, it is relative and it will be replaced by a more complete understanding. Lenin, by examining the relationship between relative truth and absolute truth, provided a further explanation of this question. He held that the

factor limiting our knowledge from approaching objective, absolute truth is the restrictions imposed by historical conditions. However, the existence of this truth is unconditional and our approaching it is also unconditional. Natural science is a truthful understanding, being a unity of relative truth and absolute truth. We must adhere to its objective truth and, at the same time, must promote its further development.

If natural scientists can master Marxist philosophical categories such as the individual and the general, the finite and the infinite, and relative truth and absolute truth, they will be able to gain a correct understanding of natural science theory. That is, they will not doubt its truthfulness and they will not seek an eternal truth which is absolutely unchanging. This will undoubtedly be of major significance in natural science research activities and in the development of natural science theory. Because Fang Lizhi "shooed away" Marxist philosophy, it resulted in his believing in the Cambridge school's "finality viewpoint" and thus he held, "When we can find a predicted, unified, complete theory, allowing us to trace back to the origins (or singularities) of the 'big bang,' our knowledge will have the real base point of a material structure. At the same time, we will suffer the limitations of not having the law of causality, as well as the limitations of observation." Clearly, here he is falling into the mire of metaphysics and absolute truth.

#### **Philosophical Categories' Guiding Role in Grasping Scientific Achievements**

Lenin said that "we must understand that if any natural science or materialism does not have a fully reliable philosophical foundation, it will be unable to wage a sustained struggle against the encroachment of bourgeois ideology and the bourgeois world view."<sup>5</sup> As far as natural science is concerned, the use of Marxist philosophical categories to grasp the achievements of scientific research can provide the most reliable philosophical foundation.

The birth of quantum mechanics changed the strict view of causality. It began the debate as to whether the theory of quantum mechanics is complete or not. The Danish physicist Bohr maintained a firm nondeterminist stand and opposed the strict view of causality. Einstein held a determinist view and opposed nondeterminist ideas. This debate was elicited by the statistical explanations in quantum mechanics. The mechanical view of causality held that cause and effect are determined singly and that the past rigidly determines the present and the present rigidly determines the future. However, the wave-particle duality of microcosmic objects produced an uncertain relationship between momentum and coordinates, meaning that the track of the motion of the microcosmic objects and their positions were not fixed, but rather just a probability, and thus they could be explained only through statistics. This was a major breakthrough in terms of the mechanical view of causality. Boer (3788 1422) and other people held that as it was only possible to provide a statistical explanation of

microcosmic bodies, it meant that the causality viewpoint had to be discarded. He said, "Even the principle of causality, so far regarded as the unquestioned foundation for all interpretation of natural phenomena, has proved too narrow a frame to embrace the peculiarities governing individual atomic processes."<sup>6</sup> Heisenberg held, "The law of causality is no longer applicable in quantum theory. The law of the indestructibility of matter is likewise no longer tenable for basic particles."<sup>7</sup> The idea of causality, which Bohr and others negated, was actually metaphysical, mechanical cause-and-effect determinism. The clash between the results of quantum mechanics and mechanical determinism does not negate the general law of causality. It just shows that the mechanical law of causality does not apply in the microcosmic world and that it should give way to a dialectical view of causality. However, Bohr and others failed to draw from Marxist philosophy the category of a dialectical causality, and thus they saw mechanical causality as the only or general form of causality. Thus, they felt if the mechanical causality relationship was negated, all causality relationships would cease to exist. Thereby, they came to their nondeterminist conclusions. It was correct for quantum mechanics to negate mechanical causality and this was an advance in mankind's understanding of the patterns of causality. However, it was wrong to proceed from this to the conclusion that causality patterns do not exist, and this error reflected the love of Bohr and the others for old philosophy.

Einstein opposed the ideas of Bohr and others and held that the statistical explanation of quantum mechanics was produced by the incomplete nature of our knowledge. He said, "The statistical law is only the result of combining the strict law of causality with the incomplete knowledge or inaccurate assessments of the original, actual situation of the system being examined." "I should affirm that my scientific instincts oppose the abandoning of strict causality."<sup>8</sup> In classical mechanics, strict determinism and the classical law of causality are applicable in both the specific and the general laws of relativity. In these spheres, opposition to abandoning strict causality should be said to be correct. However, quantum mechanics has already shown the limitations of strict causality, and thus continuing to oppose the abandonment of strict causality in the microcosmic sphere and not seeking new forms of causality is one-sided.

