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QIUSHI [SEEKING TRUTH]

No 5, 1 September 1988

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QIUSHI

No 5, 1 September 1988

Gain Fresh Understanding of Capitalism, Make Conscious Efforts To Build Socialism

HK1509013688 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 2-6

[Article by Xu Jiatun 6079 1367 1470]

[Text] Here, I would like to discuss the question of how to approach modern capitalism. Why should we discuss this question? First, after the 3d Plenary Session of the 11th CPC Central Committee, in the course of our party's re-understanding of socialism, I gradually nourished some new ideas. Second, after working in Hong Kong for several years, I came into contact with, and acquired some knowledge about, the actual conditions of capitalism, and this experience also inspired some new ideas in my mind. I feel that we not only need a new approach to socialism, but also need a new approach to capitalism. Over the past decades, socialism has been developing, and many new changes have also occurred in capitalism. In the contemporary world, the two social systems coexist through competing with and linking with each other. Therefore, only by proceeding from the actual conditions, which have changed greatly, can we acquire a fresh, realistic, and correct understanding of modern capitalism, make ourselves more conscious of building socialism with Chinese characteristics, and work for the realization of the grand objective of socialist modernization.

I

To acquire a new approach to capitalism, in general, we should get rid of the ossified concepts deriving from some fixed dogmas about capitalism, realistically probe into the development process of capitalism and its regularity, and mainly observe and study in depth the current conditions, characteristics, and operation mechanisms of modern capitalism—the capitalism after World War II—and thus acquire an all-round and correct understanding.

We should admit that in human history, capitalism has developed productive forces to a new peak. In the history of human civilization, slave society, feudal society, and capitalist society all produced their corresponding civilizations, and these civilizations reflected the different degrees of progress in the different development stages of human society. The progress conditions in capitalist society are obviously higher than those in other stages, and mark a great creation in human civilization development.

First, the productive forces created by capitalism far exceed the sum total of those created in all preceding stages.

The history of mankind's understanding and transforming nature finds expression in the history of the development of productive forces. The changes from drilling wood to make fire and slash-and-burn cultivation in remote antiquity, to mechanization, electrification, automation, and computerization in modern times demonstrate the continuous progress of the social productive forces in human society. Socialized mass production in capitalist society is far more progressive than small-scale clannish production in feudal society; and the highly developed commodity economy in capitalist society is greatly superior to the natural economy or semi-natural economy in feudal society. This is an undisputed fact in history. Its superiority is mainly attributed to the following facts: Various shackles of feudalism were broken, and the personal dependent or semi-dependent position of slaves, serfs, and peasants was changed, they were turned into free wage workers (with their labor force being a commodity) needed by the development of capitalist production. At the same time, the special law of value and the market competition mechanisms prompt all people involved in commodity production and transactions to do their utmost to upgrade technology, innovate tools, improve management, and lower production costs and overheads in the survival competition. All of them have to make efforts to adapt their production to the needs in society. As a result, the productive forces are raised to a higher and higher level. As the representative of the new production mode, the bourgeoisie also make great efforts to open the world market and develop new technology, thus more rapidly developing the productive forces. Therefore, Marx and Engels wrote in the *Manifesto of the Communist Party* in the 1840's that "the bourgeoisie, during its rule of scarcely one hundred years, has created more massive and more colossal productive forces than all preceding generations have together."

More than 100 years have passed since Marx and Engels made this appraisal. During this period, capitalism underwent innumerable setbacks, minor or serious, including some major economic panics; its relations of production and operation mechanisms were adjusted and improved, and the productive forces continued to develop by making new breakthroughs. In particular, after World War II, the capitalist world market continued to expand; new industries appeared one after another; the scientific and technological progress and the enhancement of labor productivity went far beyond people's expectations. Social productive forces have developed rapidly from the Iron Age and the Machine Age to the Electricity Age and the Computer Age. We can say that it is still too early to foresee how far-reaching an influence the global new technological revolution, especially the development of microelectronics technology, biological engineering, space engineering, new energy sources, and new materials, will produce in the development of productive forces and in human society.

Second, capitalism has also made historic contributions to the development of the social superstructure.

Along with the enhancement of the productive forces, capitalist society has made corresponding ideological, cultural, and political achievements in each stage of its development, thus advancing human civilization. The foundation for capitalist civilization was the famous Renaissance. The Renaissance was a movement opposing feudal autocracy and founding the new thinking and culture of the bourgeoisie between the 14th century and 16th century when the feudal system in Europe was disintegrating. Engels called it "the greatest and most progressive reform unprecedented in human history" and an era that produced thinking "giants."² The Renaissance provided the ideological and cultural prerequisites for the development of the capitalist economy and the bourgeois revolution. The ideological, cultural, political, and economic achievements of capitalism through opposing feudalism not only have historical value, but are still of special and great significance at present for some countries where deep-rooted feudalist influence remains.

