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6 August 1982

China Report

RED FLAG

No. 11, 1 June 1982

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Translation of the semimonthly theoretical journal of the Central Committee of the Chinese Communist Party published in Beijing.

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LET THE MOTHERLAND'S SEEDLINGS GROW EVEN MORE STURDILY

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 2-4

[Editorial]

[Text] Our party has always shown loving care for children and has placed high hopes in them. Comrade Mao Zedong long ago encouraged children to "study well and make progress every day" and expressed the hope that "children will close their ranks and study to be new masters of new China." Comrade Deng Xiaoping also "hopes that children throughout the country will resolve to be people with ideals, morality, knowledge and physical strength and will resolve to make contributions to the people, the motherland and humanity." In February last year, the CCP Central Committee Secretariat gave more instructions on work with children; it called for mobilizing forces of the whole party and the whole society to take an active interest in the healthy growth of children and to regard successfully nurturing and educating children as their strategic task, and it adopted many important measures for carrying out this task. Party organizations at all levels have responded to the call of the central authorities and conscientiously strengthened leadership over work with children. As a result, a new phase has emerged in the work of educating children. Nurtured painstakingly by and under the loving care of the party, and with the consideration and protection shown and given by the whole society, our country's children are like seedlings which have broken through the soil and are bathed in the sunlight and bounty of the socialist system. They are growing up strong and healthy. The Chinese children's spirit of vigorously making progress shows that they are full of promise.

It will be a protracted struggle for building our country into a powerful socialist country with a high degree of material civilization, a high degree of spiritual civilization and a high degree of democracy, and for holding high the great banner of communism, to persevere in our striving for a final victory. It will be necessary to carry on this struggle generation after generation over a long period of time. Children who are now between 7 and 14 years old will become a powerful labor army within 20 years. They will become the main strength of the construction and defense forces for realizing the cause of socialist modernization, and will achieve the magnificent goals of the four modernizations. To accomplish this historical mission, we must train our children to become people with the highest level of political

consciousness, selfless and perfectly impartial and absolutely devoted to the cause of communism; we must train them to become people who are firm and indomitable, imbued with the spirit of revolutionary optimism; train them to become people with courage to think and speak out, highly creative in a revolutionary way and daring to struggle against any backward elements that hinder the advance of our society; and train them to become masters of the latest scientific and technical knowledge, capable of effectively conquering nature and thus benefiting the people. In short, our country's children should be trained to become new socialist men.

Bringing up such a new generation is certainly no easy job; it requires great effort by the whole party. In particular, during the building of our socialist spiritual civilization, we should be farsighted and think of and view things strategically, judging from the level of the development of our scientific, educational and cultural undertakings and judging from the direction in and the level of the development of people's political and ideological characters such as communist ideals, values and morality, we can see that the education and training of children are a means of laying foundations. Leading comrades of the central authorities have repeatedly noted: The development of communist traits of morality such as lofty ideals, the spirit of sacrificing one's own interests for the sake of others and civilized manners and habits should be started during childhood. Comparatively speaking, firmly grasping the education and training of children and enabling people to foster communist values from childhood have far greater significance. Comrade Deng Yingchao explained this point in her speech at the capital's report meeting in celebration of 1 June, International Children's Day. She said: "Promotion of work with children is the starting point for molding the people, a process which will take 100 years. Promotion of work with children is also the starting point for building material civilization and socialist spiritual civilization and for fostering a generation of people of a new type. This is a most important step we take during the great course of building socialism and fighting for the cause of communism." This is because by molding our children now in accordance with communist ideology and morality, we can change the mental outlook of a new generation of people who will become adults in less than 20 years. Children who are now 5 or 6 years old have no memories of the 10 years of civil strife and even children now 13 to 14 years old are relatively less tainted. Our principal task concerning these children is "maintaining health" and not "curing illness." Moreover, because of their youth their thinking and character are more malleable. They are readily receptive to teachings on the differences between truth and deception, between good and evil, between beautiful and ugly, and between correct deeds and wrong deeds. It is also easy for them to cultivate habits. Moreover, children are very imitative and handle affairs conscientiously. The education a person receives in his childhood will directly affect his lifelong development. Their good thinking and behavior will also have a certain influence in various social situations.

In educating our children in communist ideology and morality, we should attach importance to teaching them the five virtues of love. According to Article 22 of the Draft of the Revised Constitution, "The state promotes

the virtues of love for the motherland, the people, labor, science and socialism." Thus the actual contents of and demand for teaching the five virtues of love. Education in the five virtues of love is education in patriotism, collectivism and communism. To foster and develop these socialist virtues throughout the society, we should start with fostering and developing them among children, because children happen to be the future masters, pillars and backbone forces of our country and our whole society.

During the recent "five stresses and four beautifuls" and "all-people civility and courtesy month" campaigns, vast numbers of children responded to the call of the party and enthusiastically participated in activities within their power under the correct guidance and leadership of teachers and of instructors from the Young Pioneers. As a result, the children have been educated and tempered. However, there is a noteworthy problem: While asking children to pay attention to civilization, order and discipline, some comrades have established quite a few restrictions and restraints, thus rigidly keeping children within bounds. We can illustrate this problem with the following case: A child has just visited Chairman Mao's former residence at Zhongnanhai. The child's mother asked what her child saw there. The child grumbled that he only saw the back of the head of his schoolmate standing in front of him. Why? Prior to the visit, the children were told to observe this discipline: "You must follow the one in front of you; you must not whisper to each other; and you must not glance right or left." How could they issue these trivial orders to restrict and restrain the children's innocence and liveliness, which are children's natural characteristics!

It is very important to teach our children to understand manners and observe discipline and social order. To suit the needs of this kind of teaching, there should also be a requirement of a fair and reasonable moral standard. However, we must not neglect to foster the child's indomitable will, his lively, bright and cheerful disposition, and courageous and fearless spirit. This kind of fostering is also an important aspect of spiritual civilization. If we persist in stressing obedience and do not allow our children to express differing views, we will probably turn them into people who unthinkingly become blind followers when problems arise. We should guide our children to have the courage to dissuade others from giving rise to unhealthy tendencies, uttering wrong words and taking erroneous actions, and to struggle against such tendencies, words and actions. We must not turn them into yes-men and cowards who are afraid of getting into trouble. We should teach our children to be ready to take up the cudgels for a just cause and to be enthusiastic in helping companions in dire peril, and also in helping the old, weak, sick and disabled. We must not turn them into selfish people who hang back in the face of danger. We should also make it possible for our children to be imbued with vitality and strong faith in life and to be lively, cheerful, optimistic and highly creative. We must not turn them into reticent young people who dare not speak and laugh in public and lack vigor and drive. Only if we pay attention to all these aspects can our children meet the party's expectations of healthily growing up to be successors in an all-round way.

It is our party's fine tradition to care for the healthy growth of children and it is the Chinese people's communist virtue to have deep love for a new generation. Those who care for the motherland's future and destiny will definitely care about the children's development. It is the whole party's undertaking to nurture and educate children. Our party has always cared for nurturing and educating children. All party organizations must continue to broaden their understanding of the strategic significance of training successors for the cause of communism, and implement the guiding principle of the party central authorities for mobilizing forces of the whole party and the whole society to strengthen the education and training of children. Schools, families and society must truly strive to coordinate their work, make joint efforts and fulfill their respective duties. It is imperative to overcome the views that issues concerning children are not issues that concern the general situation. It is also imperative to overcome the theory of natural growth which has these arguments: "Without grasping agriculture, there will be no grain; without grasping industry, there will be no steel; without discipline, children will still grow up" and "Although the flowers have been cultivated purposefully, they do not bloom; although some willows have been planted unintentionally, they now shade the lanes." We can surely promote educational undertakings for children as long as party organizations at all levels make reasons, gains and losses clear to all party members and take the lead in promoting educational undertakings for children.

Childhood is a period for growing up physically and also for absorbing knowledge. Children must study cultural knowledge but they also want entertainment, games and places to exercise. This means that our party and the whole society must try in every possible way to create conditions for promoting children's education and activities. We must make primary education universal and enable all children of school age to receive primary school education. We must also try in every possible way to strengthen preschool education and do well in running childcare centers and nursery schools. We should also build more clubs for children's after-school activities such as the children's palaces. We should hold small-scale and varied summer camps for children and effectively organize their holiday time. As the central authorities have decided to turn an official garden into a national center for children's activities, big and medium-sized cities throughout the country should also set aside their best houses and buildings for children's activities. Vast numbers of children have not had some children's palaces open to them for a long time. Such a situation must be changed.

With the restructuring of organs and with the reshuffling of leading groups, a large number of veteran cadres will either retire or leave jobs to recuperate. All veteran cadres have gained revolutionary experience. They are an important force for educating the children in the revolutionary tradition. We should organize retired veteran cadres to participate in the social activities of educating children. Old people have a deeper love for children. To them, seeing innocent and guileless children is just like seeing fresh blooming flowers; allowing them to participate in the activities of educating children can also fill their later years with great joy.

At present, cases of infringing upon children's rights and interests and cases of trampling on children have been occurring repeatedly. Some places for children's activities have been willfully invaded and occupied; due to serious pollution of the environment that is in close vicinity to some schools, the physical and mental health of children there are affected; some schools still have corporal punishment; and some children still face discrimination, maltreatment, physical punishment and abuse. In particular, from time to time children have been humiliated and beaten for exposing economic crimes and safeguarding social morality. Children are children after all. Their ability to revolt against and resist attacks is inferior. They need adults' protection and they want adults to speak for them. Both the state and the whole society are responsible for protecting children. This responsibility, above all, is the responsibility of party organizations. The Communist Party serves the people, including children. Our party organizations at all levels must pay close attention to safeguarding children's legitimate rights and interests. They must mobilize forces of the whole party and the whole society to form powerful and lasting public opinion and supervision for successfully safeguarding children's legitimate rights and interests. It is imperative to urge the departments concerned to prosecute those people who have seriously trampled on children.

The motherland's seedlings can surely grow even more sturdily as long as comrades throughout the party become hardworking gardeners.

CSO: 4004/38

A BRILLIANT EXAMPLE OF THE PARTY'S LEADERSHIP IN LITERATURE AND ART

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 5-6

[Article by Commentator]

[Text] To mark the 40th anniversary of the publication of his "Talks at the Yanan Forum on Literature and Art," Comrade Mao Zedong's 15 private letters to writers and artists were published. The publication of these letters is of great significance in the correct and comprehensive understanding of the fundamental spirit of the "Talks," in the strengthening of the party's leadership over literature and art and in the adherence to the orientation of serving the people and socialism.

Comrade Mao Zedong's letters to writers and artists are not ordinary letters to old friends or individuals. Through these letters, we can deeply feel his loving care for the literary and art circles and his patient and systematic guidance for the literary and art workers. Proceeding from the actual conditions, he always realistically solved various problems in the literature and art fields and guided the literary and art workers to advance in the correct direction. These letters are a brilliant example of the party leadership in literature and art.

The question of whom literature and art should serve has always been a fundamental question. In these letters, Comrade Mao Zedong also considered this question of primary importance. Since "the life at present is also a struggle," he particularly stressed that "we need militant works now," and that "both Yanan and the border regions badly need dramas reflecting the struggles in the enemy's rear flanks." Although the situation is different today from that of the war period, it is still an important task for writers and artists to reflect the people's struggles and life in the revolution and construction. In these letters, he enthusiastically supported the work of popularizing literature and art. He affirmed the role played by the journal POPULAR LITERARY AND ART PRACTICE, which was aimed at helping correspondents and beginners raise their writing ability, and affirmed the article "Forms of Yangko Opera," which summed up the experiences of this opera. On the question of how to comprehend Lenin's talks on art with Clara Zetkin, Comrade Mao Zedong held that revolutionary literature and art should place their bases among the masses and serve the masses, so that "the feelings, thoughts and will of the masses" which were dispersed due to economic,

political, geographical and national reasons, could be "united" through the spread of literature and art. That is, as an artistic form spreading ideology, exchanging feelings and arousing consciousness, literature and art must promote the unity of the people so that they will take an active part in the fighting with one heart and one mind. It was proceeding from this principle that Comrade Mao Zedong affirmed the play "Be Driven to the Liangshan Mountain," which "reveals history in its true colors." The orientation Comrade Mao Zedong pointed out here for literary and art work is the same orientation he repeatedly stressed in his "Talks" and is certainly the only correct orientation of serving the people and serving socialism, which we must adhere to in our literature and art work today. Under no circumstances should our literature and art deviate from the general orientation of uniting the people, educating the people and encouraging the people to join in the revolution and construction with one heart and one mind.

A very important question for our party in leading literature and art is how to correctly handle the relations between the party leaders and the literary and art workers. This has a bearing on whether the large number of literary and art workers can be closely united around the party and whether their enthusiasm can be brought into full play to create more and better works for the people. In these letters, Comrade Mao Zedong always fully affirmed the achievements and progress of the writers and artists with immense zeal. Understanding the orientation of serving the workers, peasants and soldiers after the Yanan forum on literature and art, a large number of literary and art workers plunged into the fiery struggles and soon scored new achievements. With his keen strategic insight as a proletarian revolutionary and politician, Comrade Mao Zedong paid close attention to this new development. When Comrade Ding Ling and Ouyang Shan wrote two special features about two exemplary people in cooperative work in the Shaanxi-Gansu-Ningxia border region, Comrade Mao Zedong "finished reading them in one breath after taking a bath and before going to bed" and wrote immediately to the two comrades, extending his "congratulations to the Chinese people and to both of you for your new writing style." Although this letter was written dozens of years ago, it is so ebullient that it still touches the receivers' hearts when they reread it today. Comrade Ding Ling said: "I was greatly encouraged by this letter and thus began my new writing style. What is my new writing style? It is none other than writing about the workers, peasants and soldiers." Comrade Ouyang Shan said: "Whenever I recall this letter, I always feel a strong force that spurs me on." Today, when we read these letters, Comrade Mao Zedong's teachings still warm our hearts. We deeply feel that Comrade Mao Zedong was really an intimate friend and teacher of the literary and art circles.

Comrade Mao Zedong took a serious attitude toward the work in the literature and art fields as well as in other fields and had a strong sense of principle. While enthusiastically and cordially affirming and encouraging the writers and affirming their achievements, he also offered his sincere and comradely criticisms and aid and gave explicit and hearty directions to them. When he was informed by a writer about the situation in Yanan, he first replied in the affirmative that there actually were unhealthy practices in Yanan which needed to be rectified. At the same time, he hoped that the

writer would also "pay attention to one's own weak points and not to look at things one-sidedly." "One must pay attention to the correct handling of one's relations with other people and must compel oneself to intentionally examine one's weak points." He also required the writers to "examine their works with the Marxist viewpoint." Whenever we read these sincere words and earnest requirements of Comrade Mao Zedong today, they still touch our hearts. A speech made by Comrade Chen Yun in 1943, which was republished simultaneously with the publication of these letters, embodies the same principle and spirit. In this speech, Comrade Chen Yun criticized two shortcomings in the literary and art circles at that time. "One is privilege and the other is arrogance." He requested our party's literary and art workers to first regard themselves as ordinary party members and not learned scholars. He also asked them not to unrealistically overestimate the roles of literary and art work as well as personal achievements and talents. This is still of important and immediate significance today. Literary and art criticism is an important aspect of the party leadership in literature and art. It includes commending good and excellent works and criticizing bad and erroneous works. Under no circumstances should we give up the weapon of criticism. Some people dare not carry out principled criticism over the works or viewpoints which have obvious erroneous tendencies for fear that the enthusiasm of the writers and artists may be dampened or that they themselves may be blamed as "wielding big sticks." Thus, the party leadership has become lax and weak. This situation must be changed. However, there is also a problem of method and result in carrying out criticisms. The method of criticism displayed in Comrade Mao Zedong's letters, which is highly principled, must be taken as an example for our leaders at various levels and for literary and art workers when carrying out literary and art criticisms.

Comrade Mao Zedong was a great Marxist, and a great poet, too. He was knowledgeable on the law of art. He also paid serious attention to the investigation and study of the situation in the literary and art circles. Before he made the speech at the Yanan forum on literature and art, he listened attentively to various opinions. He discussed with Comrades Ouyang Shan and Cao Ming "problems concerning the literary and art policy," and then wrote to them, asking them to "collect NEGATIVE opinions for me." [capitalized word underlined] From here we can see that Comrade Mao Zedong not only paid attention to listening to positive and similar opinions but also paid attention to listening to negative and different opinions. All correct and realistic policies, principles, schemes and plans should be worked out after sufficient investigation and study and after listening to both positive and negative opinions. Comrade Mao Zedong's "Talks" is a brilliant Marxist work. This is inseparable from his spirit of investigation and study.

Forty years have passed since the publication of the "Talks." These letters were also written more than 30 or 40 years ago. Now, as the situation has changed, Mao Zedong's literary and art thought must also be developed in the light of the new situation and our historical experiences. The past erroneous tendency of studying Comrade Mao Zedong's "Talks" and other works with a dogmatist attitude must be prevented. However, Mao Zedong's

literary and art thought is still of important guiding significance today. Total repudiation of Mao Zedong's literary and art thought under the pretext of past mistakes or other reasons is an expression of bourgeois liberalization and must be resolutely opposed. We must adhere to the basic principles of Mao Zedong's literary and art thought and continue to follow the brilliant example of Comrade Mao Zedong in leading the work in the literature and art fields. We must adhere to Mao Zedong's literary and art thought and the guidance of Mao Zedong Thought. This is the only correct road for the development of our revolutionary literature and art.

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ARID AREAS IN THE NORTHWEST SHOULD ATTACH IMPORTANCE TO PLANTING TREES AND GRASS AND DEVELOPING A DIVERSIFIED ECONOMY

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 7-8

[Article by Commentator]

[Text] Having little rainfall, some arid areas in the northwestern part of our country, such as Gansu Province, suffer more from natural disasters. In these areas, it is relatively difficult to make agriculture prosper at one stroke. However, with large territories and rich resources, these areas have bright prospects and favorable conditions for developing a diversified economy.

Our problem, however, is that quite a few cadres in charge of rural work in these areas have a poor understanding of the importance of a diversified economy, and know little about how to promote it. Unaware of the bright prospects of developing a diversified economy in these areas, they have failed to readjust crop planting distribution in light of the actual situation and according to local conditions. In fact, these areas should grow more industrial crops and should not attach sole importance to the production of grains on existing farmland. There is no doubt that it will be relatively difficult to change the face of these backward areas if they depend solely on grain production.

To effectively promote a diversified economy requires resolution and persistence. The drive to promote a diversified economy must be pushed forward several times a year, and constant and continuous attention must be paid to the work. Furthermore, investment in agricultural construction must be adjusted accordingly, and more funds should be allocated to promote a diversified economy. Old practices must be cast off and new paths opened up in accordance with new circumstances.

However, the most important step is to vigorously plant trees and grass so as to change the arid condition in the area. To launch this drive, we must courageously criticize the thinking that tree and grass planting will not be successful without water conservation projects. More than 100 years ago, Zuo Zhongtang, then governor of Shaanxi and Gansu Provinces, planted poplars and willows along the road stretching from the Shaanxi-Gansu border to Yumen. In noticing Zuo Zhongtang's merit, someone wrote a poem for him, a

verse of which reads, "Poplars and willows have been planted along a road 3,000 li long, and thus the spring breeze is brought to Yumen Pass." Although a feudal bureaucrat, Zuo Zhongtang still had such boldness of vision! How can we communists be afraid to embark on similar projects? We must have firm faith that we can do a better job than he did if we are really determined. Last December, when talking to the comrades of Sichuan Province, Comrade Deng Xiaoping strongly urged them to plant trees and grass. Planting trees and grass has many benefits. It can conserve water and soil, purify the air, regulate climate, ease pollution and prevent sand from being blown by the wind. In fact, this is a radical way to expand the area of vegetation, conserve soil and water, maintain an ecological balance and preserve the environment for the cycling of matter, which is indispensable for human existence. Therefore, all arid areas must pay attention to this work and should never lower their guard.

Organs, schools, PLA units, and enterprises must be vigorously mobilized to take the lead in planting trees and grass. For these areas, how many trees a person must plant a year is not an essential question. Instead, we should try our best to plant as many trees and as much grass as possible under existing conditions. We must widely publicize the drive to plant trees and grass and carry it out in a big way.

We should also be determined to develop animal husbandry, such as cattle breeding, sheep breeding and so forth. About 2,000 years ago, Ma Yuan, a well-known figure in the Han dynasty, achieved his great cause of developing animal husbandry in Gansu. It is thus clear that husbandry has been well developed in Gansu in historic times. In order to vigorously develop husbandry, we must pay attention to properly preserving grasslands. Although there are vast grasslands in these areas, the number of livestock they carry is low as scientific methods have not been used to popularize a fine variety of pasture and management of the grasslands is poor. Such a situation must be completely changed.

Furthermore, great attention must be paid to developing the processing industry for agricultural, sideline and special local products. Great importance must also be attached to light industry and manufacture of products by minority nationalities, so that they can be developed as soon as possible.