The categories of determinism and causality in Marxist philosophy are both materialist and dialectical. On the one hand, they adhere to the objectivity of determinism and causality, and on the other hand they also recognize the diversity of their forms. In the natural world, both classical and quantum statistics break through determinism's mechanical nature. However, when statistics reach various limits or tend toward various probabilities, it shows that they contain determinism and causality within them. The probable movement of quantum particles reflected by the uncertainty relationship shows the indefinite nature of particle movement. Every microparticle has the characteristics of uncertain relationships and the

uncertain relationships mode exists to describe this movement. This shows the definite nature of particle movement. However, this definite nature can exist only within the indefinite nature and has the indefinite nature as its form of manifestation. Thus, what quantum mechanics tells us about is not nondeterminism and is not mechanical determinism, but dialectical determinism. This is a unity of a definite nature and a nondefinite nature. The nondeterminists see only the nondefinite nature, while the mechanical determinists see only the definite nature. Neither masters the relationship of antithetical unity between the definite nature and the nondefinite nature, and thus both are one-sided. If we are able to consciously use Marxism's philosophical categories in respect of dialectical determinism, we will be able to overcome the two one-sided views in the Bohr-Einstein debate, provide a scientific explanation of the statistical patterns of quantum mechanics, and thereby adhere to dialectical materialist determinism and causality.

Modern biological research has entered the molecular level, and has discovered mutation. As these mutations are chance occurrences, people see chance as the basic motivation of biological evolution. The French biologist Monod said: "We say that these events are accidents of chance. And since they constitute the only possible source of modification in the genetic text, itself the sole repository of the organism's hereditary structures, it necessarily follows that chance alone is at the source of every innovation, of all creation in the biosphere."<sup>9</sup> In 1968, the Japanese biologist M. Kimura proposed a non-Darwinian neutral theory, which held that, seen from the molecular level, genetic mutation is neutral as far as the continued existence of the organism is concerned. That is, it is neither advantageous nor disadvantageous. He held that natural selection does not play a role in molecular evolution, and that the evolution of species is promoted by genetic drift, that is by the free combination of mutant genes. In this way, Kimura also stressed the role of chance in determining evolution. The Monod-Kimura discussions regarding chance and necessity show that modern biology likewise draws on philosophical categories as the philosophical foundation of its own research activities. It should be affirmed that in the process of biological evolution, mutations are a chance occurrence. However, it must also be said that the choice of mutation which is selected for inheritance is not completely fortuitous, but involves some necessity. This is because the selection is made by the environment and only when the mutation accords with the environment is there a contradiction produced within the organism between variation and adaptation, thereby allowing the mutation to be inherited. Otherwise, even if mutations occur, they will have no significance for the organism's evolution. We can see that evolution is not purely fortuitous and that it includes some aspects of necessity. As Engels pointed out, "That which is judged to be inevitable is composed of the purely fortuitous, while that which is called fortuitous is a form within which is contained the inevitable."<sup>10</sup> Monod and Kimura see

only the fortuitous form, but they do not see that this form is determined by inevitable aspects nor that within the fortuitous form is contained the elements of the inevitable.

Modern systems science has once again placed chance and necessity in front of natural scientists and forced them to absorb categories from various philosophies. In his theory of dissipative structures, Prigogine points out that when a system approaches a point of bifurcation, it experiences very great fluctuations. Such a system seems to "hesitate" between the various possible directions of evolution, and the famous law of large numbers in its usual sense breaks down. A small fluctuation can induce a complete change, and this change will dramatically change the macrosystem's overall movement. This fact proves that, at the point of bifurcation in the system's evolution, chance plays a decisive role on the choice of direction of the system's evolution. Prigogine gave the following explanation of this fact: "We absolutely are not placing 'choice' and 'necessity' in antithetical positions. We are now seeing that these two are equally important when describing nonlinear systems which are far from balance."<sup>11</sup> Clearly, placing chance and necessity completely on a par is not a dialectical idea. U.S. futurologist Toffler provided a different explanation, holding that the dissipative structure theory subordinates chance to necessity. The Prigogine-Toffler discussion likewise shows that the pair of philosophical categories constituted by chance and necessity has major significance for natural science research. In systems evolution, at the point of bifurcation, chance plays a role in selecting the direction of the system's evolution. However, this selection is a selection within the scope of possibility (the aggregate of the various possible development directions) and thus is determined by necessity. In the end, the direction selected is influenced by the fluctuations and thus has a fortuitous nature. Therefore, when the direction of evolution determined by necessity is not singular but plural, thereby forming a space for possibility, chance is obviously important in the direction's selection. We can see that the role of chance is still conditioned by necessity and, on the basis of necessity's determining role, it has an effect on the direction of the system's evolution. It is clearly incorrect to overlook the decisive role of necessity and chance and to view the two as equals.

Marxist philosophical categories take the highest, universal general patterns which reflect the development of things as the most fully dependable philosophical foundation for new achievements in natural science research. However, they cannot replace natural science categories. The formulation of natural science categories still requires creative exploration by natural scientists. The achievements realized in this exploration have both their own specificity and the general nature of philosophical categories. Because the relationship between natural science and philosophical categories manifests the relationship between the specific and the general, Marxist philosophical categories have become the philosophical



foundation for new achievements in the natural sciences and thereby can powerfully resist attacks by all non-Marxist world views.

### **We Must Be Vigilant Against the Call To Oppose "Speculation"**

The call to oppose "speculation" and the negation of the Marxist philosophical categories' role in natural science research have been popular in China for some time. One of the characteristics of philosophical thought is its speculative nature. However, this speculation is established on the basis of practical activities and scientific materials. Thus, it is scientific, dialectical thought. Actually, not only philosophy but all thought has a speculative nature. Thought is a process which uses concepts, judgments, and reason. Without thought, it is impossible to carry out inference and deduction. As Hegel referred to his idealist philosophy as speculative philosophy, many people equate speculation with idealism. This is a misunderstanding. Of course, we oppose just playing around with concepts in a way that is divorced from reality; however, scientific conceptual inference and deduction are essential for all thought processes. Mao Zedong held that referring to the antithetical categories of Hua Yanzong's philosophical system as "just playing around with concepts" was "not serious enough."<sup>12</sup> If there is thought, there must be concepts being used. Thus, natural science cannot be without a speculative nature. This is especially so of theoretical natural science, which has an even stronger speculative nature. Taking cosmic studies as an example, if we divorce ourselves from speculation, the question of the universe being finite or infinite cannot be understood. Those persons who deny speculation require that the universe's infinity be empirically proven or else the universe must be finite. We would like to ask: Is it possible to empirically prove that the universe is finite? If it is held that the universe's infinity has never been proven empirically, we could ask: Has the universe's finite nature been empirically proven? The answer is likewise negative. The history of cosmic research has shown that, while many people have calculated the universe's radius and age, with advances in astronomical observation means and the continuous expansion in the time and space scales for the universe, these calculations have been transcended one after the other. In this way, with endless transcendence, could not the finite become infinite? The finite and the infinite cannot simply be grasped empirically. They can only be grasped through thought. What is called finite has some limits. As every limit can eventually be reached, it means that the thing has an end, and an end means that there is something which can be transcended. The earth is a finite thing. It has a fixed radius, which is its limitation. When we leave the earth and fly into space, this is a transcendence of the earth's limitations. The solar system, the galaxy, and the metagalaxy are all finite things. Thus, they all have their own limits. These limits can, similarly, all be transcended. If today they cannot yet be transcended, then one day in future, it will be possible to transcend them. Through

this endless transcendence, the finite will gradually extend to the infinite. Thus, what is called infinite is actually a transcendence of limitations. When higher mathematics proves that a number is one which approaches an infinitely great number, the ideas of limitation and transcendence are employed. The train of thought in proving this is as follows: If we are given an arbitrarily high number, we can find another number which is greater than the given number; if we are given another, greater number, we can likewise find a number which is greater than the newly set number. What is meant by giving an arbitrarily large number is that a limit is provided. No matter how large the number given, as soon as it is set, it is limited. Finding a number which is greater than the set number transcends the limit. If, on the one hand, we continually set numbers and, on the other hand, continually transcend the limits of these set numbers, and if this cycle is repeated endlessly, the number will approach an infinitely great number. Higher mathematics also uses the same line of thought in proving numbers which approach an infinitely small number.

The desire to empirically prove infinity is one of the manifestations of the rejection of Marxist philosophical categories. It should be pointed out that empirical proof should be a part of the proof of infinity. However, purely empirical proof is incomplete, because experience is incomplete knowledge. Engels said, "Relying purely on the experience gained through observation is certainly insufficient to prove inevitability."<sup>13</sup> Because the infinite is a transcendence of the finite, and this transcendence is also an infinite process, in practice, it is limitless. However, this process is completed in thought. The proving of the infinitely large and the infinitely small in higher mathematics is, in practice, an infinite process. Whether one is setting a number or transcending a given number, both are endless actions. Experience cannot grasp a process such as this, but it can be grasped by thought. "The cycle is repeated endlessly" shows the limitless nature of this proving process. On the logical level, this is inevitable and the proof is strict. This is the strength of speculation. As to the infinite nature of electrons and atoms, this was proven long ago in Marxist philosophy. The dialectical relationship between the finite and the infinite is a part of this sort of proof. However, just on the empirical level, such a proof is not completed, and cannot be completed. This is because even if past experience proved it and present experience proves it, this proof can never be completed. If the proof is completed on the empirical level, then the infinite nature proven is no longer infinite, but finite. The proving of an infinite nature involves an infinite process. This is the proper meaning contained within the category "infinite," and is the stipulation demanded by infinity itself.