We must urge our cadres to go to grassroots units to conduct investigations into the problems involved in promoting a diversified economy and planting trees and grass. We encourage more investigation and study, learning from the masses and from practice, because our cadres' knowledge in this field is limited and their ability to solve problems is poor. This is the only way to enhance the knowledge of our cadres.

Undoubtedly, our cadres in these areas such as Gansu have many merits which are worth being developed. They are loyal, hardworking and honest. However, some of them also have several weak points: For example, they are not sufficiently openminded and farsighted, and consequently, they are not readily receptive to new matters. In fact, they are restricted by objective

conditions. In remote border areas like these, culture is underdeveloped and people are poorly informed. Therefore, we must pay close attention to arming our cadres with modern scientific knowledge. We must educate them to broaden their view and open their minds by learning from people who have advanced experiences and are well versed in scientific knowledge. Our slogan is to take advanced people as our teachers and arm ourselves with scientific knowledge.

CSO: 4004/38

GRASP THE BUILDING OF MATERIAL CIVILIZATION WITH ONE HAND AND THE BUILDING OF SPIRITUAL CIVILIZATION WITH THE OTHER

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 9-13

[Article by Wang Shoudao]

[Text] Editor's note: We commend this investigation report to the readers. As circumstances permit, the veteran comrades pay visits and carry out investigations in the lower levels each year and meticulously compile written reports afterward. It is a very good sign and should be encouraged in a big way. By so doing, first, they will be able to keep in close touch with the actual conditions, and better propagate and implement the principle, lines and policies of the CCP Central Committee; second, they will be able to discover certain problems and put forth suggestions--this is the most practical advisory work; third, taking the lead in so doing, the veteran comrades pass on their valuable experience to the cadres in power and particularly, the younger cadres.

This spring I carried out an investigation of factories and villages in the municipalities of Guangzhou, Shenzhen, Zhuhai, Zhongshan, Xinhui, Jiangmen, Foshan, Nanhai and Conghua. I held discussions with a number of responsible comrades of the province and the prefectures, municipalities and counties and also with rural cadres. I also visited a number of workers' and peasants' homes. I noticed that, in recent years, in the field of economic construction, Guangdong has achieved a faster rate of growth and higher economic returns. The political situation is also getting better and better. There have also been improvements in the party style, social climate and public order.

Economic Construction Is Steadily Developing

In the past few years, Guangdong Province has seriously implemented the central authorities' guiding principle on further readjusting the national economy and their decision that Guangdong should practice a special policy and flexible measures in its external economic activities. Proceeding from

Guangdong's actual situation, the province has handled relatively well the relationships between centralized control and enlivenment of the economy, between advance and retreat, between readjustment and restructuring, and between expansion of external economic activities and economic readjustment and development. As a result, steady development of the province's economy has been promoted.

1. Agricultural production is steadily developing. In promoting agricultural production, Guangdong Province has linked the functioning of the superiority of the collective economy to the mobilizing of the individual's initiative, by means of continuously perfecting the agricultural production responsibility system, and thus has added strong driving force to the development of the rural economy. Under the guidance of the state plan, the province has readjusted its agricultural economic distribution according to the local conditions, and thus has changed the relatively unitary economic structure of the past. Comparatively remarkable development has been achieved in both the diversified economy and communes' and brigades' industrial and sideline production. For example: Vigorously promoting the diversified economy in the Zhu Jiang Delta under the circumstances that the rice growing area has been stabilized; reducing the grain procurement quota for mountainous areas and the border special zones, so as to push ahead with the development of forestry, forestry sideline production, the production of special local products and agricultural and sideline products for foreign trade such as vegetables, fish, poultry and so on; linking grain production with sugarcane production so as to push ahead with the latter; and establishing a number of bases of commodity grain and bases of oil crops, fishery, forestry, animal husbandry, special local products, and so on, so as to gradually rationalize the internal production structure of agriculture. Last year relatively great development was recorded in industrial crops and diversification despite serious natural disasters such as floods and typhoons which caused a fall in grain output of 3 billion jin. Sugarcane output may have reached 12 million tons, an increase of more than 30 percent over the previous refining season; this was the biggest increase recorded since the founding of the state. Total value of the province's agricultural output rose by 3.3 percent over the previous year. Nanhai County scored outstanding achievements. Its total value of agricultural output in 1981 was 23.8 percent higher than in 1980. Despite a slight reduction in the grain and cocoon harvests due to natural disasters, forestry output value rose by 9.3 percent, animal husbandry by 3.3 percent, sideline production by 44 percent, and fishery production by 4.1 percent. The collective economy has developed rapidly, the political situation in the rural areas is more stable, and one of the best rural situations since the founding of the country has indeed emerged.

2. New progress was recorded in industrial production. As far as industrial production is concerned, we have readjusted the orientation of service, improved the product mix, enlarged the scope of service and realized a relatively fast speed of development in accordance with the characteristics that there are a large number of workshops in the province, the degree of flexibility is high, and that there are sufficient export facilities since our province neighbors Hong Kong and Macao, and in accordance with the market

demand. As a result, development of light industry was accelerated and there was a certain growth in heavy industrial production. Last year total output value rose by 11.4 percent, with increases of 17 percent in light industry and 1.8 percent in heavy industry. Based on the experiences gained in Jiangmen, Qingyuan and other municipalities and counties where experiments on reform of the economic system have been actively and steadily carried out, Guangdong has pushed forward various forms of the economic responsibility, rights and interests, improved business and management and aroused the enthusiasm of the enterprises and the broad masses of workers. The economic returns of state-owned industry and communications enterprises in Foshan municipality previously were never very good. Profit per 100 yuan of output value was only some 5 yuan in 1979, lower than the average for the province, and also lower than the municipality's previous best level. Last year the Foshan Municipal CCP Committee vigorously popularized the experience of the Shiwan chemical industry ceramics plant in implementing the system of "four fixes and four guarantees" ("four fixes" means that the plant fixes the number of workers in the workshops, fixes equipment, fixes raw material supplies and fixes expenditure; "four guarantees" means that the workshops must guarantee quantity, quality, variety and profits). Internal economic activities among the enterprise units were carried out in accordance with estimated costs and the system of "free supply" was abolished. On completion of the task of "four guarantees" the workshops would be given a certain amount of money as a bonus. However, those workshops which were unable to complete the task of "four guarantees" would be fined in accordance with the regulations. Various other forms of the economic responsibility system were also practiced in the administrative offices. Thus the economic responsibility and economic interests of the internal units of the enterprises and the individual workers were made clear. Thus, the staff and workers of the enterprises were encouraged to enthusiastically seek ways to increase production and economize expenses. As a result, distinctive economic results were obtained and large-scale increases of production and revenue were achieved. The municipality's industrial production quota was fulfilled 46 days ahead of schedule. Total value of industrial output showed an increase of 23.11 percent, while profits rose by 55.29 percent and profit turned over to the state increased by 14.4 percent. This was the highest rate throughout the province.

3. The province has actively developed external economic activities and speeded up the development of its domestic economy. The trial operation of special economic zones has not only directly provided favorable conditions for economic construction in the special zones themselves, but has also indirectly supported economic development in the interior, stimulated joint undertakings with the interior, and expressed the complementary relationship between economic development in the special zones and the interior.

In the course of implementing its open-door policy, Guangdong has achieved three integrations. First, economic activities with foreign countries have been integrated with economic readjustment and now serve economic readjustment, thus enabling local industries to enjoy development in the course of the open-door policy and enabling their products to penetrate foreign markets and so bring their own superiority into play. Second, economic

activities have been integrated with the technological transformation of enterprises and a number of enterprises have been equipped with advanced and suitable foreign technology. Third, economic activities have been integrated with the development of urban and rural public facilities. Through various channels, they have attracted foreign capital for use in education, culture, bridges, roads, and so forth. They have thus speeded up urban and rural construction. Furthermore, in cities in border regions, they have started up lawful border trade on a small scale. This has also definitely had a hand in increasing peasants' income, improving the lives of commune members and stabilizing public order in the border regions.

4. The markets are prosperous and lively and the standard of living of people in the urban and rural areas has improved. In the wake of the development of production and the increase of the circulation channels, the markets have grown more and more prosperous. Comparing 1981 with 1980, total volume of commodity retail sales rose by 15.9 percent, while purchasing power increased by 13.4 percent. There were ample supplies of clothing and utensils. Savings deposits of the urban and rural people increased by 45.7 percent over 1980, urban workers' wages rose somewhat, jobs were found for 400,000 during the year, and 5.1 million square meters of urban workers' housing were completed. Housing conditions improved to some extent.

The peasants' income from collective and domestic sideline occupation increased to a certain extent over last year. In the rural areas new housing construction by peasants can be seen everywhere; this is a major hallmark of the improving standard of living of peasants. In the rural areas in Nanhai County, there was an upsurge in building houses. In many places both the scale and standard of construction exceeded the previous records, and a situation in which "each household prepares the materials and each brigade is engaged with construction work" existed. According to incomplete statistics for the county, the rural areas of the whole county built over 16,000 houses last year, with a total area of over 1 million square meters. Over 90 percent of them were reinforced concrete structures. Many old villages have taken on a new look. Xiaolan commune in Zhongshan County built 3,502 new houses last year (1,637 houses were reconstructed), showing an increase of 1,966 houses over the preceding year. Peasants living in brick and tile-roofed houses accounted for 93 percent of the commune's total population. Many peasants in Nanhai County have developed from purchasing the "three old things" (bicycles, sewing machines, watches) to the "three new things" (television sets, radio-cassette players, electric fans). The peasants in Xiaolan commune in Zhongshan County owned 24,069 bicycles in 1981, showing an increase of 2,992 over the preceding year; 10,681 sewing machines, showing an increase of 2,415 over the preceding year; 1,810 television sets, an increase of 835 over the preceding year; 7,416 electric fans, an increase of 5,179 over the preceding year and 2,632 radio-cassette players, an increase of 1,193 over the preceding year. Visiting the lower levels and seeing the improvement in the life of the broad masses, we are more confident of the future of our economic development.

The Building of Spiritual Civilization Has Yielded Results

In our socialist state, if socialist ideology fails to occupy a dominant position in the society, it is impossible to ensure a socialist orientation in building material and spiritual civilization. At present, it is necessary, by centering on the task of building spiritual civilization and in the light of practical problems in work and ideology, to strive for a decisive turn for the better in party work style, social mood and social order.

First, the problem of party work style occupies an important place in socialist spiritual civilization. Guangdong implements special policies and adopts flexible measures in its external economic activities, but it should by no means be exceptional in party work style and party discipline. The open-door foreign policy and relaxation of domestic policy also chiefly refers to economic policies. We should never relax party work style and party discipline, but should enforce them more strictly. It should be affirmed that the foundation of the party work style in Guangdong Province is good. The majority of party members and cadres are loyal to the cause of the party and the people, diligent and hardworking. There are plenty of cadres who are willing to serve the people wholeheartedly and who bend their backs to their tasks until their dying day; there are also plenty of cadres who are honest in performing their official duties and remain uncontaminated. However, owing to various complicated causes, both historical and practical, the problem of party work style has now become an outstanding problem that should be solved urgently. Due to the proximity to Guangdong of Hong Kong and Macao, the corrupt bourgeois ideology and lifestyle will definitely take advantage of the open-door policy to work their way in. In the economic sector, unhealthy tendencies and violations of the laws and discipline have been fairly serious. A considerable number of party members have committed economic errors. The proportion of economic cases in relation to the total number of criminal cases has risen. Furthermore, the amounts involved are generally quite big. Viewed from the nature of the problems, illegal activities such as speculation, profiteering, graft, embezzlement, smuggling and selling of contraband, and offering and accepting bribes are on the increase; acts in violation of financial discipline such as indiscriminate issuance of bonuses and loans, arbitrary price increases and illicit distribution of public property as well as unhealthy tendencies such as making use of one's connections and influence have developed to some extent. What is worthy of attention is that the circumstances of some cases are serious and the methods employed are heinous. This reflects that some party members and cadres, and even leading cadres, have a prominent tendency to "think of everything in terms of money." Furthermore, some leading cadres quite obviously use their power for their own gain and seek privileges. Some leading cadres are seriously guilty of bureaucratism, are extremely irresponsible in their work and their revolutionary zeal is waning. In the rural areas, some party members participate in feudal superstitions, gambling, armed conflicts and other activities, and the situation is also quite serious. In view of the situation stated above, the Guangdong Provincial CCP Committee has mustered its strength and grasped the problem from within. With the power of a thunderbolt and the speed of lightning, it has resolutely carried out investigations

and meted out punishments to those party members and cadres who have dared to flout the law and who openly take part in the smuggling and selling of contraband, graft, embezzlement, offering and accepting bribes and other violations of the law and discipline. It has spared no one, regardless of seniority. The provincial CCP committee has stipulated that CCP organizations at various levels should vigorously grasp party work style this year. It is necessary to mobilize the whole party to study again the "Guiding Principles for Inner-Party Political Life" and carry forward the party's three important work styles. It is necessary to vigorously praise good party members and cadres, expose typical examples of unhealthy party work style and deal with them seriously. The three special zones of Shenzhen, Zhuhai and Shantou have formulated regulations governing party and government cadres in the special zones so as to educate and check up on them. In Shenzhen, rectification of the party has been started by grasping typical cases of illegal building of houses and smuggling and selling of contraband and by dealing with them with great fanfare. This has hit out at the unhealthy trends and practices, caused far-reaching repercussions and brought about an improvement in the social mood.

Second, a problem that merits our serious attention in Guangdong is preserving a good social mood and preventing cadres and the masses from being contaminated and corrupted ideologically as a result of the open-door policy. The Guangdong Provincial CCP Committee has repeatedly and explicitly announced: We should absorb as well as resist capitalist elements to a certain extent. With respect to funds and technology from Western capitalist countries, we should absorb them, but we should uphold proletarian spiritual civilization, maintain and carry forward the fine traditions of our nation and the proletariat and foster a new socialist mood. Since February last year, the "five stresses and four beauties" activities have been vigorously launched in Guangdong. In the past year, especially since the second half of last year, the building of spiritual civilization in Guangdong has yielded some results and social mood and social order has started to take a turn for the better. To counter the problems of "dirt, disorder and high cost" in municipal environment and sanitation and in prices, Guangzhou municipality launched last year a "three rectifications" drive (rectifying the environment and sanitation, social order and traffic, and market prices) and, by taking this as a breakthrough in building spiritual civilization, organized several big activities. At the same time, Guangzhou municipality launched extensive education in morality and in democratic and harmonious new family relationships along with activities such as promoting new wedding styles and "learning from Lei Feng and adopting new habits." At present, the appearance of the city's 25 main streets has started to change. Some guest houses which were criticized by foreign guests in the past for their poor service have, through the civility and decorum activities, improved their work to a considerable extent. The mood of unity and mutual help and of taking pleasure in helping others has also been initially revived and carried forward. Moving examples reflecting the spirit of "a family in trouble enjoys the support of 100 families" have emerged in many localities. Last year, the activities of "five stresses and four beauties" and "three loves" (love for the motherland, socialism and the collective) were vigorously launched in the three

special zones of Shenzhen, Zhuhai and Shantou. At the same time, efforts were made to improve municipal environment and sanitation, traffic and order. The social appearance is now developing in a good direction. School education has an important position in building spiritual civilization. The special zones attach great importance to conducting positive education among youths in order to inspire their patriotic enthusiasm and guide them to study hard, engage in healthy and uplifting activities and develop in an all-round way, that is, to develop morally, intellectually and physically. The atmosphere and appearance of the middle and primary schools in Shenzhen are taking a gradual turn for the better. In Shenzhen's Futian junior middle school, there were only eight CYL members in April last year and the political atmosphere was weak. Since the launching of the "five stresses and four beauties" activities, many pupils have been keen on making progress politically and, by the end of last year, the school had succeeded in recruiting 71 CYL members. With the economic development in the special zones, the spiritual outlook of the people in the special zones is also changing. The youths are very keen on studying and urgently wish to study new knowledge and technology. More young workers have registered to take part in sparetime studies and studying diligently has become the order of the day. The Guangming Overseas Chinese electronic factory in Shenzhen has proposed the "three resistings and three promotings" drive (resisting corrosion and influence by bourgeois ideas and promoting the style of being honest in performing one's official duties and of remaining uncontaminated; resisting the influence of the bourgeois practice of each trying to cheat or outwit the other and of benefiting oneself at the expense of others and promoting the style of being concerned for comrades and taking pleasure in helping others; resisting the influences of out-and-out bourgeois egoist ideas and promoting the style of safeguarding public property and abiding by social morality) and extensively and thoroughly conducted education in upholding the four basic principles and in socialism, patriotism and collectivism.

Third, in strengthening the socialist legal system, improving social order and defending social order, Guangdong has done a lot of work. Since last year, the party and government organs at various levels have extensively launched the "three rectifications" drive. The public security and judicial departments have made a concerted effort in promptly and severely punishing various criminals such as counterrevolutionaries and murderers, arsonists, rapists, looters, traffickers in narcotics and ringleaders of criminal gangs who seriously endangered social order. With respect to various illegal organizations and publications, obscene books, paintings, tapes and videotapes, steps have been taken to resolutely ban them in accordance with the relevant regulations, laws and decrees of the state. The work of suppressing smuggling in the border and coastal areas has also been strengthened by mobilizing the masses to report or expose offenses to the authorities. A number of cases such as smuggling and selling of contraband, tax evasion and speculation have been proved through investigation. This has dealt a severe blow to economic criminal activities. By so doing we have succeeded in consolidating the people's democratic dictatorship and further removing various factors unfavorable to stability and unity. This has contributed to the relatively stable environment in life and work throughout the province

and ensured the smooth progress of industrial and agricultural production and other work. There was a turn for the better in social security as a whole last year. The healthy tendency is in the ascendant and the unhealthy tendency is in the descendent. Good people and deeds related to the struggle against bad people and deeds have emerged in large numbers. The disorderly conditions such as "the neighbors closing their doors when a household is being robbed," "all people looking on with folded arms while another is being maltreated," and "good people are bullied while bad people are overweening" have changed. Last year the incidence of crime was 18 percent less than in 1980. This included a 55 percent decline in cases of robbery. However, owing to various reasons, especially to the proximity of Hong Kong and Macao to Guangdong and to its being situated in a border and coastal area, which results in an excessive number of transient people and in a relatively complicated situation, the social order as a whole has not taken a fundamental turn for the better. Various criminal activities such as robbery, theft, gambling and mercenary marriage still continue to occur. We should still make tremendous efforts in order to check the unhealthy tendencies.

Several Questions That Merit Attention

This visit to Guangdong was very fruitful. I and other comrades who traveled with me were glad to see fast economic development in Guangdong and a promising urban and rural political situation. While carrying out inspections and discussions on our way, we gathered the following opinions:

1. When the Central Committee decided to set up experimental special economic zones in Guangdong and Fujian Provinces, it was a brand new undertaking. We are groping our way forward. We need to continuously sum up experiences and lessons in the course of practice. Whether they are experiences of success or lessons of error, as long as we clear-headedly recognize them, they will all be beneficial to our work. The Shenzhen-Shekou industrial zone has taken the initiative by setting up special zones and has reaped distinct results. The Shenzhen-Xili reservoir resort has its own rustic flavor. The Zhuhai-Shijingshan mountain resort has set up a strict, scientific management system and has enlightened us much in our work. Certain of our units and organizations are overstaffed. There are more personnel than matters to be attended to. They are plagued by bureaucratism. Whenever they are confronted with work, they try to pass the buck. Efficiency is extremely low. Some people hold "iron ricebowls" and eat from a "big pot." Should they not learn from these good experiences to overcome the malpractices in their own work? Some comrades have adopted all along a negative, suspicious attitude toward the open-door policy and the experimentation with special zones. They think that the open-door policy has opened a back door for bourgeois ideology and has corrupted the party style and social climate. We are no longer in the period of remote antiquity. No country in the world can now afford to keep itself to itself. During the feudal dynasties of the Ming and Qing in Chinese history, we tried on numerous occasions to implement a "closure of ports." This was to have dire consequences on the development of our own productive forces and caused tremendous political and economic loss. The open-door policy is highly conducive to the enlightenment of people's thinking and the promotion policy

will inevitably cause certain lawless elements to take advantage of the situation and carry out activities designed to sabotage socialist construction and also definitely affect the party style and social climate. However, the present problems associated with the party style and social climate are not entirely due to the open-door policy. We must both acknowledge its side effects and even more recognize the nature of the problem. We must have full confidence in the open-door policy and our experimentation with special economic zones. We must conscientiously sum up and continuously improve. The special economic zones must not be completely Westernized. They must not turn into second Hong Kongs or Macaos.