Natural science explores the laws of nature, and its principles are all infinite understandings gained from finite things. Thus, they can only be grasped through thought. Marxist philosophical categories are the links in



the net of dialectical thought. Within them are contained the dialectical skill of using concepts, and thus they are the highest form of philosophical development. If natural scientists can consciously study and use the Marxist philosophical categories, they will certainly be able to realize great achievements in scientific research. This is an inevitable demand of the development of modern natural science and is independent of natural scientists' subjective will. It is, as Engels pointed out long ago: "Only by learning to assimilate the results of the development of philosophy during the past two and a half thousand years will science rid itself on the one hand of any natural philosophy standing apart from it, outside it, or above it, and on the other hand also rid itself of its own limited method of thought which is its inheritance from English empiricism."

#### Footnotes

1. *Selected Works of Marx and Engels*, Volume 3, pp. 54-55.
2. *Ibid.*, p. 56.
3. *Ibid.*, p. 533.
4. *Ibid.*, p. 555.
5. *Selected Works of Lenin*, Volume 4, pp 608-609.
6. Bohr: *Atomic Physics and Human Knowledge*, p. 28, Commercial Press, 1964.
7. Heisenberg: *Physics and Philosophy*, p. 48, Commercial Press, 1984.
8. *Collected Works of Einstein*, Volume 1, p. 239, Commercial Press, 1976.
9. Monod: *Chance and Necessity*, p. 84, Shanghai People's Press, 1977.
10. *Selected Works of Marx and Engels*, Volume 4, p. 240.
11. Prigogine and Stengers: *From Chaos to Order*, p. 48, Shanghai Translation Press, 1987 edition.
12. *Mao Zedong's Collected Philosophical Annotations and Comments*, p. 500.
13. *Selected Works of Marx and Engels*, Volume 3, p. 549.

#### Study of Philosophy Should Be Combined With Study of the Theory of Scientific Socialism

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in Chinese No 3, 1 Feb 91 pp 45-46

[Article by Zhong Wei (0112 0251)]

[Text] Initiated by the party Central Committee, a vigorous mass campaign for studying Marxist philosophy and the theory of scientific socialism is being

unfolded on a national scale. Party committees at various levels have been earnestly running training courses and study classes of different types and have been organizing the compilation of relevant materials and books for popular consumption. Newspapers, magazines, and radio and television broadcasts have also been giving positive support to the study drive by disseminating relevant theoretical articles, setting up special columns, and offering lectures. The study situation is excellent. A major trait of this study drive is the combination of the study of Marxist philosophy with the study of the theory of scientific socialism. Party committees and Propaganda Departments at various levels have put in a lot of work trying to implement this spirit. Problems encountered in the course of studying the theory of socialism are understood from the high plane of Marxist philosophy. This practice should be maintained. The reasons are as follows:

First, the aims of the current drive for cadres to study philosophy and study the theory of scientific socialism are consistent. The requirements are also the same. They both serve the purpose of further strengthening people's faith in socialism and better promoting the cause of socialist modernization.

In recent years, the international communist movement has seen some major complications because the anticommunist and antisocialist forces of some Western capitalist countries have been stepping up their strategy of peaceful evolution against socialist countries. At home, the malignant spread of the ideological trend of bourgeois liberalization and the fact that certain prominent leaders have been playing down the party's leadership and slighting ideological education have caused quite a number of comrades inside and outside the party—including leading comrades—to become confused over the theory and practice of socialism and to feel perplexed and skeptical about the future and destiny of socialism. These muddled ideas, perplexities, and worries all boil down to a question of whether or not the socialist road can and should be upheld. These people have doubts as to whether socialism is indeed the inevitable trend of historical development, whether socialism does have superiority and vitality, and whether the red banner of socialism can continue to fly. In the meantime, people engaged in bourgeois liberalization all these years have been converging their attack on the theory of socialism, negating the existing socialist system, and preaching "the theory of the premature birth of socialism," "the convergence theory," "the theory of the failure of socialism," "the theory of the communist utopia," and so on. This ideological trend which negates socialism is the most direct ideological root of the turmoil and counterrevolutionary rebellion which occurred during the spring and summer of 1989. Accordingly, the party Central Committee called on the whole party to conscientiously study philosophy and the theory of scientific socialism, and to resolve this profound ideological problem over the understanding, faith, and position of the vast numbers of cadres and the masses on socialism. This has become a

major issue which will have a vital bearing on the success or failure of our socialist cause, as well as a primary question which urgently requires solution in the current theoretical education of cadres.