2. There has been a good start in building spiritual civilization and an improvement in the social and moral atmosphere. However, the development is unbalanced. What merits our attention now is that there are still many party committees and leading cadres who do not have a sufficient understanding of the significance of building spiritual civilization. Some of them think that they are too busy with their work and cannot spare time to promote the building of spiritual civilization; some of them lack confidence in building spiritual civilization, holding that "a bonus of 10 yuan is better than doing 1 year's work in grasping spiritual civilization"; some think that spiritual civilization is unable to solve problems and is like scratching an itch from outside one's boots; some think that grasping civilization is the work of the departments, and wonder why the CCP Central Committee and the provincial CCP committees should make a fuss of it. In order to persistently and profoundly launch the building of spiritual civilization, we must strengthen and improve party leadership and further enhance the whole party's understanding of building spiritual civilization. In the course of building spiritual civilization, we must strongly grasp the question of party work style, social customs and social order. We must create public opinion in a big way so that it can become regular and systematic among the masses. On the basis of extensively mobilizing the masses and improving the level of understanding, we must make the best use of the situation and formulate certain practicable facts, agreements with the masses, management regulations, rules and so forth in relation to the overall situation or certain aspects of building spiritual civilization. We must, by means of building spiritual civilization, make our people become people who have ideals, morality, culture and who abide by discipline.

3. Market prices is a major matter to thousands and thousands of families. Last year in Guangdong, procurement of agricultural and sideline products at negotiated prices and increases in the rural financial credit expenditure, workers' bonuses and transient laborers accounted for the situation in which a large amount of the currency was put in circulation, an excessive amount of food coupons were in the hands of the people and there was short supply of vegetables, nonstaple foods, construction materials for the rural areas, medium-size and small farm tools and other commodities. In addition, slackened market management and increased prices of commodities have affected the livelihood of the masses and, in particular, the livelihood of a certain section of workers and staff members. The question of commodity prices is a matter of overall importance and is a relatively complicated question. We must resolutely implement the 10 regulations on

stabilizing market prices issued by the State Council recently, and adopt the comprehensive measure of integrating economic and administrative methods and ideological education. The state-owned commercial enterprises must take the lead and set good examples in implementing the market price policy and strictly forbid private price increases and price increases made in disguised forms. It is necessary to seriously deal with cases in violation of the price policy and price discipline. We must punish according to law those who break the law. Governments at all levels must perfect the organs in charge of commodity prices, carry out regular inspections of the market prices, form a system and strengthen supervision by the masses. Maintaining fundamentally stable commodity prices is extremely essential to stabilizing the economy, maintaining stability and unity and improving the masses' livelihood. This must not be treated lightly.

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ENHANCE THE ROLE OF BANKS AND DEVELOP DOMESTIC CAPITAL

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[Article by Liu Hongru [0491 7703 0320]]

[Text] While explaining the Ten Point Economic Construction Policy at the 4th Session of the 5th NPC, Comrade Zhao Ziyang pointed out: "The role of banks in accumulation, transfer and unified control of credit funds should be strengthened." Implementing earnestly this policy, bringing the role of banks into full play and developing domestic capital have great significance in finding a solution to present financial difficulties, in carrying out the mission of economic readjustment and in accelerating the socialist modernization program.

Lack of funds is an outstanding problem in maintaining a certain growth rate in our economic construction. However, it must also be noted that at present there is amazing waste in various fields, ranging from production and circulation to capital construction. Enormous social wealth will result if potential is tapped. Therefore, on the one hand, we must through our policies arouse the enthusiasm of the enterprises, the communes and their subdivisions, the staff and workers as well as the peasants, tap potential, develop the economy and try by every means possible to increase production and revenue and add to the wealth of society. This is a basis for developing domestic capital. On the other hand, we must pool the scattered funds and by means of banking and the use of bank credits use them in the production and construction needed by the state, while putting financial matters under centralized control and making use of capital.

Lenin long ago advocated the use of the bank to regulate the socialist economic life of the country as a whole. However, we have for many years failed to pay attention to fully enhancing the role of banks. Since the 3d Plenary Session of the 11th CCP Central Committee, the CCP Central Committee and the State Council have pointed out that efforts should be made to help banks become a tool for developing the economy and renovating technology and that stress should be laid on encouraging banks to become involved in more activities, undertake more tasks and give full play to their greater role in opening up new prospects of acquiring and accumulating funds and in improving the use of funds. Following this orientation, we have over the last 3 years adopted various methods of collecting

funds and have expanded the scope of bank credits. For example, we have changed from the method of free subsidies for some parts of the investment in fixed assets to that of bank loans which have to be repaid with interest; the People's Bank has begun to grant medium- and short-term loans for buying and upgrading equipment with emphasis on the replacement and renovation of equipment and technical transformation of enterprises which produce goods for everyday consumption; the eligible recipients have been expanded from production and circulation fields to service trades, tourism and units in the scientific and technological departments which have business income and the ability to repay. In controlling credit, we have followed the principle of dealing with each case on merit and supporting those which excel in their business and paid attention to implementing the role of such economic levers as credit rate and foreclosure. All of these reforms have played a fairly satisfactory role in improving the economic results of the funds, developing domestic capital and promoting economic readjustment. Practice has proved that emphasizing utilization of the bank to raise social funds and using those funds for production and construction through loan distribution are in complete accord with the new conditions of the development of our economy and reflect the objective requirements of the economic structural reform and a correct way to improve the economic results of investment.

The banks' capital comes mainly from: 1) official listed capital and the accumulation of a certain portion of profits which the bank is entitled to keep as credit funds; and 2) the currency issued in accordance with the needs of the development of production and the expansion of circulation. With the development of production and the increase in the people's income, more and more money has been absorbed by the bank. Particularly since the 3d Plenary Session of the 11th CCP Central Committee, with the greater financial power of the local authorities and enterprises, the growing collective economy, the increasing income of the urban and rural population and more money in the hands of the enterprises, units and individuals, the bank is in a position to accumulate these scattered funds by means of absorbing deposits on which interest is paid. This will, on the one hand, safeguard the economic rights and interests of the depositors and, on the other hand, enable the state to arrange and use these funds in a planned way. During the 3 years from 1979 through 1981, various kinds of bank deposits increased by a big margin at an average annual rate of 2,000 percent over 1978. But we must also understand that bank deposits are reserve currency and the monetary expression of social material wealth; therefore, the growth in deposits is restricted by production increases, national income and the consumption fund. Bank loans are limited by the sources of capital on the one hand and by the volume of material supplies on the other. Provided the volume of bank loans is complementary to that of material supplies, the realization of bank loans in kind can be ensured. Banks should not rely on an oversupply of currency in circulation to expand their credits because the issuance of currency must suit the needs of commodity circulation. Oversupply of currency in circulation will lead to price hikes and inflation. This is an objective demarcation line.

The CCP and the people's government have always adopted a policy of keeping the value of money stable and have persisted in not adopting the method of

issuing more money to expand the scope of capital construction. This is a major condition for ensuring the smooth implementation of the economic readjustment, effecting the steady growth of the economy and consolidating the stability and unity of the political situation throughout the nation. The fairly rapid growth of currency in circulation over the last 3 years has resulted from the changes in economic development. This is because the fairly rapid growth of agriculture and light industry and the expansion of the scope of commodity circulation created a need for a corresponding increase in the supply of currency in circulation. At the same time, with the implementation of the various forms of the production responsibility system in rural areas and the restoration and development of the collective economy and the individual economy in cities and towns, there have been many more economic units and management levels for preserving cash in the urban and rural areas, and with more people working, the growth of income for people in both urban and rural areas and the increase in the reserve money of the units and the individuals, there has been a greater capacity for currency in circulation. However, we must also acknowledge that the present supply of currency in circulation is still on the excessive side and the ratio of the currency in circulation to the volume of commodity supplies still has not reached previous normal levels. Latent dangers still exist. If more currency is issued, it will be difficult to keep market prices basically stable or to consolidate the results of the economic readjustment.

Must we therefore adopt the method of tightening money supply and reducing consumption to withdraw huge amounts of currency from circulation as we did when our country encountered economic difficulties in the 1960's? This also will not do. This is because, first, the current economic readjustment is carried out in a situation where there is a sustained increase in both industrial and agricultural production. Furthermore, in order to lay a foundation for future long-term development, we must maintain a certain growth rate. This determines that in financial matters, reducing the amount of bank loans by a big margin and stifling the economy is not permissible. Second, the current economic readjustment is carried out in a situation in which the peasants' income has increased, large numbers of people awaiting employment in cities and towns have been given jobs and there has been an increase in both wages and bonuses. Reabsorbing currency from circulation by relying on reducing the number of staff and workers and consumption is not permissible. Instead it is necessary to suit currency circulation to commodity circulation by significantly boosting production of consumer goods, of agricultural means of production and of building materials for agricultural use and increasing commodity supplies. Third, although large and medium-sized projects under construction, whose scopes are overstretched and building cycles rather long, cannot produce results for the time being, they must not be abandoned all at once as was done in the past when we suspended construction of the "small local construction groupings." The disproportions in the economy and the oversupply of currency in circulation are the result of the "leftist" mistakes which have existed for years. It will take time to return to normal and it cannot be accomplished in a year or two. Precisely because of this, although the supply of currency in circulation is on the excessive side and exceeds the needs of commodity circulation, in order to help readjust heavy industry

to service orientation, we must, within the limits of state plans for the national economy and of bank credits, increase loans for production and construction as much as possible, and in particular support the production of goods for everyday consumption, boost the production of brand-name goods which sell well and also the production of building materials for agricultural use and the agricultural means of production which are needed by the peasants. Rather than reabsorbing huge amounts of currency from circulation by adopting the method of tightening money supply and reducing consumption to shrink production in an oversimplified way, we must support agriculture in developing grain production and a diversified economy to provide more raw materials to light and textile industries so that they can develop and supply the market with more commodities. Thus, for a certain time there will be no rapid improvement in the situation in which the supply of currency in circulation is still on the excessive side. However, because bank loans are used mainly to finance operational activities which require less money but promise quicker and bigger results, once they produce economic results, it is possible to increase commodity supplies at a fairly rapid pace, step up the withdrawal of currency from circulation, boost financial revenue and thus provide a material base for returning currency circulation to normal.

At present, the contradiction confronting us is this: On the one hand, there has been an oversupply of currency in circulation and the issuance of currency must be put under strict control, while, on the other hand, it is still necessary to increase some loans to revitalize the economy under a unified state plan. In order to solve this contradiction, accumulate more funds and raise the economic results of the use of funds, banks should devote their energy and time in the following ways:

1. Vigorously develop the savings undertakings in urban and rural areas. In recent years, with the increase in their income, urban and rural residents have had more cash in their hands, part to be used as a working fund for covering the needs of daily life and production and which cannot be absorbed in large quantities as savings deposits, and the other part to be used as reserve funds for buying such goods as durable consumer goods and for savings which will rise for a long time. By absorbing into the bank this part of personal savings which will not be used for the time being, we will be able to turn consumption funds into production funds in a planned way and that part of the latter which is relatively stable over a long period of time can be used to support construction. At the same time, the realization of its potential as purchasing power can be postponed, thus reducing the currency in circulation. Of course, to increase savings deposits, banks must adopt strong measures, such as doing a good job in propaganda work, improving the quality of service, readjusting savings interest rates, increasing varieties in savings which suit the needs of the masses, setting up more savings networks and strengthening the work of rural credit cooperatives.

2. Offer leadership to the various enterprises and units in planned use of funds in production and construction. In accordance with the regulations of the state's system of cash control, apart from a small quantity of cash

to be retained for services and supplies, the monetary income of the enterprises and units must go to the bank. For the enterprises and units, the question of absorbing idle funds in society does not exist. The problem at present is how to guide enterprises and units which have surplus funds at their disposal to try as far as possible to invest these restricted funds in production and construction which are urgently needed by the state and promise good economic results. The guidance may be multifaceted. For example, the bank is allowed to handle fixed deposits of the enterprises and units, pay them higher interest than is paid on current deposits and convert short-term funds into long-term ones; it is allowed to issue bonds under specified conditions so as to concentrate long-term funds and support the small number of construction projects within the jurisdiction of state plans; to handle trust business in places where conditions permit and within the limits of state regulations; and to adopt flexible and various ways to absorb and use funds and do more work under a unified state plan so as to benefit the revitalization of the economy. Further, developing domestic insurance will enable us to establish a system of economic compensation on the one hand and play the role of accumulating funds on the other. In struggle to combat floods and help to tide the people over natural disasters, as in Sichuan, Shaanxi and Liaoning Provinces in 1981, the system of insurance displayed its great compensatory role. The insurance premium handed over by Sichuan Province to the insurance company in the 2 years 1979-80 was no more than 20 million yuan but in 1981 the insurance company paid an indemnity of 77 million yuan for losses suffered by Sichuan Province from natural disasters, thus helping the disaster-stricken enterprises quickly restore production. This shows that establishing this system of economic compensation on a nationwide scale and putting the transfer of funds under unified control will play a positive role in restoring production and stabilizing life in the disaster areas and ensuring the stability of financial revenue and expenditure.

3. Tap the potential of existing funds, try hard to reduce the funds seized and left idle in the circulation field, increase goods and materials and speed up the turnover of funds. At present, large quantities of circulating funds are seized and left idle by industrial and commercial enterprises all over the country; the turnover of these funds is slow. This is an outstanding manifestation of poor economic results. For example, the turnover rate of circulating funds of state-run enterprises in 1981 was 3.12, a decrease of 1.15 compared with the 1965 record of 4.27. The turnover rate of the circulating funds of the commercial enterprises also did not reach the highest record in history. Reducing our circulating funds by 2 or 3 percent will mean a nationwide savings of 7 to 10 billion yuan. In discussing the principle of reproduction, Marx said that commodity reserve is divided into voluntary reserve and nonvoluntary reserve. The former is the necessary condition for commodity circulation and the latter is the result of goods not being sold well. We must strive for a growth rate on the basis of products of good quality and responsive to social demands. This is a true growth rate void of exaggeration. While speed is mentioned, we must no longer blindly seek output value, because this will result in huge overstocking of surplus goods and poor-quality and unmarketable goods and ineffective use of huge funds. Consequently emergence of the phenomena

whereby "in industry, good news is announced while in commerce, bad news; in warehouses, there is overstocking while in finance, nominal increases." Eventually, as a result more banknotes have to be issued. In order to prevent this situation, in regard to the enterprises whose products are in excessive supply banks should practice stricter and tighter control over funds and resolutely carry out the system of raising interest rates and requiring more interest as a forfeit and even stopping the granting of loans. It is necessary to uphold the principle of production, purchase and order according to sale, stimulate the enterprises to economize on the use of funds and cut down the seizure of funds. We must strive to support the enterprises to produce and market more products which meet social demands with the least possible credit funds and provide the state with more accumulation. At the same time, in order to increase goods and materials and revitalize the economy, it is also necessary to use the bank to do a good job in smoothing things out. For example, of the machinery and electrical products kept in stock, some are needed for replacement and renovation of equipment and technical transformation. However, handicapped by a lack of funds, the enterprises are unable to buy them. In regard to these products kept in stock which have a ready market, banks should on the one hand grant loans to units to purchase and upgrade needed equipment and, on the other, call in the circulating fund loans used in stocking materials. Some products kept in stock can be marketed through installment payments. In this way, with little or no increase in the total amount of loans, the goods and materials kept in stock can also come into play and reinvigorate heavy industry, thus bringing to the state additional income in taxes and profits.

4. With regard to helping to improve economic results, transfer funds and choose the orientation and key points for their use and explore and open up new sources of revenue. In accordance with the decisions of the state on the entire national economy and the nature of credit funds that loans contracted from credit funds should be repaid and credit funds kept in continuous circulation, in using limited funds, banks should give priority to production and construction activities which require less money but promise quicker and bigger results by adopting a method of "rolling a snowball" so that they can provide more products and funds in a fairly short period of time. 1) Vigorously support the development of the rural commodity economy rather than using funds purely in relief work. 2) Substantially support development of the production of consumer goods and stimulate heavy industry to readjust its orientation toward services. At the same time, positive support should also be given to such fields which need funds as service trades, tourism, culture, education and hygiene. 3) Support existing enterprises which are carrying out technical transformation in an orderly way and do a good job in the technical transformation of enterprises producing consumer goods. Positive credit support should also be given to energy and transport and communications projects under the jurisdiction of state plans which ensure a quicker turnover of funds, promise bigger results and have business resources and the ability to repay. Practice shows that so long as the above-mentioned orientation and key points are upheld, it is very necessary to explore and open up new sources of revenue for the bank to use in granting certain medium- and short-term loans for buying and upgrading equipment to be used in replacement and renovation and technical

transformation. The total amount of the additional medium- and short-term loans for buying and upgrading equipment which was granted by the People's Bank in the 3 years 1979-81 constituted 10 percent of the total amount of the increase in loans. These credit funds were used mainly to replace and renovate equipment and in the technical transformation of old enterprises; about 70 percent were used to support the technical transformation of enterprises in the light and textile industries. This has played a fairly satisfactory role in boosting the production of consumer goods and promoting economic readjustment. With a big increase in the production of consumer goods--an important condition--market prices can thus be kept basically stable and the supply of currency can be reduced. Thus, it is justified to say that proper use of loans can boost financial revenue, accelerate withdrawal of currency from circulation and benefit the realization of the basic balance between finance and credit.

5. Do a good job in the overall balance between funds and materials. At present, the bank not only grants circulating fund loans but also extends fixed assets loans. In a situation in which the country has financial difficulties and the supply of currency in circulation is still excessive, will credit inflation emerge? This is a question which concerns some comrades and is also a problem existing in our practical work and calls for attention and earnest solution. Besides practicing strict planning and control over the scope, orientation and key points of the use of bank loans as we have stated above, it is also necessary to do a good job in the overall balance between funds and materials. First, the balance between the source and use of credit funds is achieved mainly in terms of the total amount and the makeup of funds. In terms of the total amount of funds, the amount of bank loans extended must correspond to the source of funds. This is a premise. It is still necessary to make an analysis of the conditions of long-term funds (for a year or longer), the officially listed bank capital, the relatively stable part of long- and short-term deposits which are continuously circulating, some being drawn out and some invested to make up the sources of funds. Second is the balance between bank loans and goods. The question whether or not credit inflation will emerge lies in whether or not a balance between bank loans and goods can be maintained and the specific terms of the loans, whether or not the required goods can be ensured, the materials are applicable and the economic results can be guaranteed rather than in the size of bank loans. Every bank loan must go through strict examination to see whether or not the source of goods has been fixed and whether or not fairly good economic results can be practically ensured. In our work, so as to prevent blind and duplicate production, we must act according to the plans stipulated by the state and we must not undertake new projects outside the state plan. Finally, it is still necessary to adhere to a unified balance between finance and credit.

6. Credit funds should be put under a unified plan and policy as well as control. In order to speed up construction, some localities and departments have undertaken more capital construction projects by pooling funds. Some localities have set up various forms of investment companies and run local banks in a disguised form; some have raised funds by asking banks to give them money not set in the previous planning. These actions, in fact, amount

to drawing out funds which have been deposited in banks and which have already been included in the banks' planning and also going in for non-budgetary capital construction or using funds for other purposes. Actually, as far as the enterprises and units are concerned, there are no idle funds. Their funds are all deposited in the bank. The bank takes account of such deposits in making credit plans. Withdrawal of the deposits of enterprises and units results in deficits in the arrangement of funds. Eventually, all parties concerned would reduce their deposits in the People's Bank with the result being either the issuance of more banknotes, which is not permissible, or the reduction in bank loans which are needed in normal production and circulation. This is to no avail. Therefore, money must be collected and funds raised through the bank. The People's Bank must earnestly carry out its responsibilities as the central state bank, be responsible for issuing banknotes, balance credit plans in a unified way and, while balancing, try hard to ensure increases in some places while decreases emerge in other parts and to eliminate deficits.

Our country has always practiced a centralized and unified policy in its financial undertakings. Practice in the 32 years since the founding of the PRC has proved that this policy conforms to the objective requirements of the socialist planned economy and the inherent laws governing the movement of credit funds. In accordance with the regulations stipulated by the State Council, credit matters must be centralized in the hands of banks and no localities are allowed to set up any financial organs without authorization. The financial organs approved by the State Council must also bring their credit activities into line with a unified plan, do a good job in the overall balance so that the issuance of currency can be put under strict control. Under a unified policy and plan as well as unified control, the various banks (including the People's Bank of China and specialized banks) must share the work and cooperate with one another, gradually reform the management system and work regulations and rules which are not suited to the needs of economic development, accumulate more funds, put the funds to effective use, transfer funds in a flexible way and make concerted efforts to raise the economic results of the funds. At the same time, it is also necessary to strengthen the supervisory functions of the bank, resolutely combat criminal activities in the economic field and resolutely struggle against all sorts of activities which violate financial and economic discipline. Strict checkups must be carried out on the various items such as loans, transfer closing accounts, receipts and payments of cash and revenue and expenditure of foreign exchange so as to stop the leaks. If problems crop up, they should be investigated thoroughly and dealt with seriously. It is necessary to sum up experience, further enhance the role of banks and make greater contributions to the socialist modernization program.

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EARNESTLY CARRY OUT RESEARCH ON THE ECONOMIES OF DEVELOPING COUNTRIES

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[Article by Qian Junrui [6929 0193 3843]]

[Text]

I

Under the present international circumstances, it is of great importance to earnestly study the economic issues in developing countries. This can promote China's modernization construction, develop friendly cooperation with Third World countries, particularly in the economic field, and carry forward our common struggle to establish a new international economic order.

Since World War II, along with the upsurge of national liberation movements, many colonial and semicolonial countries have won independence one after another; the colonial system of imperialism has disintegrated and the Third World has mounted the stage of history as a new force. The national economies of developing countries have been growing and getting stronger. However, owing to the long-term rule, plunder and exploitation of colonialism and imperialism and the aggravating scramble of the two superpowers for spheres of influence and world hegemony, developing countries still face a lot of difficulties and problems in developing their economies. They have the solemn task of developing national economies and safeguarding political independence. China is a developing socialist country which belongs to the Third World. We have the same past experiences as other developing countries and shoulder a common fighting task together with them. We consistently give our sympathy and support to developing countries in their struggle to defend national independence, develop national economies and strive for social progress. The Chinese people will always stand side by side with the Third World countries and peoples and fight to break the old international economic order and establish a just and reasonable new international economic order.

The developing countries hold an important position in the world economy. They have three-quarters of the world's population and cover three-fifths of the globe. They are rich in natural resources and there are industrious and wise people in these countries. The people of developing countries have created prosperous economies with their own hands and have had brilliant ancient cultures. It is only since the 15th century that they successively

suffered aggression, oppression and plunder by Western colonialism and imperialism and therefore were reduced to the status of poor and backward colonies, semicolonies and dependencies which supplied raw materials for imperialism, were markets for its products and gave it opportunities for investment. Since their independence, however, these countries have increasingly strengthened their capability to develop their economies independently. The economies of developed Western capitalist countries, on the other hand, have become more and more dependent on developing countries. Some 75 percent of crude oil needed in developed capitalist countries is supplied by the Third World. Some 40 percent of the crude oil needed by the United States and 90 percent of that needed by Japan, West Germany and France must be imported. Besides crude oil, 60 percent of their needs for major agricultural and mineral raw materials have to be supplied by developing countries. In particular, nearly all major strategic raw materials used in the nuclear energy, space navigation and electronics industries, such as beryllium, lithium, cobalt and other rare metals, must be imported from developing countries. In addition, developed Western countries must also depend on exporting capital and selling products to the Third World. It can be seen that, at present, in the interdependent world economy, most of the developed capitalist countries would find it difficult to subsist without the developing countries. Developing countries have great potential for developing their economies. Those who deem that Third World countries have no impetus from within to develop their economies but can only achieve development by depending on the "charity" of the developed countries are obviously people with wildly arrogant prejudice (some people in developed countries) or have an inferiority complex (some people in the Third World); their point of view is absolutely groundless.

Since their independence the developing countries have worked out and carried out a series of strategies, policies and measures to develop their national economies. For example, they have handled these matters: How a state should intervene in economic life to mobilize the initiative of various economic elements; how strategies and plans for economic development should be worked out in the light of local specific conditions and how unreasonable economic structures should be reformed; how to utilize, limit and supervise foreign capital on the basis of self-reliance, to import practicable technology and to develop scientific and educational undertakings; how to exploit manpower resources and to promote economic development; how to prevent the environment from being polluted and how to preserve the ecological balance; and so on. In the course of practice, they have had successful experiences and have drawn lessons from failures. Although the social systems of those nationalist developing countries are different from ours, and other socialist developing countries have their respective specific conditions, a lot of things about their past and present conditions are similar to ours. Therefore, we must earnestly study and make use of their experiences, so as to benefit the development of China's socialist economy.

Third World countries are all quite young. With the exception of a small number of newly developed industrial countries and petroleum producing countries, the level of their economies is, in general, still comparatively

low; people still live in poverty and there are still many difficulties and obstructions in the course of their economic development. They need to strengthen economic cooperation on the basis of collective self-reliance and take a road that can lead to common prosperity. China is willing to stand together with the people of developing countries in the struggle against the exploitation, oppression, control and economic infiltration of imperialism, colonialism and hegemonism and against the imperialists' monopoly of the world economy. In doing so, we must devote great efforts to intensifying our study of the economies of developing countries so as to make clear our needs and capabilities as well as theirs. In accordance with actual conditions and characteristics, we can thereby expand our economic relations, develop economic cooperation and jointly strive for a common prosperity on a practical, equal and mutually beneficial basis. This is one of the basic principles of our foreign policy. It is our unshirkable sacred duty to do a good job in this field.

II

The rise of the Third World and the increasingly heightened position of developing countries in the world economy are new phenomena arising since World War II. This has posed many new questions in theory and in practice. What are the main questions that we should study at this time? We believe that the following are of importance and worth emphasizing:

1. The economic control, infiltration and exploitation of developing countries by the superpowers and multinational corporations and related theories, policies and measures. Since World War II, along with the disintegration of the colonial system of imperialism, superpowers and international monopoly capital have changed their tactics in their attempt to pursue neocolonialism. In particular, as capital has become more and more internationalized, multinational corporations have rapidly expanded their domain in developing countries. Using various means and methods, imperialists and hegemonists have carried out economic plunder, exploitation and domination in developing countries. They have cultivated their cohorts, plotted subversion against legal governments in developing countries or even committed aggression against them. The Soviet hegemonists, who call themselves "natural friends" of the Third World, under the pretense of "assisting" national liberation movements and carrying out "internationalism" and "the international division of labor" also spare no effort in infiltrating and controlling developing countries politically, economically and militarily, plundering their raw materials, and occupying their strategic areas. They have even sent troops to invade Third World countries. All this is conducted under the cover of a greatly deceptive theory and realized by means of extremely sinister tactics and ruthless measures. We must seriously study and thoroughly expose their acts and wage a blow-for-blow struggle against them.

2. The strategies and different modes of economic development in developing countries and their theoretical basis. In the postwar period, developing countries have worked out and carried out various strategies for development in line with their respective conditions, thus forming

varied modes of development. In terms of strategy, some practice exporting primary products; some practice import substitution, others practice export substitution; some give priority to heavy industry, others lay stress on the development of light industry and agriculture. In recent years quite a few developing countries, by summing up their past experience in development strategies, have embarked on working out and practicing strategies oriented to satisfying the basic needs of the people. These strategies and modes of development vary in content. Each has both advantages and shortcomings. In the course of practice, some have promoted economic development; some have yielded few benefits; others have even met with great setbacks. The crux of the reasons for the above different results is whether development strategies in these countries are derived from a correct guideline and whether they are suited to their own specific conditions. At present, we are making a further study of the specific conditions of our country and are working out and practicing a strategy for developing our socialist economy. Under these circumstances, it is imperative for us to study the conditions, contents, results and theoretical basis of various development strategies and modes practiced in developing countries and use them as our references.

3. The problems of population growth, economic development and pauperization in developing countries. Since World War II, developing countries have achieved certain successes in developing their national economies. The average yearly growth rate of their gross national product was 4.7 percent in the 1950's; 5.6 percent in the 1960's; 5.3 percent in the 1970's; higher than the corresponding rates--4.1 percent, 5 percent and 3.1 percent--of developed Western countries. In spite of this fact, because of their weak economic foundations coupled with a higher population growth rate than in developed Western countries, the majority of developing countries still lag far behind developed Western countries in terms of gross national product per capita. The gap is becoming even wider. Calculated at 1950 constant prices, the per capita GNP of developed countries in 1950 was \$3,840, while that of developing countries with low incomes was \$164. The former was 23 times more than the latter. In 1980, per capita GNP of developed countries increased to \$9,684, nearly 40 times that of developing countries with low incomes which was only \$245. The difference thus increased from \$3,676 to \$9,439. It is particularly noteworthy that because the population of developing countries grows faster than grain output, many of them have changed from grain exporting countries to grain importing countries and the degree of self-sufficiency has markedly dropped. In particular, hundreds of millions of people in Sub-Saharan African areas and in South Asia are still living in starvation or semistarvation. Grain has become a prominent problem in many developing countries. This problem not only severely affects economic development, but also the stability of the political situation. Therefore, the study and solution of the problems of population, grain and pauperization brooks no neglect.

4. The economic cooperation between developing countries. In order to fight against control and exploitation by superpowers and international monopoly capital and jointly overcome difficulties in the course of their economic development, developing countries have displayed the spirit of

collective self-reliance and, with solidarity and militancy, have strengthened their economic cooperation. They have formed many regional cooperation organizations and organizations of raw material producing or exporting countries, such as the Association of Southeast Asian Nations, the Andean Group, the Economic Community of West African States, the Organization of Petroleum Exporting Countries and so on. In the struggle in the international economic realm, they coordinate their stands and policies and fight against exploitation and plunder by imperialism, colonialism and hegemonism. In the course of developing their national economies, they coordinate their development plans and strengthen economic cooperation in all fields with a spirit of solidarity and mutual aid. At present, all kinds of economic cooperation organizations of developing countries are developing vigorously; they have occupied increasingly important positions in the realm of international economy. This shows the strong power of developing countries in their economic cooperation with the spirit of collective self-reliance. However, owing to the problems related to economy, boundaries, nations and religions left over by the rule of imperialism and the imbalance in economic development between them, coupled with the fact that imperialism and hegemonism are sowing dissension, developing countries meet many difficulties and obstructions in the course of developing their economic cooperation. It is extremely important, therefore, to find how developing countries can remove all external interference, frustrate plots to split their ranks and eliminate internal disputes with the spirit of setting store by overall interests, seeking common ground on major issues while reserving differences on minor ones, and mutual understanding and accommodation. Thus the economic interests of different countries can all be taken into account on the basis of equality and mutual benefit and the development of economic cooperation between developing countries can get further impetus. This matter calls for our study from the angles of theory and strategy.

5. North-South dialogue and the issue of establishing the new international economic order. Although the colonialist system of imperialism has basically disintegrated since World War II, the unfair and unequal old international economic order which merely protects the interests of imperialism and international monopoly capital still exists. It has seriously prevented the national economies of developing countries from developing smoothly. In order to change this state of affairs, in the postwar period, especially since the 1970's, with the Group of 77 as the backbone, developing countries have struggled to break the old international economic order. Through intense struggle and repeated negotiations, the position of developing countries in the United Nations and in other international economic organizations and conferences has been raised. They have also strengthened their independent decisionmaking power as regards limiting activities of foreign monopoly capital and multinational corporations. In negotiations and conferences, they have, with developed countries, reached some agreements which are beneficial to developing countries, and have gained some substantial benefits in overcoming their economic difficulties. These facts show that developing countries have become a major force in the international struggle of anti-imperialism, anticolonialism and antihegemonism and the struggle to establish a comparatively fair and reasonable new international

economic order. North-South dialogue, however, has made only slow progress because most of the developed Western countries adopt dilatory tactics and the Soviet Union refuses to recognize its duty. At present, gaining a clear idea of the standpoints, tactics and policies of the superpowers and developed capitalist countries in North-South dialogue, particularly finding methods to strengthen the internal unity of developing countries, working out a correct strategy and tactics in accordance with scientific guidelines which tally with realities, waging struggle in a reasonable, profitable and methodical way and making unremitting efforts to establish a new international economic order have become very important tasks of developing countries. Chinese people are, of course, willing to make the due efforts in this regard.

III

What are the basic principles guiding us in studying the above important questions?

First, after collecting a large quantity of reliable information, we must apply Marxist standpoints, basic viewpoints and methods in conducting intensive and thorough analysis and study from the high plain of theory and strategy in a realistic manner and by means of dividing one into two, so as to correctly realize the historic position and basic conditions of developing countries. We should also sum up their experiences and draw lessons from the course of their national economic development and go deeply to learn the laws governing their national economic development.

Marxist classical authors have made a host of profound expositions on the economies of colonial and semicolonial countries in the light of the historic conditions of their time. For example, Marx has expounded on the plunder and exploitation of colonial and semicolonial countries by colonialism; Lenin put forward the theory on national liberation movements in colonial and semicolonial countries and national economic development after their political independence. Comrade Mao Zedong enumerated the theory on the division into three worlds and, taking China as a typical example, he explained that the bourgeoisie in colonial and semicolonial countries can be divided into the comprador bourgeoisie and the national bourgeoisie and also noted the duality of the national bourgeoisie and the essential importance of the peasant problem in these countries. All these are of great guiding significance in our study of the national democratic revolution and the development of the national economy in the broad developing countries. Many of these viewpoints are still our major theoretical basis in analyzing the economies of developing countries. Of course, since World War II things have changed greatly. We cannot rigidly adhere to a few prepared conclusions. Instead, we should base ourselves on the new conditions, study new problems and draw new conclusions, creatively developing scientific theories to guide our acts. We should, therefore, on the one hand oppose the dogmatist method which does not proceed from realities but merely looks for conclusions from books and, on the other hand, oppose the erroneous attitude that varies from Marxist basic theory and totally and uncritically accepts the bourgeois theory. At present, the most

important thing for us is to widely and intensively absorb knowledge of the past and present economies of developing countries, collect detailed material and make an analysis by means of discarding the dross and selecting the essential, eliminating the false and retaining the true, proceeding from the outside to the inside, and proceeding from one to the other, so as to discover the nature of things and draw scientific conclusions in the unity of history and logic.

Second, we must earnestly acquaint ourselves with foreign theories and methodology on the economic development of developing countries. Since former colonies and dependencies won political independence one after another, Western bourgeois economists have intensified their study of the economies of developing countries in order to protect the colonial interests of imperialism in these countries and regions. In accordance with Keynesian theory, they have laid emphasis on the key function of state intervention and expanding demand. They peddle to developing countries the "models" of economic development designed by them, the most famous among these being the "Harrod-Domar model." It should be pointed out that some of their methods in analysis are indeed worth taking as our references. In general, however, these theories do not tally with the realities in developing countries. Some are even designed for the exploitation and plunder of developing countries. For example, the theory of "equilibrium of international demand" put forward by Western scholars deems that trade between developed countries and developing countries is conducted on the basis of exchange of equal value without exploitation. Progressive scholars in developing countries have criticized this theory. This criticism contains many reasonable factors which are worth our serious consideration. But some people in developing countries put forward a theory of "center and margin" in which developed capitalist countries are taken as the "center" of the world, while developing countries are only viewed as the "margin" which has no inner impetus and can only seek development by attaching itself to the "center." This theory is wrong in both system and methodology. If the economies of developing countries have to circle the "center"--developed capitalist countries--then they will never shake off their economically dependent position. Some other people go to another extreme by advocating "severing all relations with Western countries." Both these theories go against the general tendency of contemporary economic development. Thus, both are harmful.

The "theories" mentioned above influenced policymaking of the governments of developing countries to varying degrees. Many developing countries have worked out their respective development strategies and policies under the guidance of this or that theory. Some have achieved a certain success and promoted their economic development; others have met with setbacks and failures and got their national economies into trouble. In some countries where the economy has developed at a fairly high speed comes another problem--aggravating polarization and sharpening social contradictions.

Therefore, it is necessary to concretely analyze foreign theories and methodology on economic development. We should assimilate whatever is reasonable and, with the spirit of seeking truth, point out what is wrong

and why it is wrong. We should also seriously criticize what is reactionary. Each school of foreign "development theories," and each part of the development theories in developing countries together with its methodology should be taken seriously. We should gain a clear idea of its origin and development, content and essence. Only thus can we correctly study the strategies and modes of developing countries in developing their economies and absorb valuable scientific elements, so as to speed up the economic construction of our country.

Our research on the economies of developing countries has just begun. We need to mobilize the cadres who are concerned with foreign economies and trade and the comrades who are concerned with researching and teaching of world economy throughout the country to coordinate in collecting and sorting out materials and in carrying out thorough specialized study in a planned and organized way. Comrades who handle actual foreign economic work should strengthen their theoretical study and exploration, while comrades who are engaged in theoretical work should pay more attention to actual economic work. Only thus can one learn from others' strong points to offset one's weaknesses and closely combine theory with practice. At the same time, when possible, we should strengthen academic exchanges with foreign scholars, particularly progressive scholars of the Third World, in a planned way, so as to benefit our research on the economies of developing countries.

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AN IMPORTANT REFORM IN THE SUPREME STATE ADMINISTRATIVE ORGANS

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[Article by Xu Chongde [6079 1504 1795]]

[Text] The State Council of the PRC, or the central people's government, by means of exercising its supreme administrative power, handles our country's major domestic and foreign affairs and realizes the state function of the people's democratic dictatorship. The work of the State Council is directly related to the success or failure of our country's socialist modernization. Thus, the reform and perfection of the administrative system of the State Council is of far-reaching significance.

There are only three articles under the section "The State Council" in the present constitution, which was adopted in 1978. However, they have been increased to nine in the draft of the revised constitution (referred to below as the draft) after being revised, adapted and redrafted. The content is more substantial than the present constitution and represents a new development. Regarding the nature and status of the State Council: It is the executive organ of the highest organ of state power and is the supreme state administrative organ. This basic point was determined when our country's first socialist constitution was promulgated in 1954. The later two constitutions were formulated on the basis of the first one. The objective of this revision is to more perfectly display the above-mentioned nature of the State Council and further strengthen its status and give play to its role. This kind of revision on the one hand reflects the continuity of our country's constitutions and on the other hand shows the vitality of our country's organs of power, which are incessantly developing and perfecting.

Based on the original constitution, the draft has made great changes, mainly regarding: 1) the organization of the State Council; 2) the leadership system of the State Council itself; 3) the tenure of office of the State Council leading personnel; 4) the power and function of the State Council; 5) the establishment of an auditing organ. In addition, since the State Council is the organic constituent of the whole country's structure, the series of reforms of other organs, such as the enlargement of the function and power of the NPC and, in particular, the Standing Committee of the NPC, the restoration of the PRC chairman, the establishment of the Central Military Commission, and so on, will definitely exert certain influence on

the structure and activities of the State Council. In short, the draft has reflected the reforms of the State Council in many ways and cannot be discussed in detail in this article. Let me give my view on several questions.

The change of the structure of the State Council proposed in the draft is a summation of experiences over a long time in the past and is also a reflection and affirmation of the results of the reforms in the structure of the State Council which are being carried out at present. The structure of the country's highest administrative organs has undergone three stages of development.

The first stage was the government administration council of 1949-54, which was a committee system. The council consisted of one premier, several vice premiers, a secretary general and several administrative councillors. Administrative councillors could hold concurrent posts as directors of council commissions or ministers, who were not necessarily administrative councillors. That is to say, the directors of council commissions or ministers were not necessarily members of the administration council. Such a regulation was made at that time because the administration council had 30 subordinate ministries, committees, councils, departments and administrative offices. Besides the administrative councillors who did not belong to any ministries, if all the ministers and directors were administrative councillors, there would be too many administrative councillors. Thus, it would be more difficult to conduct administration council meetings. The structure and work methods of the administration council have provided valuable experience for the reform of the leadership system of the present State Council, the appointment of state councillors and the establishment of a standing committee of the State Council which consists of a premier, vice premiers, state councillors and a secretary general.

The second stage was a system stipulated in the 1954 constitution. Under this system, the State Council consisted of a premier, several vice premiers, all ministers, directors of all commissions and a secretary general. This system lasted the longest. There have not been any changes except that the secretary general was deleted from being a member of the State Council in the 1975 and 1978 constitutions. It was different from the structure of the administration council in that there were no committee members holding either concurrent posts as ministers or ministers without portfolio; and all ministers and directors of commissions were without exception members of the State Council. Therefore, we called this an organizational form of ministerial meeting. The advantages of this system were that all ministers of the State Council and directors of all commissions were members of the plenary meetings of the State Council. They could participate in the critical discussions of matters of overall importance under the charge of the State Council. Such a form, in principle, is still kept by the current draft of the revised constitution.

The structure of the State Council stipulated in this draft of the constitution is the third stage of the development of our country's highest administrative organs. Looking at Article 86 of the draft--on members of the State Council--it is different from both the administration council and the

original State Council. It is based on the two kinds of structures which have been practiced by the country's highest administrative organs since the founding of the country and has absorbed their strong points. It is also a development of the former structure. In accordance with the stipulation of the draft, the leadership system of the State Council itself after being reformed is called the premier responsibility system. This system is a form of what we usually refer to as a directors responsibility system. Its main characteristics are:

First, the number of vice premiers is reduced to the minimum, appointing state councillors so that the leadership system is more centralized. The draft explicitly points out: "The premier directs the work of the State Council. The vice premiers and state councillors assist the premier in his work." This shows that the premier holds the dominant post in the leadership system of the State Council although the State Council is under collective leadership. The vice premiers and the state councillors are assistants of the premier. The state councillors are entrusted by the premier to be in charge of certain work and certain major tasks. They are also entrusted by the premier to carry out important foreign activities.