Second, the socialist modernization requires not only the guidance of the theory of socialism but also the guidance of Marxist philosophy.

As far as the socialist cause undertaken by the proletariat and the communists is concerned, the theory of scientific socialism and Marxist philosophy serve the same function, namely, to provide guidance. They are both magic weapons that cannot be dispensed with even for a moment in our revolution and construction. Lenin pointed out that socialism is "a new cause no one has ever read about in books or come across in history."<sup>1</sup> Our socialist modernization is a great cause without precedent. We are in for something great, but have no ready-made experience or blueprint to go by. Thus, we need to grope along in the course of practice under the guidance of Marxist theories. Marxist philosophy is a powerful ideological weapon for the proletariat to know and change the world. It has laid the theoretical foundation and provided a great cognitive tool for man's socialist and communist ideals. For a century and more, Marxist theories have been grasped by hundreds of millions of people who have changed socialism from an ideological system into a social system and from a set of theories into practice, and won one great victory after another. Today, only by studying and mastering Marxist philosophy and the theory of scientific socialism will we be able to correctly understand the theoretical and practical problems that are cropping up in the course of the development of socialism and explore the objective laws governing this development at a time when the development of socialism is most complicated and difficult.

Chinese Communists have always had a sober understanding of the utmost importance of the need to take Marxist theories as the guidance in resolving problems in China's revolution and construction. During the protracted course of leading China's revolution and construction, Comrade Mao Zedong was an active advocate of the need to study Marxist theories. He was also a great practitioner and developer of Marxist theories. His writings, such as *An Analysis of Classes in Chinese Society*, *On Practice*, *On Contradiction*, *On New Democracy*, *On the People's Democratic Dictatorship*, and *On the Correct Handling of Contradictions Among the People*, reflect the brilliance of dialectical materialism and scientific socialism. Since the Third Plenary Session of the 11th CPC Central Committee, Deng Xiaoping, Chen Yun, and other proletarian revolutionaries of the older generation have repeatedly stressed the need to conscientiously organize party members and cadres to study Marxist philosophy and the theory of scientific socialism. After the Fourth Plenary Session of the 13th CPC Central Committee, Comrade Jiang Zemin put the need to study Marxist theories in the new era as a pressing task for the whole party. In his important

address on the occasion of the 40th anniversary of the founding of the PRC, he made this call to the whole party: "Within the party, and first of all among the party's senior cadres, we should encourage the earnest study of the basic theories of Marxism-Leninism-Mao Zedong Thought, particularly Marxist philosophy, to master the scientific world outlook and methodology." It is because our party has, at different historical periods, conducted study and education of Marxist philosophy and the theory of scientific socialism with specific objectives, that our socialist revolution and construction have been able to continuously make achievements and correct mistakes. This has also enabled our socialist system to remain impregnable when the world situation keeps changing.

Third, the study of Marxist philosophy and the study of the theory of scientific socialism complement each other. The contents of study should be made mutually penetrating and supplementary so that each can promote the other and bring out the best in each other.

The question of our understanding of and faith in socialism is, in the final analysis, a question of world outlook. It is only from the high plane of world outlook and the concept of history that we can deepen our understanding of socialism and firmly establish our faith in socialism. Conversely, it is also possible to deepen our understanding of philosophy through the concrete analysis of problems that have cropped up in socialist construction by making use of the principles of philosophy. Thus, study of philosophy and study of the theory of scientific socialism do not contradict each other. The key lies in organically combining the two. Marx and Engels applied dialectical materialism in observing and analyzing the history of human society. They pointed out that the state of man's material production was the foundation of political and spiritual life, even social life as a whole, and that the movement of opposites between the productive forces and the relations of production was the true motive force of historical development. Based on their scientific analysis of the basic contradictions in the historical process of society, they profoundly revealed to us the fact that the replacement of capitalist relations of production with socialist relations of production and of the capitalist system with the socialist system were something inevitable and independent of man's will. Thus, study of Marxist philosophy and study of the theory of scientific socialism not only can, but should, be closely combined.

#### Footnote

1. *Selected Works of Lenin*, Volume 3, p. 422.