Second, the draft stipulates that "the premier calls and presides over the regular meetings and the plenary meetings of the State Council." This kind of meeting is different from that of other organs which practice the collegiate system of work procedure and method of making decisions. The status of each member of the organs which practice the collegiate system is fundamentally equal. While making decisions, each member has the same right to vote. But it is different in the premier responsibility system. The premier not only has the power to call and preside over the regular meetings and plenary meetings of the State Council, but also has the power to gather correct opinions and make the decision of the State Council during the meetings in which major problems are discussed fully by all members.

Third, the draft stipulates that the premier is to be appointed by the chairman of the People's Republic of China. The chairman appoints the premier with the approval of the NPC. In the past, people have not paid much attention to the significance of such procedures. As a matter of fact, the chairman is the symbol and representative of the state. Therefore, the premier actually receives the mandate from the state. He is to represent the interests of the people in organizing the government and in bearing the responsibility of managing state affairs and leading the highest administrative organ. In the future, after the restoration of the post of chairman of the PRC, this solemn legal procedure of appointing the premier will also be restored and the responsibilities of the premier will be made more explicit. On the other hand, the premier has the right to propose to the highest organ of state power the appointment of State Council vice premiers, state councillors, ministers, directors of various commissions, the chief auditor and the secretary general. When he thinks necessary, the premier also has the power to propose to the highest organ of state power the dismissal of the function and power of these people. In light of this, we see that the administrative responsibilities of all people involved are clearly laid down.

minister or director responsibility system." Now that the number of deputy positions and vacant positions is reduced, the personal responsibility of the department heads will become greater in actual work.

Among the various subordinate departments of the State Council, there is the establishment of the auditing organ which is to independently exercise the power of auditing and supervision under the leadership of the chief auditor. This is a new characteristic of the draft on reform of the administrative organs. By means of supervising the accounting procedures and the qualifications of the auditors themselves, the auditing organ exercises overall supervision over financial and economic activities. Therefore, the auditing department should be separated from the department of financial accounting in modern economic management. The objective of auditing supervision is to ensure that the state's capital is more rationally and legally gathered and utilized and that it brings better economic benefits. It also helps to strictly enforce financial discipline and prevents possible flaws that may occur in the state's financial and economic activities and is thus conducive to the socialist modernization drive.

Since ours is a vast country with a dense population, there are several hundreds of thousands of enterprises and an enormous number of work units and administrative organs, and it is necessary to practically protect the state's huge capital and property. For many years in the past, because there was neither a perfect legal system nor a complete auditing system or an organ in charge of auditing supervision, unsavory trends appeared in the area of financial and economic management. There was also malpractice which made serious inroads on the state's property. Thus, it is extremely necessary to perfect the auditing system and set up an independent organ in charge of auditing supervision. In the wake of the development of socialist construction, and in the wake of the expansion of the decisionmaking rights in the localities, departments and enterprises and the adoption of open economic policies, new contradictions crop up incessantly, and thus the demand for the establishment of an organ in charge of auditing supervision has become more urgent. The draft stipulated: "The State Council will establish auditing organs to audit and supervise finance and the financial revenue and expenditure of the people's government at all levels and of the financial and monetary organizations, enterprises, institutions and organizations under the people's government." This complies with the demand of China's financial and economic management and the building of the four modernizations.

In order to continue to make the best possible use of the State Council and bring the role of the highest administrative organ into full play, the draft has, to a certain extent, expanded the authority of the State Council. One relatively important item is that the State Council has the authority to stipulate and approve administrative laws and regulations. The State Council is the executive organ of the highest organ of state power. In the course of carrying out laws and decrees, the State Council must make administrative strategic decisions and promulgate regulatory documents in accordance with the actual complicated situations. This is called administrative laws and regulations. This is the first concept stipulated in the

draft on China's administrative laws and regulations. In our actual life, the administrative laws and regulations deal with a wide range of things. According to the stipulation of the draft, the State Council has the authority to use the administrative laws and regulations to define the obligations and duties of all ministries and commissions. This shows that the authority of the State Council has expanded.

As a matter of fact, that the State Council has the authority to stipulate and approve administrative laws and regulations does not mean that the State Council has legislative power, nor does it mean that the State Council is a legislative body. Although determined by the nature and characteristic of the administrative power, in actuality, there are many more administrative laws and regulations than laws and decrees. However, administrative laws and regulations are after all different in principle from laws and decrees. First, laws and decrees are stipulated by the highest organ of state power. In China, only the NPC and its Standing Committee, which are state legislative organs, can exercise state legislative power. Moreover, administrative laws and regulations are but administrative regulations promulgated by the State Council in the course of implementing the law so that the law will be carried out smoothly. Second, from the point of view of what binds and compels, although administrative laws and regulations are almost similar to laws and decrees, administrative laws and regulations must abide by laws and decrees and must not contravene the law. If there is any contradiction, the NPC Standing Committee can change and repeal the administrative laws and regulations. The difference between administrative laws and regulations and laws and decrees is manifested in the subordinate nature of the State Council to the highest organ of state power. In China, democratic centralism and the system of "integrating discussions with action" are the basic principles of the socialist political system. Even though this is the fact, the draft has, for the first time, defined the status of administrative laws and regulations in the constitution. We cannot deny that this is an important feature.

The reform of China's highest administrative organ manifested in the draft of the revised constitution is very important. We can predict that the working system of China's government will continue to improve and its efficiency will be greatly enhanced. This will certainly perfect and strengthen the organization and leadership of the socialist modernization.

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CHERISH THE MOTHERLAND'S HONOR, SAFEGUARD NATIONAL DIGNITY

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 27-30

[Article by Wang Bingnan [3769 3521 0589]]

[Text] Cherishing the honor of the motherland and safeguarding national dignity is a sacred duty of every Chinese. In "The Draft of the Revised PRC Constitution," it is written: "The citizens of the PRC have the obligation to safeguard the motherland's safety, honor and interests. They must not do anything that harms the safety, honor and interest of the motherland." It is of great significance at present that we strengthen education of the cadres and masses in this aspect.

Over the past few years, by adhering to the principle of maintaining independence and keeping initiative in our own hands, and reconstructing our motherland through self-reliance, we have implemented the open-door policy and scored positive results in promoting the building of the four modernizations and enhancing mutual understanding and friendship with people of other countries. In our ever increasing contacts with foreign countries, many of our cadres and masses have displayed the lofty style of associating their words and actions with safeguarding the honor of the motherland and the dignity of the nation, and there have been many lively and stirring deeds to win the acclaim of foreign friends. On the other hand, some unhealthy phenomena have also appeared--some have done such things as worshipping things foreign and toadying to foreign people, bowing and scraping, forfeiting their self-respect and losing their personality and national character. These people have no sense of decency. By discrediting the honor of the motherland and hurting the dignity of the Chinese people, they have not only aroused the indignation of the broad masses of people within the country, but they have also deeply disturbed many international friends, patriotic Overseas Chinese and Hong Kong and Macao compatriots as well as having aroused their extreme concern. Although these phenomena have only appeared among a small handful of people, they exert a very bad influence. If we let them run rampant and do not strengthen political and ideological education and take effective measures, the body of our party and country will be seriously corroded and the modernization program will be endangered.

There are social and historical reasons for phenomena such as worshipping things foreign and toadying to foreign people. First of all, China experienced a semifeudal and semicolonial society for more than a century and some people have not yet got rid of their capitalist ideology and the colonial slave mentality. Second, the 10 years' internal disorder of the "Great Cultural Revolution" seriously damaged the fine traditional ideology and work style of our party. The patriotic sentiments, moral concepts and sense of discipline of many people become blunted to the extent that some even completely ignore them. Furthermore, since putting the open-door policy into effect, we have underestimated the corrosion caused by corrupt bourgeois ideology and ideological and political work have lagged behind. And the precautionary measures are imperfect. For these reasons, when they confront the dazzling bourgeois human world with its myriad temptations some irresolute youths without experience in life cannot resist being corroded by corrupt bourgeois ideology and, as a result, they are shot by "sugar-coated bullets" and fall captive to bourgeois ideology. Therefore, to overcome the ideology and acts of worshipping things foreign and toadying to foreign people, we must educate the people, particularly the youth, to correctly understand the motherland and our obligations and responsibilities toward our motherland and foster a high degree of national pride and confidence.

Our country is a great country and our nation is a great nation. Ours is a country with a vast territory; our mountains and rivers are magnificent; our products are abundant and we have a long history. Generation after generation, the children of China have been living, working and struggling in this land and we have created a magnificent national culture. For a considerably long period of history, China's science and technology ranked among the first in the world and we made great contributions to the development of human society. According to the statistics of Joseph Needham, the British scholar and author of "History of China's Science and Technology," more than 30 important Chinese inventions were spread to Europe and other regions of the world from the opening of the Silk Road to the end of the 18th century. As Chinese, we should feel greatly honored. The Chinese nation is not only famous for diligence and intelligence, but also for its patriotic spirit and revolutionary tradition. Over thousands of years, many national heroes and patriots who were "impervious to the temptation of wealth and high position, not to be shaken or modified by poverty or destitution, and did not succumb to military force" have emerged to safeguard the nation's honor and dignity. Particularly in modern Chinese history, national heroes and patriots are as bright and abundant as the stars. After Western capitalist countries blasted open China's gate with their cannons in the Opium War, foreign colonialists colluded with the Chinese feudal ruling class and willfully trampled on China. As a result, China was in an abyss of misery for a long time. However, the people of all nationalities in China never surrendered and they resisted foreign invasions many times. There are many heroic and moving deeds. People like Lin Zexu, Hong Xiuquan, Kang Youwei, Tan Sitong and Sun Yat-sen were outstanding representatives of the Chinese people during this period. It is exactly because the Chinese people indomitably advanced wave upon wave to resist invasion that, although large and small imperialist countries of the world

united to invade and suppress China, they could not destroy China. Since the birth of the CCP, under the guidance of Marxism-Leninism, the glorious patriotic tradition of the Chinese people has been further inherited and brought forth. The CCP led the Chinese people to wage some extremely arduous struggles and finally overthrew the three big mountains and won national independence and liberation. Since then, the Chinese people have controlled the national power, become the masters of their country and resolutely followed the socialist path. This is the fortune, glory and honor of the Chinese nation. Thousands and millions of Overseas Chinese rejoice that the long period during which they were squeezed out and discriminated against is now over.

Since the founding of the PRC some 30 years ago, although our country has made mistakes and suffered setbacks, we have scored significant results in economic construction. This is obvious to all and is universally acknowledged. When new China was first established, we inherited from old China a country in a complete shambles. The industrial base was very weak, the equipment and installations were obsolete, the technology was backward and the level of productive forces was extremely low. However, after 30 years' arduous struggles, the Chinese people have brought about profound changes in various aspects. Basically, we have an independent and relatively complete socialist industrial system and national economic system. We could not manufacture accurate or large-sized machine tools just after liberation, but now we are able to manufacture 270 varieties of relatively complete machine tools. We are not only capable of manufacturing automobiles and airplanes, but also atomic bombs, guided missiles and manmade satellites. Agriculture in our country has also made relatively great progress and we have basically solved the problem of feeding our 1 billion population. On the basis of the continuous development of industrial and agricultural production, there has been a significant improvement in the people's material and cultural life. Comparing China's standard of economic development with other developed countries, ours is still relatively backward. However, when compared with old China or other foreign countries, the rate of economic development over the past 30 years is relatively fast. The socialist system is not only superior to the semi-feudal and semicolonial society, but also to modern capitalist society. This has been proven by evidence. Since the 3d Plenary Session of the 11th CCP Central Committee, we have summed up the positive and negative experiences and proposed a new path for the building of socialism that suits the actual situation of our country. There is no doubt that the superiority of China's socialist system will be effectively brought into full play.

At present, our motherland has obtained its proper place in the world. The age when foreigners treated the Chinese as "the sick man of East Asia" and "an inferior nation" is long gone. In our contact with people of other countries, we hold high the banner of opposing imperialism and hegemonism and safeguarding world peace; we adhere to proletarian internationalism, support the emancipation of the suppressed nations, the building of newly independent countries and the righteous struggles of the people of all countries; and we have won praise and high appraisal from people all over the world. As of now, we have established diplomatic relations with 125

countries and we have friends all over the world. The Chinese People's Association for Friendship with Foreign Countries has nongovernmental contacts with some 120 countries and has established friendly relations and connections with some 100 Chinese friendship associations from some 60 countries. In our nongovernmental friendly contacts with the people of other countries, we deeply feel their sincerity toward the Chinese people. They pin great hopes on China and try their best to cherish and safeguard China's international reputation. They are distressed that some people worship things foreign and toady to foreign people. Many foreign friends treat China as their second homeland. Some friends want to make a final trip to China even though they are very old; some sacrificed their precious lives for the Chinese revolutionary cause and for friendship with the Chinese people; and others had deep love for China during their lifetime and wanted to have their bones or ashes laid to rest in China. Many Chinese friendship associations in foreign countries have overcome difficulties regarding manpower, material and financial resources and launched various activities to introduce China to their own country and to promote mutual understanding and friendship with the Chinese people. How inspiring and exciting this is! Compare it with those people who have lost their national pride and who damage national honor and dignity. Do they not feel ashamed of themselves?

People usually compare their motherland to their mother. This is a sacred and solemn metaphor, and it vividly shows us the lofty status and great significance which is due the motherland in our minds. Through the ages, no one with a conscience would allow others to infringe upon the dignity of his mother, and no one with high aspirations would use words and deeds to bring disgrace on the reputation of his mother. People compare their motherland to their mother, that is to say, all people should ardently love their motherland as they ardently love their mothers. They should take safeguarding the honor and dignity of the motherland as their sacred duty and winning glory for the motherland as their solemn obligation. We are all raised with the milk of the motherland. Without the motherland, we would have nothing. In the poem "Singing for the Motherland," Martyr Chen Hui wrote: "O motherland, you raise me with your milk of love; and I will safeguard you with my flesh and blood," and Martyr Chen carried out his pledge. This is a model that we should always follow.

As a matter of fact, our motherland is still rather poor at present. This is a fact that we will not deny. However, how should we tackle poverty in our motherland? This is a question that tests our ideology and our sense of values. Can we reject the motherland because she is poor? Can we beg from foreign people? This is definitely not the proper attitude for a loyal Chinese. Although the conditions of material life in developed capitalist countries are better than ours, there is an insurmountable dark side of things and there are incurable social evils. Bourgeois society is a society of exploitation of man by man. Unemployment, drugs, robbery, murders...emerge one after another in capitalist countries. Many people have no ideals or convictions and lead lives devoid of meaning. It is exactly like a foreign friend said: Having money does not mean having happiness. The United States is one of the richest countries in the world;

however, many people dare not step out of their doors at night and muggings are not uncommon during the day. Although China is still relatively poor today, because of the establishment of the socialist political system and economic system, the people have a common ideal, common morality and common discipline and there is stability and unity in public order. This is something beyond comparison with any capitalist country. Our forefathers said: "Poverty cannot stifle one's lofty ideals." This is the glorious tradition of the Chinese people. The modern writer and professor Zhu Ziqing was very ill in 1948; however, he preferred to die of starvation than take food handed out in contempt. He refused to take any U.S. "relief grain." This illustrates the integrity of the Chinese people. Comrade Mao Zedong highly praised him and proposed "writing a eulogy for Zhu Ziqing." Thus the poverty of the motherland should not shake our pure hearts but should become a powerful motivating force inspiring us to work hard for the prosperity of the country. A specialist, who has rejected the superior living conditions in a foreign land and returned to China to take part in the socialist construction of the motherland, said: "The magnificent mansions and houses of others are not as good as our own humble houses. We must build our own magnificent mansions for the Chinese people." These words are very well spoken! They reflect the deep love of the Chinese people for their motherland as well as their aspiration to build up China. Every Chinese, especially the young people, should take these words as his motto.

A man should have his moral integrity and a country should have its spirit. The key to whether or not we can gain the respect of foreigners in our contacts with them lies in whether or not we can safeguard our own moral integrity and the spirit of our country. As the saying goes, people will respect you if you conduct yourself with dignity and people will have a low opinion of you if you have a low opinion of yourself. If we have self-respect, we will certainly win the respect of the honest foreigners. On the contrary, if we lose our integrity and the spirit of our country, as some people do, and assume an air of complacency and servility, then foreigners will look down on us. In having contacts with foreign friends, we ought to stress civility and courtesy and be friendly.

On the eve of winning the national revolution, Comrade Mao Zedong exhorted us to heighten our vigilance against the attack of bourgeois "sugar-coated bullets." Since then, he has taught us many times to combat Jia Gui's ideology and work style and enhance our national self-respect and self-confidence. Comrade Zhou Enlai also repeatedly taught us in dealing with foreign friends to abstain from great-nation chauvinism on the one hand, and to be neither overbearing nor servile on the other. We must "build up our integrity and confidence." Many workers, peasants, workers involved with foreign affairs, scientists and technicians, students studying abroad, actors and actresses and sportsmen have adhered to the teaching of Comrades Mao Zedong and Zhou Enlai. Whether in having contacts with foreign friends at home or abroad, or during working, investigating, studying, competing and performing abroad, they have tried very hard to make their words and deeds comply with the demand of safeguarding the motherland's honor and national dignity, and there have been many stirring deeds. This has inspired and encouraged the people of the whole country. When Wei Yu, a lecturer from

Nanjing Technical College who was awarded a doctorate by a technical college in West Germany, was studying in West Germany, she was wholly absorbed in her studies and led a very hard life. When people asked her why, she replied: "Foreigners always appraise the Chinese social system, education system and women's liberation by evaluating every individual Chinese. I must not let them down in my words and deeds." China's woman scientist She Baoguang effected a breakthrough in the study of hepatitis B vaccine during her advanced studies in the United States. However, she declined an offer of a high salary in the United States and resolutely returned to the motherland. "I want to work for the well-being of the people in the motherland." These are indeed lofty patriotic sentiments and awareness! In international competitions, the sportsmen of our country struggle for the honor of the motherland. Therefore, when they score outstanding results and when the five-star red flag is slowly hoisted on the playing field, people burn with righteous feelings and are moved to tears. The motherland's honor and the national dignity affect the sentiments of thousands and millions of Chinese because they have a mutual affinity and are closely linked with each other. History and evidence have proved that being Chinese is an honor of which we should be proud. No matter what the circumstances, we must never forget that we are Chinese, members of the great Chinese nation. Our words and deeds must comply with the spirit of our country and our moral integrity, and we must never do anything to harm the interest and image of the socialist motherland. This is the rudimentary and basic moral character that we should have.

The CCP Central Committee called on us to strengthen the building of socialist spiritual civilization while strengthening the building of socialist material civilization, so that the people of all nationalities in our country will become people with ideals and moral character, disciplined and well educated. Safeguarding the honor and national dignity of the motherland is an essential substance and demand of the building of socialist spiritual civilization. Every one of us must take practical actions to implement this demand. We believe that if we strengthen ideological and political education, if the leading cadres at all levels and the party members set an example for others to follow and if we seriously deal with the small number of people who violate party discipline and laws, the patriotism and internationalism of the people in our country will certainly be brought into full play. We will be able to overcome the unhealthy trends existing in foreign affairs, and thus the open-door policy will be implemented in a healthier way and we will score better results.

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TRANSPORT WORKERS SHOULD STRIVE TO BECOME VANGUARDS IN PROPAGATING SOCIALIST SPIRITUAL CIVILIZATION

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 31-33

[Article by Pan Qi [3382 3825]]

[Text] In the past few years, I have taken every opportunity to go to many places in Shandong, Liaoning, Zhejiang, Shanghai, Jiangsu, Guangdong and Beijing. Recently I have been to Shaanxi, Sichuan, Hubei and Anhui. I went from place to place to visit bus stations. Occasionally, I took a long-distance bus. Through direct contact with passengers, bus drivers, conductors and bus station personnel, I have come to know much about the situation and have heard various opinions. I have a strong impression: There are many problems in the present bus transport work but the most pressing problem to be solved is how to successfully carry out the building of socialist spiritual civilization.

Not long ago, Comrade Hu Yaobang pointed out: "Bus transport corps and bus drivers work in a decentralized manner. They are so decentralized that they are not easy to supervise. If we can handle them well, they will become a very good force that can propagate socialist spiritual civilization. If we cannot handle them well, they will propagate bourgeois pestilences and evil trends." Therefore we must first straighten out the mood of bus transport corps and bus drivers. He also pointed out: "Keeping to the positions of the party, the state and the people, we must set strict demands on them, explain to them the character and style appropriate to bus transport corps and bus drivers of a socialist country and require them to change their mood." Cadres, party members and YCL members should play their exemplary vanguard role and strive to become vanguards in propagating socialist spiritual civilization. Comrade Hu Yaobang further said: "The problem now is that the higher the ranking of an institution, the more unable it is to do ideological work. Such institutions are unable to do big jobs and then look down on small ones. They do not know how to do political and ideological work among the staff and workers on this front." He requires that we not only call for action, but also go into selected units, work with the workers for a specified period of time, maintain close contacts with the masses, set a good example, play an exemplary vanguard role and carry out criticism and self-criticism. He also requires us to pay attention to the livelihood of the staff and workers.

Comrade Hu Yaobang's opinions are quite correct and very important to bus transport personnel. He has pointed out a general aim for all comrades doing bus transport work: Be vanguards in propagating socialist spiritual civilization. Bus transport has the characteristics of being mobile and decentralized, of operating independently, of going into the depths of the cities and towns and of maintaining close ties with the broad masses. The style of bus transport personnel not only affects the production and livelihood of the people, but also makes a great impact on the mood of society. In recent years, the attitude and quality of service of the majority of bus drivers and bus station personnel have improved, and they are energetically propagating socialist civilization. But a certain number of bus stations and bus transport corps still have many problems, some of which are very serious. They are still far from the general aim of being vanguards in propagating socialist spiritual civilization.

On 1 December last year, I witnessed the situation which was described by a passenger who had written the following in the complaints book of a bus station:

"On my way to your bus station, I saw your bus stations along the way had something in common, which I will summarize in the following four sentences:

"1. Dirty--There is rubbish in and around the bus stations. It is unsightly.

"2. Disordered--Passengers do not buy tickets in an orderly manner. They do not queue up to board a bus, nor do they get off a bus and leave the station in an orderly manner.

"3. Bad--The working personnel are not responsible enough. They do not call the numbers of the buses. Once some passengers asked a station attendant when the next bus would arrive. He did not know that a bus had arrived.

"4. Unhealthy trends--Unhealthy trends are rampant. Acquaintances may go first without taking a number or queueing up. Passengers from other places have to wait longer even if their turn has come."

This passenger's opinion reflects the common characteristics of many bus stations. It also represents the opinions of the majority of passengers. The seriousness of this problem is evidence that many comrades in communications departments turn a blind eye and deaf ear and are apathetic to the above phenomenon. Some comrades "are not itchy even though their bodies are full of lice," and "are not worried even though they are debt-ridden." They do not care what happens. Some run away from trouble, cannot exert themselves, do not have enough faith in themselves and give up their posts. How can they become vanguards in propagating socialist spiritual civilization unless this spiritual phenomenon is changed?!

In 1980 and 1981, I went to Yentai in Shandong Province and Changshu in Jiangsu Province to visit two bus stations which had long been cited as Daqing-type enterprises. I particularly read all the opinions written in the complaint books by their passengers. Really, it was not unique but had its counterpart. Passengers' opinions about these two bus stations were so similar and serious. It was really astonishing! Most of the passengers' opinions about the bus station in Yentai were directed at the station's ticket sellers and working personnel who performed their duties very badly and abominably. There were even three cases of hitting and abusing passengers. Most of the passengers' opinions about the bus station in Changshu were also directed at the station's working personnel who performed their duties very badly and abominably. There were three cases of creating difficulties for passengers and of quarreling with passengers. A passenger wrote: "Let me ask: Where are your leaders' party spirit and mass viewpoint."

It has been 5 or 6 years since the smashing of the "gang of four," but these problems still took place in the two bus stations which had been cited as Daqing-type enterprises. What was the cause of these problems? And what did these problems show? I think we should find the root cause of the problems: What is the purpose of our socialist bus transport? Is it for the people or merely for production and profits? How should we transport enterprises handle the enterprise's relationship with shippers and passengers? Who are the masters after all? Who should transport enterprises serve? What are the standards for measuring the quality of our bus transport work? Who are the judges of our work? Should we look only at how the eight great indices are fulfilled, or should we also look at whether passengers and shippers are satisfied with our work? What is of particular importance is whether we should also build spiritual civilization and do ideological and political work well while in terms of attention we are paying attention to material civilization in tons and man in kilometers. These are fundamental questions in our communications and transport work. But some units and comrades often overlook these questions. They even confuse the relationship of these questions. Take these two Daqing-type enterprises for example. It was true that their achievements in fulfilling the eight great indices were substantial and that they enjoyed a resounding reputation after being cited as Daqing-type enterprises. But their attitude toward and quality of attending passengers were very, very bad. To make things worse, they beat up and abused some passengers. This was the fundamental reason why they were severely criticized by their passengers. Through the activities of the "five stresses and four beauties," and especially through this year's "all-people civility and courtesy month" activities, the two bus stations have made great progress in their work. This lesson is profound enough to learn from.

In the final analysis, socialist transport personnel must become vanguards in propagating socialist spiritual civilization, and the bus transport trade should take this as its own goal. But we must adopt a series of measures to achieve this goal. At present, we must particularly set forth specific requirements, because spiritual civilization is not at all empty or abstract. On the contrary, it is concrete and real. In particular, it

must be manifested through the concrete actions of man. Do not our passengers say that our bus stations are dirty, in disorder, bad and full of unhealthy trends? To build spiritual civilization, we must first solve these four points. We must do a good job in public health, maintain good order, raise the quality of service and improve the attitude in attending to passengers. But the most fundamental thing is to solve the problem of unhealthy trends. If a bus station or a bus is full of unhealthy trends, it must be dirty, in disorder and bad. Once we have got rid of unhealthy trends, the problems of being dirty, in disorder and bad will also be solved.

Not long ago I went to the Zhuhai special economic zone in Guangdong Province. I saw the rules and regulations of the staff and workers of a car corps of the Shijingshan touring center. I believe their rules and regulations are very good and quite specific. For instance, working personnel are required to greet visitors with a smile. The driver must open the door and say "please" when allowing passengers to board the bus or car. Only after this may he board his bus or car and begin to drive. They have a set of rules for rewards and punishment. Absence from work without leave and taking care of personal matters during work hours are all recorded. The working personnel do not have to argue about the amount of money to be deducted from bonuses. Those who observe all of the rules and regulations are entitled to their rewards. Therefore everyone is very serious and energetic during work hours. I stayed there for 1 or 2 hours. No one was grinning impudently or loafing. If you go there, they will greet you with a smile. They are refined and courteous and are ready to answer any question. They have very few supervisors, but their work is in perfect order, and the staff and workers are full of vigor. The Zhuhai special economic zone in Guangdong Province is open to foreigners. It is close to the capitalist world. It is our outpost in the true sense of the word, and the working personnel there are our vanguards worthy of the name. They can perform their duties very well under such circumstances. Why cannot working personnel in other places do the same? So long as bus transport units all over the country can learn from this method, and so long as everyone is willing to work hard, rely on the party and the masses (including transport workers and passengers) to enable bus drivers, bus station personnel and ticket sellers to become vanguards in propagating socialist spiritual civilization, it is completely possible for our bus transport corps and bus stations to become outposts in building socialist spiritual civilization. Since the unfolding of the activities of the first nationwide "all-people civility and courtesy month," many bus stations and bus transport corps have been advancing in this orientation. So long as we can persevere, make the foregoing a regular and systematic practice and constantly consolidate and develop it, I believe Comrade Hu Yaobang's requirements on transport workers will certainly be realized.

Editor's note: Pan Qi is an old comrade. He was vice minister in the Ministry of Communications. He has taken every opportunity to investigate bus stations and buses, and has made direct contact with passengers, bus drivers, ticket sellers and bus station personnel. He is

well acquainted with the opinions of the masses and constantly studies and improves his work. Leading cadres at all levels, especially middle-aged and young cadres who have just been promoted to leadership posts, are required to pay attention to and learn from his work style of going deep into the grassroots level and maintaining close ties with the masses. If leading cadres at all levels can perform their duties in this way, we will greatly reduce our bureaucratic work style and subjectivism, and there will certainly be a great improvement in our work.

CSO: 4004/38

GRASP FIRMLY THE CENTRAL LINK--IDEOLOGICAL EDUCATION

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 34-36

[Article by Xin Cheng [2450 4453]]

[Text] Comrade Mao Zedong pointed out: "Ideological education is the key link to be grasped in uniting the whole party for great political struggles. Unless this is done, the party cannot accomplish any of its political tasks." ("Selected Works of Mao Zedong," Vol 3, p 1043) We should firmly grasp the central link of ideological education regardless of the time or what kind of work we are doing. Our party has a fine tradition in this respect. Our party itself is the product of the integration of Marxism-Leninism and the workers' movement. In this sense, it is appropriate to say that our party has built itself up by relying on ideological and political work. Ideological and political work has given impetus to our cause of revolution and construction so that it develops, grows and advances.

Millions upon millions of the masses have as their cause revolution and construction. Without the direct support and unswerving struggles on the part of the broad masses of people, it is impossible to achieve our goal. To encourage the broad masses of people to take part in the cause of revolution and construction in an active and orderly way, we should strengthen ideological and political work so that the masses will become people with ideals, morals and culture and who observe discipline. We should know that people's actions are governed by their ideology and that ideals and belief are their spiritual support. Their ideology and state of mind are connected with the orientation of their actions and effects. The fundamental task of our ideological and political work is to persist in using Marxism-Leninism-Mao Zedong Thought to arm the cadres and the masses, raise their consciousness and enhance their ability to understand the objective world. In so doing, we will arouse their enthusiasm to reform the objective and subjective world and to carry on the revolutionary spirit. They will enhance their revolutionary vigor to ensure the accomplishment of the task of revolution and construction.

In the past, Lin Biao and the "gang of four" had an ulterior motive in preaching the theory of the "omnipotence of spirit," saying that spirit and ideology might reverse the course of events and decide everything. This was

truly ridiculous. After repudiating this idealist fallacy, the truth of materialism shines again. However, some comrades wrongly think that ideological and political work is no longer important. Such an idea is obviously wrong. The reasons why some of the theories of Lin Biao and the "gang of four" were ridiculous were that they reversed the relations between matter and ideology on the one hand and economics and politics on the other. This ran counter to the objective law of the development of matter. We uphold dialectical materialism and admit that matter decides ideology. Furthermore, we affirm the active role of ideology. We should not neglect ideological and political work because we have abandoned the idealistic theory of the "omnipotence of spirit."

Under the present socialist conditions in our country, there are various kinds of contradictions--the contradictions between the advanced and backward units, between right and wrong and between leaders and the masses. There are contradictions between the masses, state, collectives and individuals. In particular, there are the contradictions between the proletarian ideologies and various nonproletarian ideologies such as capitalist ideology, feudal ideology and so forth. Although the exploiting class has been eliminated as a class, its ideological influence will not disappear overnight. Furthermore, there are remnants of the exploiting class in our country, the dregs of Lin Biao and the "gang of four," and counterrevolutionaries. There is also the influence of and infiltration by Taiwan, Penghu, Jinmen, Mazu, Hong Kong, Macao and international capitalism. Therefore, class struggle within certain limits will exist for a long time. Our party members and cadres are still facing the danger of degeneration. At present, serious trends of bourgeois liberalization have occurred in various fields of the social life in our country; this is particularly so of the unlawful and criminal activities in the economic field. All these are the manifestation of the class struggle under new historical conditions. In order to promote the great cause of building our country into a socialist and modernized power, we should correctly understand and solve these contradictions and problems. To do this, we should never for a single moment cut ourselves off from ideological and political work. In particular, under the present conditions where the ideological influence of the exploiting class at home has not disappeared and where international capitalism still exists, the ideological field is not calm and tranquil. If we fail to strengthen ideological and political work, decadent bourgeois ideology will inevitably take advantage of this opportunity to intrude and corrupt our ranks. Over the past 2 years or so, unlawful and criminal activities in the economic field developed to a very severe extent and even some party members and cadres were involved in criminal activities. This situation was, apart from other reasons, attributed to the defects of our work. In other words, while implementing an open-door policy toward foreign countries and enlivening our domestic economy, we neglected the improvement of our management system and measures and did not do our ideological and political work well. Therefore, we should on no account neglect ideological and political work. We should conscientiously grasp it and persist in doing so for a long time.

Some think that so long as we do a good job in the economy and improve the people's material living standard, they will automatically excel in

ideological work, and that there is therefore no need for us to grasp ideological work. This is really an oversimplified way of treating the relationship between economic development and ideological change. Will people's ideological consciousness be automatically raised when we have effectively improved our economy and enhanced material living standards? Admittedly, the development of production and the improvement of our material and cultural life will have a great bearing on the people's ideology; spiritual civilization cannot be separated from certain material conditions. However, spiritual civilization is not a direct derivation or appendage of material civilization. Instead it is a great ideological construction project. In order to build socialist spiritual civilization, we must carry out careful and painstaking work over a long time. We should use ideological education to promote spiritual civilization and should make use of the legal system, discipline and public opinion to maintain and consolidate it. While using positive measures and the role of advanced examples as guidance, we should criticize and struggle against passive, backward and reactionary things. While advocating the new socialist ideas, morals and habits, we should carry on and absorb fine historical traditions. It is not to be supposed that if we engage only in the building of material civilization, the tall buildings of spiritual civilization will automatically tower in front of us. Marxism has told us that what directly determines people's ideology is not productive forces but production relations, that is, people's economic status (or class status in a class society). People's ownership of the means of production, their positions and role in the process of social production and what they get from the distribution of social products determine their ideological viewpoints and feelings. Once a kind of social ideology has been established, it is relatively independent of its economic base. Although the old economic base has disappeared, the old ideology will not vanish immediately. To eliminate its influence, we should carry out a fierce struggle in the ideological field so that the new ideology will take the place of the old one. Furthermore, no kind of systematic doctrine or theory will spontaneously take root in the people's minds; the people can only acquire them through propaganda. This is particularly the case with Marxist-Leninist theories and communist ideology. To enable the broad masses of people to master communist theories and ideology, we should, under the leadership of the party, carry out extensive and profound ideological education and a sustained struggle against the ideological concepts of the exploiting class and private ownership mentality. This objective cannot be attained through effective economic work alone. For example, in the 1950's and early 1960's, people's mentality and the general mood of the society were better than at present. However, the level of economic development at that time was not as high as at present. It is incorrect to say that with the development of material production, people's socialist ideological consciousness will also rise. Any spontaneous theory viewpoint is utterly groundless because it goes against the law of ideological changes. Furthermore, without strengthening ideological and political work and raising people's ideological consciousness, it is impossible to fully arouse their enthusiasm for socialism, promote the national economy and enhance their living standard.

There is another viewpoint related to the aforementioned one. It is that some attribute certain unhealthy phenomenon and bad tendencies in the society to the low level of the development of production and the poor conditions of people's material life. Such a view is completely wrong. Do a low level of production development and poor conditions of material life inevitably usher in unhealthy trends or even unlawful and criminal acts? If we accept this view as correct, it means that we hide the evil consequences of the protracted sabotage of Lin Biao and the Jiang Qing counter-revolutionary cliques and deny the struggle between corrosion by the capitalist ideology and corrosion-resistant socialist ideology, a struggle which really exists. In other words, we admit that unhealthy trends and unlawful and criminal acts are pardonable. Moreover, our production is constantly developing and the people's living standard is continuously rising. It is improper to say that the level of development of our production is low and our material living conditions are poor without making any analysis. Actually, the reason that some people were influenced by unhealthy trends or even committed crimes was not because they lacked food or clothing, but because they were corroded by the capitalist decadent ideology and the bourgeois way of life. It is impossible to clarify the problem or seek a correct way of solving the problem by simply seeking the economic cause.

Some comrades maintain that as long as we do things according to economic law, we will promote economic construction well. To them, it is unnecessary to stress the importance of ideological education. This is also a kind of muddled idea. To carry out economic construction, we should, of course, do things according to economic law and make use of necessary economic means. There is no doubt about that. However, it is wrong to merely regard economic work as a process of economic development. This is because economic work is done by the people. It is the people who understand and make use of economic law. Are people's ideological conditions and mental attitudes not connected with their understanding and utilization of the economic law? It is appropriate to say that if we deviate from ideological education and fail to enhance people's level of understanding of Marxism-Leninism-Mao Zedong Thought and raise their communist consciousness, it is impossible for us to truly understand economic law and consciously utilize it. We will inevitably be manipulated by the spontaneous role of economic law. For instance, we should rely mainly on the guidance of the state plan to develop our economy in the rural areas. At the same time, we should make use of the role of law of value. However, if we give up ideological and political work and fail to provide peasants with the education of "paying equal attention" to the interests of the state, the collectives and individuals, some of them might disregard the interests of the state and the collectives. Thus the economy of the rural areas will go astray. In our economic work, we should stick to the principles of relying mainly on the planned economy, making the law of the marketplace subsidiary to these principles and coordinating all the activities of the nation as in a chess game. To do this, we should oppose erroneous ideas such as selfishness, seeking private gain at public expense, decentralism, departmental selfishness and so forth. Otherwise we will follow an erroneous tendency. To effectively implement the principle of distribution according to work and overcome egalitarianism, it is necessary to give staff members and

workers who have overfulfilled production quotas and scored marked achievements a certain amount of pay and bonuses. This will help arouse their enthusiasm. However, if we give up ideological and political work and regard the issuance of bonuses as the sole motive force for arousing the masses' enthusiasm in production, things will go contrary to our wishes. We will not only fail to arouse people's socialist enthusiasm, but also encourage them to "take money as the end-all." As a result, they will go astray. Some enterprises have learned profound lessons in this respect. We should bear it firmly in mind. Of course, ideological and economic work should be combined with economic work and people's material interests. We are not allowed to indulge in empty talk. In other words, we should closely integrate ideological and political work with reality and carry it out in a thoroughgoing and painstaking way. We should convince people by reasoning, not coercion. Otherwise, it will be difficult for us to achieve good results.

Those who educate the people should be educated first. To strengthen ideological and political work, leading cadres should, first of all, fully understand the importance of the work. When we raise the subject of strengthening ideological and political work, some people think that we intend to provide only the masses with ideological education. Actually, we should, first of all, solve the ideological problems of the leading cadres. If leading cadres fail to straighten out their ideas, do not fully understand the importance of ideological and political work or are even influenced by a number of erroneous and muddled views, they will not be able to carry out ideological and political work effectively. Therefore, leading comrades at all levels should strengthen their study of Marxism-Leninism-Mao Zedong Thought and fully understand the interrelationships between material civilization and spiritual civilization on the one hand and politics and economics on the other. They should also clarify the interrelationships between politics and technology as well as economic work and ideological work. They should truly and firmly grasp the central link of ideological education and never for a moment relax their efforts in this respect.

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TEACHERS SHOULD SET EXAMPLES IN BUILDING SOCIALIST SPIRITUAL CIVILIZATION

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 37-39

[Article by Yu He [6735 4421]]

[Text] Millions of people are concerned about the development of youths and it is a matter of strategic significance to educate well the hundreds of millions of youths across the country. It is the responsibility of the whole society to educate young people, but the responsibility of primary and secondary school teachers is even more direct and concrete. The state and parents of youths have entrusted the children to schools, hoping that teachers will educate them well. The reason why we should pay attention to the work of teachers and stress the importance of such work is that we have placed our hopes in the future and in the next generation. There will be hope for our cause only if we are able to educate the next generation well.

Lenin pointed out: "The most important course in any school is political orientation. Who decides this orientation? It can only be decided by the entire teaching staff." ("Collected Works of Lenin," Vol 15, p 438) Comrade Mao Zedong also said that for a school "the most important things are selecting the principal and teachers and defining teaching principle." ("Selected Works of Mao Zedong," Vol 1, p 161) Following definition of teaching principle, an important problem is the question of teachers, for both ideological education and teaching work in schools are mainly carried out through teachers. Whether teachers are able to carry out their work well will directly influence the growth of the broad masses of primary and secondary school pupils. There are more than 10 million primary and secondary school teachers in our country. They make up a big revolutionary army. These teachers have heavy responsibilities and are busily occupied with their work. With arduous tasks, they work very hard and have a particularly important responsibility of bringing up a new generation and of building socialist spiritual civilization. Whether they are teaching culture and scientific knowledge or nurturing the broad masses of primary and secondary school pupils in ideology and morality, all such works are an important aspect of the building of socialist spiritual civilization. The youths that are being educated by primary and secondary school teachers will become builders of socialist materialistic civilization and spiritual civilization. Therefore, it is true when we say that teachers are engineers of the souls of mankind and active and direct builders of socialist spiritual civilization.

The "five stresses and four beauties" campaign that is being launched across the country is an important part of the building of socialist spiritual civilization. It is very important to launch such a campaign in primary and secondary schools. As for the pupils, through the requirement of concrete images and the implementation of students' regulations, pupils will be able to differentiate between what is beautiful and what is ugly, between good and evil, and between what are good, beneficial and civilized deeds that should be actively undertaken and what are uncivilized, ugly and unhealthy things that should be resolutely discarded. Consequently, they will be able to constantly raise their ideological consciousness and morality, strengthen their sense of organization and discipline and grow along a correct and healthy road. This campaign has provided the teachers with an opportunity to combine the building of socialist spiritual civilization with their daily routines so that their educational work will have a stronger ideological nature and more definite goal. In addition, teachers will be able to do a good job in the campaign, lead pupils to follow their examples and make all schools have a good style of study and work only when they set examples. If the tens of hundreds of our schools are able to do well in this regard, they will constitute a tremendous motive force in improving social practice and in establishing new habits.