#### Correctly Understand Socialism Through Scientific Comparison

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[Article by Li Xiangbin (2621 4382 2430), Naval Aviation Engineering Institute]

[Text] Socialism and capitalism: Which is better after all? This is not only an important theoretical problem, but also an important problem in actual practice. Some people believe that, "in theory, socialism is superior to capitalism, in reality this is not so." Is this really the case? The answer is "no." Why then are people skeptical that in reality socialism is superior to capitalism? The cause lies in that they cannot compare socialism and capitalism through science. Hence, in order to clearly understand socialism, it is necessary to use the comparative standards in science to make the comparison.

Materialist dialectics tells people that determination of the quality and quantity of matter is many-sided. In the many-sided determination of quality and quantity, only through comparing the basic, principal, comparable, and objective sides can a scientific conclusion be obtained. Some people always like to take the present level of per capita GNP and the per capita national income as the standards to measure the superiority or inferiority of socialism. This, in reality, is unscientific. First, the current year's per capita GNP and per capita national income are created by the accumulation of past productive forces. They can reflect only generally the degree of affluence of a nation, but cannot directly reflect the suitability of the actual production relations to the productive forces. Second, the quantity of per capita GNP and per capita national income can reflect neither whether or not social distribution is just within a country nor the actual living level of the working people. Finally, the world's countries use different methods to calculate the GNP and the national income, and certain noncomparable factors are included in the "per capita" level. Hence, per capita GNP and per capita national income can only be the general standard for measuring the degree of affluence of a country, but cannot be the standard for measuring the superiority or inferiority of the social system. Just as Comrade Deng Xiaoping pointed out, "Socialism is superior to capitalism. This is manifest in many ways, but first it must be seen in the speed of economic development and in its effects."<sup>1</sup>

On the basis of the foregoing reasons, I believe that the basic standard for a scientific comparison of the superiority or inferiority of the social system is as follows:

First, find out which social system can more rapidly push the development of the social productive forces. This is a basic standard for measuring and comparing the superiority or inferiority of a social system. The upper structure must be suited to the nature and level of the economic foundation and production relations must be suited to the nature and level of the productive forces. This is the law of the development of social basic contradictions and is also the law of social development. Generally speaking, an advanced social system promotes development of the productive forces, whereas a rotten social system hinders and binds the development of the social productive forces. Hence, the development speed of the social productive forces is a basic standard for measuring and comparing the superiority or inferiority of a social system.

As everyone knows, 30 years before the founding of the PRC, our country's economic development traveled a tortuous and twisted road. There was smooth development and there were also great errors. Despite all this, our accomplishments have still won world recognition. The speed of China's economic development is still higher than that of the developed capitalist countries. Statistical materials have shown: 1) From 1950 to 1979, average industrial growth rates were: China, 13.4 percent; the United States, 4.5 percent; Japan, 11.9 percent; FRG, 6.7 percent; Britain, 2.5 percent; and France, 2.5 percent. 2) From 1950 to 1979, average agricultural growth rates were: China, 4 percent; the United States, 1.9 percent; Japan, 2.1 percent; FRG, 2 percent; Britain, 2.2 percent; and France, 2.4 percent. The average growth rate of China's industry was quite obviously higher than that of the developed capitalist countries. In particular, from 1949 to 1957, China's national production averaged an annual growth rate of 18 percent, which was never reached by Japan even during its postwar restoration period. Hence, the chairman of Japan's economic research center, Hisao Kanamori, wrote an article in which he stated: "A rough comparison should definitely conclude that the economic growth rate of socialist countries would be higher, while capitalism's superiority would be only an illusion." As for the 10 years of China's reform and open door, they recorded the period of a stable development of the economy in which the economic growth rate was obviously higher than that of the developed capitalist countries and also higher than that of Asia's "four small dragons." Just as the American economist W. Pollock pointed out, the development of socialism has been fast. This is because "it has a more effective economic system than capitalism and because its superior nature lies in its production relations and production organization and also because the workers themselves are concerned with the development of production."<sup>2</sup>

Second, find out which social system can more rapidly bring to the principal factor of the productive forces (the worker) a general rise in the material living standards. This is another basic standard for measuring and comparing the superiority or inferiority of the social systems. In judging the superiority or inferiority of a social system it is necessary to look at not only the speed of economic growth, but also the effects of economic development. Whether or not it is possible to bring about a general rise in the people's material and living standards is also another basic standard for measuring and comparing the superiority and inferiority of the social systems.