The delegates to the national conference of the trade unions of the primary and secondary schools across the country to exchange experiences in ideological and political work called on teachers to set examples during the campaign. This is a significant proposal and it has pointed out a direction for teachers' activities. The "four beauties" first of all means beautiful souls. The beautiful souls of teachers are mainly demonstrated in their loyalty to the party's education cause and their love for their work, their schools and their pupils. Pupils represent our future and are the successors of our revolutionary cause. Therefore, the conditions of these pupils' growth and ideology are important and directly related to the future of our country, the fate of the nation and the success or failure of our revolutionary cause. Therefore, the teachers must demonstrate their love for the party and the socialist motherland first of all by doing a good job in their own work and in nurturing their pupils.

Love for pupils is an invaluable feeling as well as a foundation for doing a good job in education. Our purpose is to educate pupils according to the requirement of the party and the country so that the pupils may develop their morality, knowledge and physical fitness and become laborers with socialist consciousness and culture and talents, having political consciousness and professional knowledge. This is the glorious and yet heavy historical task of teachers. The educators of new China must not only pass on knowledge but also be responsible for educating students in ideology and morality so that they will not only possess rich knowledge but also have higher ideological consciousness and beautiful morality and understand that the purpose of gaining knowledge is to use it to serve the people and contribute to their motherland and to mankind. If we pay attention only to injecting knowledge and examination subjects into the minds of pupils but pay no attention to making them wise, and if we do not guide them to form high ideals and do not pay attention to helping them form an aesthetic

outlook and to carrying out physical conditioning, we will run counter to the goal of socialist education as well as to educational principles. Good people's teachers must educate and instruct people, implement the party's educational principle in an all-round way and be concerned with the growth of all the pupils.

In order to educate pupils it is imperative to understand them and to be acquainted with each of them so that with a definite objective in view we will be able to teach them with skill and patience and help them grow. If you do not understand them and do not know what they are thinking, then you only speak your own words and they think their own problems. Thus you will not be able to do a good job in education. Some outstanding teachers maintain close contact with the pupils and make friends with them. The pupils regard such teachers as their intimate friends. They like to tell the teachers what they have on their minds in order to seek guidance from them. Teachers must work hard to make themselves respected and loved by the pupils, not respected but distant. Teachers cannot disregard those pupils who are doing poorly in their studies, nor can they despise them. On the contrary, teachers must love them, must even show particular concern for them and give them more help. In fact, pupils with more shortcomings need more concern from their teachers.

Teachers must not only ardently love their pupils but must also be accomplished and skilled in carrying out their work or they will not be able to accomplish their tasks. Therefore, they must study hard and be professionally competent and spare no efforts to improve teaching methods so as to improve their teaching standard. Their study and profession must include specialized knowledge on subjects taught and each teacher must understand related knowledge about pedagogy, psychology and teaching methods, and have some knowledge of Marxist-Leninist basic theories and the party's important policies and principles. Only when teachers have grasped this knowledge will they be able to teach with good results and according to the requirements of the party and the people and to the young people's psychology and physiology.

Primary and secondary school pupils are in the stage of rapid growth, highly impressionable and incapable of distinguishing right from wrong. They have little ability to control themselves and are vulnerable to outside influence. They often understand things and differentiate right from wrong proceeding from concrete images; therefore, the deeds and the attitudes of their teachers have a particular influence on them. That is why we have particularly stressed the importance of the role of teachers' examples and demanded that the teachers always pay attention to their own moral cultivation, place strict demands on themselves, train themselves to become politically conscious and professionally competent and set examples for pupils with regard to cultural development, ideological standards and morality. Since teachers demand that pupils form a high spiritual civilization, it is first of all imperative for teachers to do so. Since teachers demand that pupils speak beautiful words, the teachers themselves must not speak ugly and uncivilized words. They must say beautiful things during or after class, in front of pupils, in school, when not around pupils, outside school and at home.

Setting an example for others means playing an exemplary role, being as good as one's word, thinking and behaving in a certain way, and teaching by personal example as well as by verbal instruction. That is to say, teachers must educate and influence the feelings and souls of the pupils through their own deeds and with vivid and sound reasoning.

It is imperative for the party organizations and educational administrative departments and teachers' organizations of education trade unions at various levels to make concerted efforts to enable the broad masses of teachers to meet the above-mentioned requirements and set examples. It is necessary now to further implement the party's policy on intellectuals, unite the broad masses of teachers around the party, fully mobilize their initiative and creativity, further improve their political and professional level and working capability and further improve their conditions for work, study and life as well as their position. Primary and secondary school teachers have been an important army in the ranks of intellectuals; it is the biggest such army. We cannot say that there are no problems in the question of how to use and treat teachers. Even today, the leadership in some regions and units still do not really understand the importance of education and the position of the roles of intellectuals in this new period. They do not conscientiously carry out the pertinent policies of the CCP Central Committee issued since the 3d Plenary Session of the CCP Central Committee. Particularly, they do not show enough concern for young intellectuals. As a result, the capabilities of many young people have not yet been fully displayed and their difficulties in work, study and life have yet to be properly resolved. In addition, since the implementation of the open-door policy, some people have been influenced by bourgeois ideology while our ideological and political work is very weak. Consequently, some problems have appeared in our work. Therefore, it is imperative for party organizations at various levels to conscientiously implement the party's policies concerning intellectuals and eradicate the biased views about intellectuals that still exist within the party and in society. It is necessary to treat intellectuals equally in politics, use them daringly in their work and be concerned with their livelihood. It is imperative to make the broad masses of teachers realize that they are masters of their country and schools so that they will be able to fully display their initiative and pool their wisdom to run schools well. Some schools have experimented in setting up the system of teachers' congresses under the leadership of party committees with encouraging results. We must also create broad public opinion in schools and society so as to form a new social practice of pupils respecting teachers and the latter loving the former.

The party committees at various levels must carry out vivid, practical and effective ideological and political work and do a good job among the teachers through education trade unions. Education trade unions recently pointed out that it was necessary "to proceed from the features of education trade unions and to give priority to doing a good job in ideological and political work among teachers." This statement is in accord with reality and represents a glorious tradition of the education trade union. The broad masses of intellectuals are part of the working class. But the working class is not a golden symbol. It must set examples through its own deeds and

constantly transform its subjective world outlook in the process of transforming the objective world. In order to carry out ideological and political work well, it is imperative first of all to arm teachers with Marxism-Leninism-Mao Zedong Thought and the party's principles and policies, and to educate them in the revolutionary tradition of the working class and historical tasks. It is also necessary for teachers, through study and practice, through criticism and self-criticism and by overcoming shortcomings, to get rid of various influences of bourgeois ideology, constantly raise their communist ideological consciousness, persist in the four basic principles, constantly improve their sense of responsibility toward the revolutionary cause, step up their consciousness in implementing the party's education principles, persist in and develop the morality and tradition of the working class and make demands of themselves, influence pupils and carry out their work with the ideology and morality of the working class.

Leading cadres at various levels must visit schools, contact the broad masses of teachers to understand their situations with concern, patiently and honestly help them to solve problems and make friends and talk with them. When conditions permit, the teachers' actual problems in their work, life and study must be resolved immediately. When they have problems in their ideology and understanding, leading cadres should in no way take the stand as educators and criticize them; on the contrary, they must proceed with good intentions, patiently help them to solve problems, become friends of the masses and combine the work of solving ideological problems with actual problems. Primary and secondary school teachers have a certain cultural level with various talents; politically, they protect the party and socialism, they work conscientiously with sense of responsibility. They have a healthy, modest and reasonable ideological style. Their social economic position is not high. Therefore, it is imperative for the leadership to understand, trust, respect and have concern for them. They are busily engaged in their work. Their lives are monotonous and therefore they must be given an opportunity for contacts with society and nature. Teachers not only have to improve themselves, but they also must educate pupils. Therefore, they must be given some "capital" so that they can play still greater roles.

Trade unions are communist universities and full use must be made of the features of trade unions in carrying out ideological and political work. It is necessary for self-education of the masses to be carried out from the top down to grassroots levels so as to promote the basic positive education method of displaying the advanced to lead the general, to carry out educational activities with definite purpose, and to carry out various lively and imaginative educational activities and inspire and exert influence on people's character and thinking. With definite guiding ideology and fully representative of mass organizations, the work of trade unions will be very helpful.

In short, with policies implemented and a good job done in ideological work, people will be convinced to improve their understanding and step up their efforts. In this way, it will be possible to form a deep ideological foundation for teachers to set examples while the work in educating our new generation will be guaranteed.

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IT IS HELPFUL TO STUDY THE THEORY OF REPRODUCTION

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 40-42

[Article by Huang Zhigang [7806 1807 0474], second secretary of Tianjin Municipal CCP Committee]

[Text] Not long ago, some cadres in Tianjin municipality studied the Marxist theory of reproduction and the reaction was quite good. Taken as a whole, the study has helped us deepen our understanding of the principle of readjustment, restructuring, reorganizing and upgrading that has been implemented by the CCP Central Committee since the 3d Plenary Session of the 11th CCP Central Committee. The following derives from my understanding gained in the study of the Marxist theory of reproduction, and I use my understanding in concretely explaining the guiding role of this theory in our economic construction.

It must be said that the principle of the proportionate development of production of the two big categories is the core of the Marxist theory of reproduction. Marx classified the complicated and intermingled economic activities into two big categories--production of the means of production and production of the means of consumption. He also pointed out the relationship of mutual adaptability and mutual balance between the two categories and within each of these categories. This is an objective need in social mass production that is independent of people's will. Because of the influence of "leftist" ideology for quite a long period in the past, our planning to a certain degree departed from our country's objective need for proportionate development of the national economy and departed from practice. As a result, our national economy was out of balance which caused serious waste of social productive forces. The purpose of the readjustment put forth by the CCP Central Committee is aimed at enabling our national economy to take the road that accords with proportionate development in production of the two big categories and to achieve better economic effects. Therefore the questions of what is to be readjusted, how to readjust it and how to realize a good circulation in the national economy can in no way be defined subjectively; they must be guided by the Marxist theory of reproduction.

In expounding the conditions for the realization of social reproduction, Marx pointed out that whether in simple reproduction or in expanded

reproduction, the production of the first category must not only make up for its own consumption of the means of production but must also meet the needs of the second category in terms of means of production; the production of the second category must not only make up for its own consumption of the means of subsistence but must also meet the needs of the first category in terms of means of subsistence. Social reproduction can be carried out smoothly only when we are able to follow the proportionate relationship between these two categories as pointed out by Marx and realize the conditions for this relationship. Many of the problems that cropped up in our economic life over the past many years, such as consumer goods being in short supply for a long period and unbalanced phenomena such as enormous stockpiling of heavy industrial products, particularly mechanical and electrical products, were caused by the fact that we upset this balance. The CCP Central Committee pointed out that in carrying out readjustment work it is imperative to combine the work of developing light industry and the textile industry with readjustment in the service orientation of heavy industry so that the production of the two big categories will gradually become balanced. This is completely correct. Under the leadership and with the support of the CCP Central Committee, Tianjin municipality has, since 1979, emphasized the development of light industry and the textile industry. On the one hand, the city has concentrated its efforts in developing 18 trades, promoting the production of 136 varieties of famous brand products and "fist" products and in carrying out 902 technical reform projects. On the other hand, it has organized heavy industry to serve the technical reform and equipment renewal of the light and textile industries and to provide urgently needed advanced technical equipment and good quality raw materials with applicable specifications. Thanks to these efforts, the value of the city's gross industrial output increased on an average by 8.8 percent annually over the past 3 years. Of this, the output value of light industry increased by an average of 14.8 percent annually while heavy industry increased by 2.2 percent. In the gross industrial output value, the proportion of heavy industry has decreased and, as a result, the industrial structure has tended to be more rational. This shows that the national economy will be able to develop smoothly only when our planning accords with the law of mutual agreement in the production of the two big categories.

According to the Marxist theory of reproduction, the various departments within the production of the two big categories must also develop proportionately. Take the first category for example. In addition to producing the means of production for the production of the second category, the first category must also meet its own needs and carry out exchanges among its own various departments. Marx referred to this situation as "producing a constantly repeated movement" between the constant capital within the first category and constant capital. This situation is in fact what today we often call self-service by heavy industry. Therefore it can be seen that self-service by heavy industry is imperative and, under the prerequisite that it accords with the law of reproduction movement, can in no way be neglected. We made mistakes in our work in the past because we exaggerated self-service and neglected serving the second category and to a certain degree our work was characterized by blindness in carrying out

production just for the sake of production. In the process of readjustment, it is necessary to stress the importance of heavy industry serving agriculture and light industry but at the same time we cannot neglect the importance of heavy industry serving itself. We must pay attention to this question. In the final analysis, the rational self-service within heavy industry itself is in the interest of serving agriculture and light industry still better. Take the machine building industry for example: Unless the structure of the products of the machine building industry is readjusted, no new varieties of products are added and no improvement is made in the quality of the products. It will thus not be possible for the various departments of our national economy to have an advanced technical foundation and consequently the constant and stable development of our national economy will be affected. Therefore it is imperative for us to understand the Marxist principle of the interrelationship between the production of the two big categories in an all-round and correct way.

In referring to the expansion of reproduction, Marx pointed out the existence of the two forms of reproduction. One is extensive expansion of reproduction, that is "building new factories outside the old factories." Today we refer to this situation as adding new items and projects. Another is intensive expansion of reproduction. This means relying on the existing enterprises by tapping their potential and improving their "efficiency of the means of production" so as to expand the productive force. It is of great significance to have a clear understanding of the forms of these two different forms of expansion of reproduction. In readjusting the national economy, the party Central Committee stressed the importance of the strategic measures of intensively expanding reproduction as the main factor so as to mend the longstanding lopsided point of view and method of expanding the scale of production by mainly relying on adding new items and projects.

Marx expounded the concrete contents of intensive expansion of reproduction from many aspects such as progress in production, technology, rational organization of productive forces, improvement in the skills of laborers and making full use of the means of production. Such intensive development in the expansion of reproduction is in fact developing production in depth and breadth. Our investigations showed that over the past few years, some trades and enterprises have paid attention to intensively expanding reproduction. They have improved their management, carried out coordination among specialized departments, undertaken technical reform and equipment renewal, improved scientific technology and quality of products and added more new varieties. They have made considerable achievements as they have carried out only one or two of these items, but in a good way. The Tianjin No 3 Steel Rolling Plant has carried out a major technical reform every year since 1978 and basically it has been able to put the results of the reform into production in the same year. This plant has been able to add an annual 10 million yuan of profits for 3 years running. The Tianjin Dyeing and Textile Industry Company and its subsidiaries carried out coordination in production among specialized departments and as a result, production output value in 1981 was 99 percent higher than 1978 and profits increased by 1.2 times. The Tianjin Seamless Tubes Factory implemented an accounting system in economic contacts between departments, workshops and

teams and as a result, the profit rate of capital grew to 30 percent in 1981, or 1.2 times higher than 1978, while profits increased by 4.7 times. If all our enterprises are able to proceed from their own specific conditions and carry out feasible and comprehensive measures, they will no doubt achieve better economic effects. When we stress the importance of carrying out intensive expansion of reproduction as the main, we do not mean putting aside extensive expansion of reproduction when it is possible, and particularly not in energy and communications construction. It is imperative to overcome this weak link in order to create conditions for the better development of our national economy.

The principle of capital circulation and turnover constitutes an important part of the Marxist theory of reproduction and therefore it is also of realistic significance to study this principle.

It can be seen from the whole process of socialist social reproduction that whether the movement of capital can be carried out smoothly mainly depends on whether or not we can correctly handle the proportional relationship between the two big categories and the relations between intensive expansion of reproduction and extensive expansion of reproduction. But we must understand that the movement of capital itself is relatively independent. Therefore when there are problems in some links of the movement of capital, such as a lack of coordination in supply, production and sale and the relations between industry and commerce and between industry and trading not being in harmony, these problems will spoil the balance between the two big categories. Consequently it is necessary for us to fully understand the importance of capital circulation and turnover. Marx' explanation about rational utilization of fixed capital and working capital is helpful to us in solving such problems as the low utility rate of fixed assets and excessive use of working capital; his views about how to sell commodities in a timely way is useful in solving such problems as having limited channels for commodity circulation, too many intermediary links and bad circulation; his views on "voluntary" and "involuntary" commodity reserves will help us solve such problems as irrational commodity reserves and irrational use of capital, while his views about banking are helpful to us in improving the roles of our banks in raising, collecting and using finance and in speeding up capital turnover. Therefore, industrial, agricultural, commercial, banking and tax revenue departments must proceed from the point of speeding up the movement of social gross capital, closely coordinate with each other and spare no efforts in carrying out their own duties. They must in no way proceed from departmentalism and disregard the whole situation; otherwise they will cause waste in the use of capital.

As mentioned above, I believe it makes a big difference for the broad masses of cadres, particularly those working in the economic sector, whether or not they study the Marxist theory of reproduction. In studying "Das Kapital" in the past, we mostly concentrated our attention on exposing the exploitation and decadence of capitalism and in understanding the objective necessity of the dying out of capitalism. This method of study is of course right. But from this book we must absorb more spiritual nourishment

that is needed in our modernization program. Last year and in spring this year, Tianjin city organized leading cadres above the regional, prefectural and bureau level to study the Marxist theory of reproduction and the results were quite good. Practice in this study proved that the Marxist theory of reproduction is not beyond our reach, nor does it depart from practice. On the contrary, this theory has an important guiding role in our economic construction. We must sum up our experiences in this study so that our cadres will be able to make further progress in their study.

CSO: 4004/38

DIALECTICALLY PONDER OVER ECONOMIC PROBLEMS

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 43-45, 42

[Article by Zhang Jing [4545 4544]]

[Text] In the study of economic theory, we should ponder problems and sum up experiences using the scientific ideological methodology of materialist dialectics. In other words, we should grasp the dialectical relations of the development of objective affairs in the sphere of economics and link the general laws of materialist dialectics with actual practice in economic work.

People can readily see that the economic sector really is a "boundless universe." It comprises numerous divisions and trades. The network of production and circulation is widely scattered while the division of work and coordination are profoundly related to each other and form a criss-cross network of immense dimensions. Each and every economic "factor" not only is mutually dependent, subjected to reciprocal control and part of the organic whole but also is influenced by internal and external factors and remains in a state of constant motion and change. Furthermore, all matters in the economic sector have their inherent contradictions and are governed by the relations of the unity of opposites. For example, the productive force and production relations of the entire socioeconomic system, the accumulation and consumption of the national income, the "bones" (production construction) and "meat" (nonproduction construction) of capital construction, expanded reproduction by intension and expanded reproduction by extension, the central authorities and the local authorities of the management system, big planning and small freedom, and so on, are all examples of the unity of opposites. As for an individual economic division, it also has many concrete instances of the unity of opposites such as, for example, grain production and diversified operations in agriculture, heavy industry and light industry in industry, centralized leadership and diversified management in commerce, and so on. The parties of the contradiction in the unity of opposites repulse each other but depend on each other, jointly form the composite body of the national economy and foster and promote economic development. Lenin said: "Dialectics may simply be verified as the theory of the unity of opposites." "In order to understand the 'self-movement,' self-generated development and vitality in all the goings-on in the world, we must understand these proceedings as the unity

of opposites." ("Collected Works of Lenin," Vol 38, pp 240, 408) In economic work, our guiding thought should be to correctly understand and handle the various contradictions in the economic sector. The results of our work will have to depend to a certain extent on whether or not we can consciously employ materialist dialectics and correctly grasp and regulate the dialectical relations of the contradictions between the two parties of the unity of opposites.

Looking at past historical experience, we are deeply impressed by the importance of dialectically pondering economic problems by pursuing the law of the unity of opposites.