People will not forget that in old China many people had starved to death and had wretched lives. On the other hand, people in New China are living happily and their standard of living is continuously rising. Accord to statistics, the per capita annual consumption level in the whole country has risen from 76 yuan in 1952 to 639 yuan in 1988. After adjusting for rises in commodity prices, the average annual increase was 3.7 percent. Computed in comparable prices, in 1988 the actual

consumption level of residents of the whole country rose by 370 percent over 1952. Seen from the target of the international general quality of living, in a short span of 40 years the living standard of the Chinese people has risen from the level of a poor and distressed nation to that of a nation with a medium standard of income. Average life expectancy has also improved by 100 percent. This cannot but be considered an "international miracle." The 1988 World Bank report on the world's development pointed out: "For a long time the growth rate of China's per capita domestic output value has been very rapid in the developing world. Certain localities are still extremely poor and distressed. But in comparison with many countries of medium income China is their equal with respect to health and hygiene conditions, cultural level, and average life expectancy." Seen from the distribution and holding of social wealth, our country has firmly insisted on the direction of joint or common affluence, abolished the division of classes, and basically solved the problem of the common well-being of people of the whole country. Some people have begun to proceed on the road of "small-scale" affluence. On the other hand in the United States, the so-called "world's richest country," the number of distressed and poor people of various kinds has continued to increase and the disparity between the poor and the rich is steadily widening. As promulgated by a U.S. labor organization: In 1960, the money earned by the bosses of large U.S. corporations was 410 percent of that of the ordinary workers. By 1988 the disparity had grown to 930 percent. At present in the United States, the income of the hiring worker doing manual labor, after adjustment for currency inflation, is actually at the lowest level since 1966. It is thus not difficult to see that only the socialist system can represent the interests of the extensive masses of working people. An Indian economist, after visiting China, wrote an article comparing China and India in which he pointed out: In India, the living standard enjoyed by society's upper stratum belonging to the 10 percent of the population is higher than China but as for the standard of living of the remaining 90 percent of the population China is ahead of India. In China, there is no hunger, starvation, or utter distress in life.<sup>3</sup>

Third, find out which social system can open a wide expanse for development of the social productive forces. This is the ultimate standard for measuring and comparing the superiority or inferiority of a social system. If a social system suited to the demands of the development of the productive forces can enable the productive forces to achieve greater development, then it shows that this economic system is a superior one. Otherwise, it is backward and antiquated. Since the development of capitalism's production relations, productive forces were larger than the sum total of all productive forces formed in past generations, but, soon afterward it was revealed that the demands of the development of the productive forces increasingly could not be met and the periodic appearance of economic crises was an illustration. Over the past scores of years, the development of science and technology, the aggravated plundering of undeveloped

countries, and the making of certain readjustments of production relations without disturbing the basic structure, the productive forces of the developed capitalist countries have achieved rather great development. However, the many periods of depression, including the current depression, have shown that this sort of production relations has a limited capacity for the containment of the development of the productive forces. Contrary to this, a new type of socialist production relations, as far as its ability to create a social form in which the workers and means of production are integrated, is the most advanced up to now in history and is suited to the development of the productive forces. Despite its low starting point and although present social productive forces still generally lag behind, the newborn social system has opened up a wide expanse and background for the development of the productive forces. It may be decisively said that, with the high-degree development of the productive forces, human society, following revolutions and development, will ultimately be transformed into a socialist and communist society. This is an objective law which cannot be negated by anyone.

#### Footnotes

1. *Selected Works of Deng Xiaoping*, p. 215.
2. *Marxism-Leninism on Socialist Theory and the Modern Era*, p. 351.
3. RENMIN RIBAO, 3 March 1981.

#### Resounding Echo Comes From an Earnest Call—Reading the Reportage 'Echo of the Giant Forest'

HK2503115191 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 3, 1 Feb 91 pp 48, 44

[Article by Cheng Shuzhen (4453 2885 2830)]

[Text] Yichun is a famous forestry center of China. Located at the foot of the Xiao Xingan range, it has 37,000 square kilometers of forests under its jurisdiction. It is a new city which sprang up at the same time the People's Republic was founded. In the course of the past decades, it furnished large quantities of timber for the socialist cause of the motherland and rendered great services toward building the socialist edifice of New China. Due to mistakes in our work over the years, however, we had been felling trees excessively without doing much in the way of replanting all these years. This resulted in the three "crises"; namely, the crisis of forestry resources, the economic crisis, and the crisis of natural ecological balance. This, coupled with the effects of the unhealthy tendencies which prevailed in the party for a long time, affected the relationship between the party and masses to a considerable extent. At this juncture, Yang Guanghong [2799 0342 3163], former director of the Heilongjiang Provincial CPC Committee, was transferred to Yichun to take up the post of city party committee secretary. Would he be able to cope

with such a grim situation? It was only natural that people should have such worries.