Early in the democratic revolutionary period, Comrade Mao Zedong had already noted the importance of the use of materialist dialectics in guiding economic work. He formulated such principles as promoting production, protecting supplies, centralizing leadership, diversifying operations, having regard for both the military and the civilian, considering both public and private interests, placing equal emphasis on production and economy, and so on. These were all measures to promote the development of production and economic prosperity in the base areas. At that time, the matters of primary concern were the military and political struggles and economic construction had yet to place on the daily agenda for deliberation. Consequently, there was not yet a possibility of fully developing economic dialectics. After the founding of the PRC and following the large-scale development of economic construction, the use of material dialectics to guide economic work became an important lesson in guiding thought. During the first 5-year plan period, we were comparatively more cautious and more realistic. We handled relations between productive force and production, industry and agriculture, accumulation and consumption, "bones" and "meat" and the like fairly well. We succeeded fairly well in bringing about an overall balance. As a result, economic development progressed at a rapid pace and the 5-year plan was triumphantly fulfilled in less than 4 years. In Comrade Mao Zedong's 1956 report "On the 10 Big Relationships," he made use of materialist dialectics to give a systematic summary of the experiences in practice in socialist construction. Especially concerning the relations between industry and agriculture, heavy industry and light industry, coastal industries and inland industries, state production units and individuals, and central and local authorities, the discussions were full of economic dialectics and were extremely significant in guiding our economic work. When Comrade Chen Yun was in charge of economic and industrial affairs, he strongly insisted on the principle of being practical and realistic and was keen to make use of materialist dialectics to analyze and solve problems. For example, many of his viewpoints were full of economic dialectics, such as his views that in a socialist economy state-operated enterprises and those operated by the collectives should form the principal part and a restricted number of individually operated enterprises should be supplementary; that in industrial and agricultural production, planned production should be primary and free production within the sphere of the national plan should be supplementary; that in a socialist unified market, the state market should be primary while the free market under the state's leadership and within a

prescribed area should be supplementary; that economic construction and the people's standard of living should both be given due attention and be balanced; that great attention should be given to the study of the proportionate relations within the national economy and to achieving an overall balance; that in capital construction both the general and the particular or pivotal points should be ensured and attended to; that in arranging construction projects note should be taken of the existence of light items among the heavy ones and of the existence of heavy items among the light ones, and so forth. These correct viewpoints of Chen Yun further amplified and developed the economic thought brought forth by Comrade Mao Zedong in his treatise "On the 10 Big Relationships" and played an important part in guiding China's economic construction at that period. Although at the time certain of his views were not given great attention or adopted, yet because they reflected the dialectical relations of objective things and constituted materialist dialectics that could be put to concrete use in economic work, they were able to stand the trials of actual practice and examination. Even today, after more than 20 years, they still possess great vitality. It can thus be seen that in the final analysis a correct economic guideline and a correct economic theory reflect and summarize the dialectical relations of objective things in the realm of economics and in fact are the results of dialectically pondering economic problems.

If it is established that the triumph in our country's socialist economic construction is indivisible from the due regard given to the use of materialist dialectics in our guiding thought, then it may be concluded that the errors or setbacks suffered in our country's economic construction are to the same extent closely related to our overlooking or even violating materialist dialectics.

Our violation of materialist dialectics is mainly due to one-sidedness in understanding. Just as Comrade Chen Yun pointed out: "Our errors are due to the failure to do things according to objective facts. But those of us who have committed errors were not without some support. Rather, they mistook the part for the whole." ("How To Make Our Understanding More Complete") Our errors in economic work were mostly of this nature. For example, our socialist transformation may be said to have been as a whole successful, but in the course of its progress some comrades were overimpressed by the merits of centralized production and centralized operation and overlooked the fact that centralized production and diversified production and centralized operation and diversified operation were in reality the unity of opposites and, although opposed to each other, could readily assist each other. As a result, the phenomena of blindly chasing after the merging of small plants into big plants and of converting diversified operations to centralized operations developed. This brought about such maladies as certain products deteriorating in quality, a decrease in the variety of products, poor services rendered, inability to respond to the consumption needs of the populace, and so on. Again, for example, since the latter part of the 1950's and over a fairly prolonged period, the one-sided overemphasis on the development of heavy industry (particularly the iron and steel industry) and on achieving large accumulation and a high speed of development has resulted in the entire national economy losing its balance

and there is no way for it to develop smoothly. Hence, although generally speaking one-sidedness cannot be said to be idealism, yet if one-sidedness has a start and if one side of the contradiction develops to the point of absolute predominance, this may possibly lead to idealism and to the opposite side of materialist dialectics.

Engels long ago pointed out: "Contempt for dialectics will invariably bring punishment." ("Selected Works of Marx and Engels," Vol 3, p 482) For many years, we have suffered much in this regard and have had many painful experiences and lessons. These experiences and lessons may be summarized from different angles and different sides but there are two points of a regular and basic nature. These should be especially noted and thoroughly studied in the course of theoretical study.

One point is that in economic work we must hold firm to this materialist dialectic basic concept of the unity of opposites. At no time and under no conditions should we strongly emphasize one side, overlook or even refute the other side or, in short, sacrifice one side in order to play up the other side. To put it in Lenin's words, we should not hold one side "in esteem to the point of the absolute." ("Collected Works of Lenin," Vol 38, p 222)

When touching on economic relations and economic contradictions, Engels said: "Since this is one type of relations, it means that the reciprocal connections of the two sides are involved." ("Selected Works of Marx and Engels," Vol 2, p 123) Since objectively the two sides are mutually related and mutually dependent, losing one side renders the other side untenable. Hence, we cannot artificially separate the two sides or one-sidedly care for one end but forsake the other. Take for example this problem of economic interests with which we customarily meet. They habitually comprise the relations between two sides, namely, current interests and long-term interests, and interests of a sector and interests of the whole. Only in simultaneously studying the two sides and proceeding further to examine the form of their mutual relations and their reciprocal role, that is to say, studying their dialectical relations of the unity of opposites, can we find the correct method of solving the problem. To isolatedly and one-sidedly at any time play up one side and overlook the other side can bring about losses. Certain contradictions may clearly be seen to be principal or secondary and leading or subsidiary, as, for example, the frequently mentioned big collective and small freedom, big centralization and small diversification, and planned economy as the principal and regulation by market mechanism as supplementary. Because of the great disparity in the status of the two parties of the contradiction and objectively because of the actual conditions of one party commanding great attention and the other being lightly regarded and one party being primary and the other supplementary, it is very easy to lay great stress on the one and to neglect the other. Under such conditions, it is all the more important to grasp the unity of opposites between the two parties and to grasp the dialectical relations of their opposing each other yet also complementing each other, and guard against holding one party in "absolute esteem."

ARE CAPITAL CONSTRUCTION AND EXPANDED REPRODUCTION ONE AND THE SAME THING?

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 46-47

[Article by Li Mengbai [2621 1125 4101]]

[Text] The concept of capital construction was first mentioned in Stalin's report "On the Economic Condition of the Soviet Union and the Party's Policies." Generally, it is used to describe the process of the formation of fixed assets. Newly established production departments must carry out capital construction for the formation of new fixed assets. For example, old China did not have an aviation industry, but since the founding of the PRC we have established a new aviation industry. The production equipment and facilities it possesses have been formed via the capital construction process. As for production departments that have already been established, if they wish to continuously enlarge the scale of their fixed assets so as to increase their production capacity, they will have to go through capital construction to realize this objective. In order to make a rational distribution of productive force on a nationwide scale and also to carry out construction of the cities and towns and communications, it is also necessary to rationally assign various kinds of fixed assets to the various localities and the relevant departments. All this is brought about by means of capital construction. Capital construction is a type of comprehensive economic activity which is spread through the various material production departments and the nonmaterial production departments.

Although capital construction plays an important role in social expanded reproduction, it is not one and the same thing as social expanded reproduction.

First, capital construction constitutes an important means for the realization of expanded reproduction but is not the only and sole means. While capital construction is for the purpose of serving social expanded reproduction, the expansion of the scope of social production does not depend entirely on capital construction for realization. In his analysis of the road of expanded reproduction, Marx said: "The yearly expansion of production comes from two sources: First, a continuous increase in the input of capital into production; and second, a continuous improvement in the utilization efficiency of capital." ("Selected Works of Marx and Engels," Vol 26, p 598) He further pointed out that expanded reproduction was in two

forms: "In the event of an expansion of the production premises, then it is expanded reproduction by extension; in the event of improvement in the efficiency of the means of production, then it is expanded reproduction by intension." ("Selected Works of Marx and Engels," Vol 24, p 192) Expanded reproduction by extension has the special feature of the expansion of the production premises and is shown in the building of a new plant outside the original plant or expansion of the original plant. Hence, expanded reproduction by extension is realized by means of capital construction, while expanded reproduction by intension is not necessarily accompanied by capital construction. This is because of two possible conditions: In the event of improving the quality of the machines, speeding up the operations, improving the labor organization, effecting economy in raw materials, and so on, then capital construction is not needed; in the event of improving the handicraft or production technique, raising the degree of automation, expanding the production line, and so on, then this will need an appropriate scale of construction and the installation of new equipment. As for capital construction, we should let it display its role in full both in expanded reproduction by extension and in expanded reproduction by intension. Over the past years it was customary that whenever production development was contemplated, fervent efforts would be made to undertake capital construction of the extension type and the measures of the technical restructuring of the enterprise units and improving the operation and management were neglected. This could hardly achieve the best returns on investment. We should firmly remember lessons of this kind.

Second, capital construction serves not only expanded reproduction but also simple reproduction. For a long period of time, under the influence of the one-sided belief that capital construction and expanded reproduction are one and the same thing, arrangements for the simple reproduction items have been frequently overlooked in capital construction. This is not in conformity with Marx' theory on reproduction. In discussing the relations between simple reproduction and expanded reproduction, Marx pointed out: "Simple reproduction is part of the yearly reproduction on an expanded scale and in fact constitutes its most important part." "The material basis for expanded reproduction is derived from the internal production of simple reproduction." (Ibid., pp 457, 560) All along simple reproduction has been an important constituent part and the basis of expanded reproduction. Moreover, viewed from the actual conditions of social production development, following the continuous increase in the base figure of production, the proportion occupied by simple reproduction in the expanded reproduction each year has grown continuously. Hence, despite the fact that capital construction is intended mainly to serve expanded reproduction, it must also serve simple reproduction. Take, for example, the case of coal production. In a given period, certain old pits are bound to be abandoned. Prior to these old pits being reported abandoned, new pits must be built in time to replenish the gradually diminishing production capacity. Since the building of new pits necessarily calls for a sizable amount of construction and installation work and may indeed involve a rather lengthy construction period, undoubtedly such new building work comes under the category of capital construction. Yet it serves simple reproduction. A similar state of affairs is found in production construction of the petroleum industry.

Similarly, when natural disasters like earthquakes and floods ransack fixed assets including plants, mines, bridges, houses and the relevant machinery and equipment, all of which must be repaired, rebuilt or repurchased, the necessary recovery and construction work also constitute capital construction and they first of all serve simple reproduction. Hence, in capital construction, we should never overlook the construction projects necessary for the maintenance of simple reproduction.

Third, capital construction serves not only the development of production but also the improvement of the people's standard of living. Concurrently with handling such production measures as the building of plants, mines, oilfields and electric power generating units, capital construction likewise engages in the building of houses and the public utilities that go with them as well as such nonproduction items as parks, theaters, hospitals and libraries. All of the above serve the purposes of improving the material and cultural life of the people. Marx' theory of reproduction tells us that the social reproduction process encompasses not only production but also consumption. It includes not only consumption for production but also for the individual's daily needs. Social reproduction cannot progress smoothly if it is concerned with production only and not with consumption. Capital construction is a category of economic activity which provides all production departments and nonproduction departments with fixed assets and serves both the development of production and improvement of the people's standard of living. In the past, under the influence of "leftist" thought, frequently production was heavily stressed while living was lightly regarded and capital construction was taken as a means to serve the development of production only. This was the cause of the imbalance between "bones" and "meat" and the fact that for a prolonged period of time, particularly with regard to the housing problem, the people's standard of living could not be improved. Since the 3d Plenary Session of the 11th CCP Central Committee, this situation has undergone a great change. With regard to capital construction, we should sum up our past experiences, follow Marx' theory on reproduction as the basis and in conjunction with the actual national conditions of our country, comprehensively arrange for production construction and for the people's life and in this way promote the all-round development of the four modernizations.

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CAN ROBOTS PRODUCE SURPLUS VALUE?

Beijing RED FLAG in Chinese No 11, 1 Jun 82 pp 47-48

[Article by Tan Huazhe [6223 5478 6568]]

[Text] The robot is developed on the technical basis of the manipulator and the operating machine after having absorbed certain of the latest scientific and technological achievements. It is a new form of automatic device fitted with various types of machines, precision instruments and automatic computers and can do various jobs independently and automatically like a human being. The robots now in use in industry can do only simple and repetitive tasks. Certain countries are currently experimenting with the making of a new generation of robots which not only possess the power of mankind to see, feel, hear, write, compute and distinguish between tools and charts, but also can walk around at the plant site. Although robots are more complicated than ordinary machines, and are of a much higher grade, yet after all they are not human beings but mere machines. Hence, in the hands of the capitalists, they belong to the category of fixed capital like other means of production. In the production process all they can do is to transfer the original value to new products. They cannot create new value or increase value. The extensive use of various kinds of advanced technology and robots will greatly raise social labor productivity, achieve savings in man's labor input and reduce the required social labor time in the production of commodities. In turn, this will lower the cost of the commodities.

People may ask: With the capitalists using robots and the rise in labor productivity, there is a great reduction in employment. Under such conditions, where does the large amount of surplus value reaped by the capitalists come from? We say that this still comes from the labor of the hiring workers.

First, under the capitalist system the phenomenon of machines squeezing out workers has long been in existence. The appearance of the robot further intensifies this contradiction. In certain departments and enterprise units, the increasing use of robots has caused a relative diminution in the number of workers, sometimes very extensive. However, robots cannot completely replace the work of human beings. On the one hand, robots are created and invented by human beings. The study and making of robots, and

continuously improving them to the stage, or near the stage, of perfection require in themselves the input of a large amount of human labor. For example, in the study and research work on the making of robots, the Hitachi Electronics Company of Japan alone employed over 500 scientists and engineers, not counting a large number of trained workers and management personnel. On the other hand, no matter how advanced the robots have become, in the production process they require human labor for their control, management and maintenance. Even though some day it will be possible to concentrate workers, technicians and management personnel into a main force to form a technological service center, this will represent a change in organization and structure and will not alter the substance of things. Some people connive at the idea of setting up a "factory without workers," but in reality human beings cannot be dispensed with. Separated from human beings and separated from the technical service center, the factory will be paralyzed and the robots will become a pile of useless materials. Thus, capitalists must continue to hire people and the surplus value reaped by the capitalists can only have its source in the labor of the hired laborers.

Second, under the conditions of socialized mass production, the definition of production personnel comprises a large number of engineering and technical personnel, scientific and research workers directly related to production, and workers of the production command and of the control and management system. Their labor is all production labor. Marx put it very clearly: "Following the development of the nature of coordination in the labor process, the concept of production labor and of production workers will necessarily be expanded. Taking part in production labor now does not necessitate doing the work itself. Rather, being a part of the composite picture of workers and performing one relevant function only will be amply sufficient." ("Collected Works of Marx and Engels," Vol 23, p 556) The various categories of personnel mentioned above all constitute what Marx described as the expanded "production workers." Their labor input similarly creates value and surplus value. Following a steady advance of science and technology, the proportion of manual laborers in the ranks of laborers has been steadily falling, while the proportion occupied by mental laborers has been steadily increasing. Foreign statistical data show that under the condition of a low degree of mechanization, the ratio between manual laborers and mental laborers is 9 to 1, while under the condition of a medium degree of mechanization the ratio is 6 to 4 and under the condition of full automation the ratio becomes 1 to 9. Therefore, despite the progress of automation and the use of robots and the decrease in the number of ordinary workers in certain departments or enterprise units, the number of their personnel engaged in complex labor work such as the scientists, engineers and technicians is increased. As we all know, within the same given period of time, complex labor creates much more value than simple labor. In this way, in spite of a sizable decrease in the personnel employed by the capitalists, they still manage to reap a large amount of surplus value.

Lastly, under the conditions of the use of robots still not being commonplace, those enterprises making use of robots can reap much larger profits than the ordinary enterprises. This is because of the higher labor productivity, lower labor input, shorter time taken in production than time

required by society, and lastly the sale of their commodities at the prevailing market prices. A portion or a great portion of the surplus profits of the enterprises is transferred from the surplus value created by workers of other enterprises. Robots do not constitute the source of income but the material conditions enabling these enterprises to gain larger income. Thus, that the use of robots can reap large surplus value does not mean that robots can create value and surplus value. Rather, both value and surplus value are created by the labor of hired workers. The progress in science and technology and the use of robots have by no means changed the basic reasoning of Marx' theory on the value of labor and his theory on surplus value.

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SEVERAL PRACTICES IN INTENSIVE FARMING

Beijing RED FLAG in Chinese No 11, 1 Jun 82 inside back cover

[Article by Wen Jianhu [2429 0256 5706]]

[Text] Intensive farming means putting a fairly large quantity of means of production and labor force into a certain area of land with the application of science and technology so as to achieve high and stable yields per unit area.

China has a huge population but little arable land. With its present relatively weak economic strength, it is rather difficult for our country to put immense funds and huge amounts of energy into the total mechanization of agriculture and into efforts to promote the extensive use of chemical fertilizers and other farm chemicals in agriculture. However, we can take advantage of our strong point of having available an abundance of labor and carry forward the tradition of intensive and meticulous farming, use more labor and apply more fertilizer to the fairly limited cultivable land, and try hard to increase the yield per unit area so as to boost total output and make production costs lower and lower.

Some communes and brigades and specialized households in Hunan Province started developing intensive farming in the main according to the following procedures:

1. Practicing intensive cultivation and multicropping with both early and late maturing crops and raising the utilization rate of land. Apart from continuous cropping and cultivation, in light of the principle of crop-plant symbiosis, they adopted intercropping, interplanting and mixed sowing, ingeniously mated long-stalked crops with short-stalked ones, vine crops with root-tuber ones, grain crops with leguminous ones, crops which demand light with those that grow in the shade and early-maturing crops with late-maturing ones and turned plane planting to three-dimensional planting. In addition, they paid attention to rotation of paddy and nonirrigated-farmland crops and of crops and green manure so that the more the land was farmed, the richer its soil would become. In recent years, the Pitai production team of You County, the Xiadafang production team of Liling County and the Shengli production team of Liuyang County adopted these methods with the result that the per mu yield of paddy topped 2,000 jin and the per mu yield of paddy in specific years reached 2,300 to 2,400 jin.

2. Adopting intensive rearing and fully utilizing pens and barns and water surfaces. In recent years, some localities have built double-deck pig houses and multideck batteries and rabbit cages and put space to full use. For instance, Huang Jianbai, a commune member of Shahe production brigade of Jinhua commune in Yiyang municipality, raised 56 pigs in 5.2 square meters of pigsties in 1981. With close breeding, there was little room for pigs to move about, thus reducing their consumption of calories. A pig would eat only 1 jin of concentrated feed and 3 jin of coarse fodder per day but would produce 1 to 1.2 jin of pork. In the whole year, the whole family only spent 0.8 of a labor force [as published] to raise pigs and sold a total of 4,327 jin of pork to the state. Zhuzhou fish farm is another example. In the last few years, it has imported advanced technology and bred fish in net cages on a trial basis. The total output of fish came to 40,000 or 50,000 jin per mu, which was equal to about 100 mu of water surface for conventional fish breeding. There are still some localities which breed fish and soft-shelled turtles or fish and pearls in a mixed way. This method has brought them high per unit area yield, high output value and big results. The average income per mu has been from 5,000 to 6,000 yuan.

3. Developing a diversified economy, ensuring overall development and tapping the potential of natural and labor resources. Xihu commune of Hengyang municipality practiced a three-in-one operation combining vegetable growing, pig raising and fish breeding. Pigs were fed with vegetable roots and leaves; ponds were fertilized with pig dung; and vegetables were grown with pond silt. As a result, a benign cycle of more vegetables, more pigs and more fish has gradually taken shape. Over the past few years, some communes and their subdivisions and specialized households have first used green manure as fodder to feed pigs, gone on to make methane with pig dung and weed, and then applied methane fertilizer to the farmland rather than directly applying green manure, thus obtaining fairly satisfactory economic results. Xie Wankun of the Zhongzhou production team of Jiashui production brigade of Guankou commune in Liuyang County fed chickens with concentrated feed, fed pigs with the fermented feed made of chicken dung and grit, further used pig dung to raise earthworms and then fed chickens with earthworms. In 1981, he and his wife used 5 rooms in their house to raise 180 setters and 2,200 broilers and sold 12,531 fresh eggs and 1,500 broilers to the state. They earned an annual income of 8,663 yuan or a net income of 2,250 yuan after deducting expenses.

4. Building small-sized agricultural engineering facilities to gradually convert some agricultural production links into factories [gongchanghua 1562 1681 0553]. In recent years, a few communes and brigades, farms and centers and specialized households which have conditions have begun to build small hothouses, plastic sheds, chicken-raising factories and fish-breeding factories and so on, and simulated the natural conditions to create suitable conditions so that agricultural production can be free from the restrictions of seasons and regions. In its small hothouses and plastic sheds, the Dongtundu commune in Changsha adopted the method of multicrop interplanting and high-density cultivation to grow vegetables, thus prolonging the growth period on the one hand and putting space to full use on the other. At least

20 jin of mushrooms were gathered every quarter on every square meter. The per mu income from vegetables, of which most were high-yield varieties, was more than 2,000 yuan.

5. Integrating traditional skills with modern science and manual labor with mechanized operations. For instance, in paddy production, some localities crossed long-stalked varieties with short-stalked ones, practiced rational close planting, coupled scientific application of fertilizer with meticulous management and timely prevention and control of plant diseases and elimination of pests, thus achieving stable and high yields. In fish farming, some localities bred large species of fingerlings, rationally applied fertilizer and threw in bait, did a good job in the prevention and cure of fish diseases, captured and seeded the fries in rotation in good time and installed pressurized-oxygen machines to increase the supply of oxygen and boost the fish yield per unit of water surface area by a big margin, and so on.

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