However, exciting news has been coming in a steady stream from Yichun: It includes accounts of his visits to the poor on snowy nights; reports of how he "cured 'the five types of diseases' and educated 'the three types of people'"; references to his determination and the steps taken to punish those who used government-owned vehicles for private purposes; praise for his order to ban lavish banquets at public expense and for the courage he demonstrated when he discovered people exploiting the "special consideration" clause in the high school entrance examination for personal ends and he took the responsible cadres to account.... All these showed the true image of a real leading cadre of the Communist Party. It is small wonder that the masses have this to say in reflection: With Communists like Yang Guanghong, our party still has great hopes and our country still has great hopes.

The reportage "Echo of the Giant Forest" (carried in RENMIN WENXUE [PEOPLE'S LITERATURE] No. 9, 1990) is an account of the struggle waged by Yang Guanghong. With the sensitivity of a journalist and the compassion of a reportage writer, author Jia Hongtu [6328 1347 0956] visited the forested areas of Yichun on several occasions. He interviewed old lumbermen in the remote areas, Yang Guanghong's personal chauffeur and secretary, and cadres who were determined to mend their ways after being criticized by the city party committee secretary, as well as young people who beamed with confidence once again after being shown warm concern by Yang Guanghong for their "crisis of confidence." With his usual passionate yet unadorned style of writing, the author penned a host of materials and zealously introduced to us this "Communist who has the laboring masses in mind and who is in the minds of the laboring masses."

Reportage is valuable and touching because of its truthfulness. "Echo of the Giant Forest" is precisely this type of unadorned true account. Yang Guanghong as depicted by the author is so ordinary, common, concrete, and sincere, yet endearing and trustworthy, that the reader is compelled to find him a real person living in our midst.

The motto followed all along by Yang Guanghong in his work is that one concrete deed is as good as a dozen plans. From the day he first set foot in Yichun, he has taken concrete steps to fulfill the guiding principles of "seeking the truth and dealing with concrete matters relating to work."

"Seeking the truth and dealing with concrete matters relating to work" is a fine tradition always cherished by our party. Our great cause of revolution and construction is the work of hundreds and thousands of party members who seek the truth and deal with concrete matters

relating to work. Regrettably, this has been forgotten or abandoned by some of us in recent years. This accounts for the emergence of "the three types of people," namely, "talkers" who just sit there and talk, "watchers" who make animated gestures, and "politicians" who stir things up, summed up by Yang Guanghong through practice. These people are usually victims of "the five types of diseases." As such, they are people who grumble, shift responsibility to others, argue over trifles, are jealous of persons of virtue, and cover up shortcomings or faults. These "three types of people" and "five types of diseases" are the cause and effect of one another. They form a malignant cycle and have done great damage to the organism of our party and its prestige among the masses. Yang Guanghong bitterly hated these because they had inflicted irreparable losses on our work. It was his resolution and wisdom that caused him to wield his sharp scalpel mercilessly against these ills. Yang Guanghong had made a good start with his "treatment" of these diseases, but more arduous tasks still lie ahead. The ultimate results will depend on the determination and tenacity of this city party committee secretary.

We believe that Yang Guanghong will have the necessary determination and tenacity because he has the masses in mind. Work over the past year proved that Yang Guanghong had been discharging his duties under the dictates of this spirit. It was because he had the masses in mind that he dared to boldly institute reforms to promote what is beneficial and abolish what is harmful and to resolutely check unhealthy tendencies. That is also what makes him so upright, resourceful, and full of determination.

In the year and more since taking office in Yichun, Yang Guanghong paid close attention to the building of clean government by first addressing the issue of the ties between the cadres and the masses. He did a number of concrete things to reassure the masses, enabling them to see great hopes ahead. This set people's minds at ease and stabilized the situation. As the author said at the end of the reportage: Communists like Yang Guanghong come from the far corners of history and stand at the forefront of the new century. Ever zealous, they are not afraid of chaos and are not apprehensive when faced with imminent danger. With their breadth of vision and meticulous style of work, they have won the trust of the people. For this reason, the masses are willing to ride in the same boat with them in times of difficulties and will join them in trying to tide over the storm. The destiny of these Communists is closely bound with the destiny of the people and the destiny of this huge stretch of forest. Yang Guanghong's achievements are worth pondering by each and every Communist: Why is the echo of the giant forest so sonorous and loud? There can be only one reason, and that is because the caller is both resourceful and sincere in his calls. Only a Communist who can win the response and echo of the masses can be considered a true Communist.

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