Modern capitalism did not remain at the starting line opposing feudalism; it made substantial progress in establishing and perfecting the capitalist production mode and the capitalist social system, and has gradually formed a superstructure suited to the development of the productive forces and the commodity economy. In modern developed capitalist society, a rather perfect and well-organized legal system has been established, so it is also called "society ruled by law." The concepts of competition and efficiency have struck root in people's minds, and they are effectively promoting the development of the social productive forces. One point should be affirmed. That is, the material civilization and the part of spiritual wealth of positive significance in the capitalist era are created jointly by all mankind (including the bourgeoisie, the proletariat, the intelligentsia, and the peasantry....), so they should be regarded as common wealth of the entire society. Therefore, we must view capitalism and its achievements from a historical angle and in a scientific way, and we have no reason to negate everything in capitalism with an attitude of historical nihilism.

II

Then, what methods should we use to observe and understand modern capitalism? One method is to proceed merely from the classical conclusions and to try to adapt practice to theory; the other method is to proceed from reality and draw new conclusions from the developing and changing conditions to perfect and develop the old theory. It is self-evident that only the latter is a correct method, a method that is in keeping with Marxism and historical materialism.

Marx and Engels lived in a period of capitalism with free competition as the main content and Lenin lived in an era characterized by the emergence of monopoly capitalism. Based on the practice of the eras in which they lived, they made brilliant analyses of capitalism at that time.

Their theories had a great influence on the development of the whole world in later days. However, we cannot but see that even the founders of Marxism could not extricate themselves from the restrictions of historical conditions and foresee everything completely correctly. Modern capitalism is very different from the capitalism in which the founders of Marxism lived. Only by realistically observing and understanding capitalism from the development practice of capitalist society can we take a correct approach toward the highly developed productive forces created by modern capitalism and consciously build socialism in our country.

In the 100-odd years since the birth of Marxism, particularly since World War II, due to the tremendous progress of the productive forces, due to the fact that capitalism has gained a certain understanding of its own defects from its development practice, and due to the victories of the struggle against colonialism, especially the emergence of the socialist system, there have been numerous readjustments in the means of capitalist production. The emergence of many new phenomena have also caused quite a few changes in the features of capitalism. For example:

To reduce the unfavorable effect of economic crises and to achieve their macroeconomic objectives, the governments of some capitalist countries have stepped up intervention in the economy. This is very different from what we previously understood about the anarchy of capitalist production. The stock market crash last year has not immediately led to the great depression of the world economy and the bankruptcy of many banks. This has more or less to do with the joint intervention of the governments of all major capitalist countries and with some revisions in the economic policies and laws of the developed capitalist countries after the great crisis of 1929.

In the field of production, to ensure that the principle of competition of the commodity economy will not be seriously undermined and to support the development of small and medium-size enterprises, some capitalist countries have formulated and implemented anti-monopoly laws. The small and medium-sized enterprises in many capitalist countries and regions still account for a very big proportion of, and still play a very big role in, their entire economic systems. This is also widely different from our previous concept that the capitalist economy is a monopoly economy.

In the field of distribution, to alleviate class contradiction, improve employee-employer relations, and stabilize the social and political situation, some developed capitalist countries have adopted a series of social security policies, as well as other income-regulating policies, so that the living standards of the low-income people can improve with the economic growth and that some of the rights and interests of laborers can be reflected, thus ensuring the normal development of the economy. These are also somewhat different from our previous concepts

that the life of laborers in the capitalist society does not have any guarantees, that the employee-employer relations are always in sharp confrontation, and that the working class is constantly impoverished.

In the field of property relations, modern capitalist society has become even more complicated. Unlike what we saw in the past, many enterprises do not simply belong to a certain capitalist or family. The shares of these companies are publicly listed and, formally, all persons can become their shareholders. Many public institutions have become important shareholders of big companies. Some enterprises also encourage their workers and office staff to become shareholders. Thus, the relationships between the employees and employers in the enterprises have become less clear and the role of middle or intermediate stratum is increasingly obvious. They are different from both the ordinary laborers employed in the enterprises and the big bosses. They have developed into a relatively independent stratum called "elite" in Hong Kong. The emergence and expansion of the middle or intermediate stratum have diversified and complicated social relations. In short, the capacity of the bourgeoisie to control modernized mass production has been strengthened and the socioeconomic structure and class relations of capitalism have been considerably readjusted.

Moreover, after World War II, the developed capitalist countries have also constantly changed their foreign policies. Without giving up expansion abroad, the capitalist countries have also proceeded from their own interests and readjusted their international policies in order to seek a relaxed situation.

Whether the capitalist countries have voluntarily readjusted, or been forced to readjust, the relations of capitalist production and their domestic and foreign policies, and whether they have made these readjustments with specific objectives in mind, judging from practice, it is a fact that the modern capitalist system is still capable of accommodating continued development of the productive forces, although some new defects have emerged since the times of Marx and Engels. In fierce competition, it can still make other members of society realize that it is possible for many people to change their economic and social status through their own struggle and the seizure of favorable opportunities, and that there are possible developments for all people and enterprises; the social environment encouraging the members of society to struggle for themselves still exists. Therefore, to a certain extent, it can still effectively mobilize people's enthusiasm and creativity. This is undoubtedly favorable to scientific and technological progress and the development of the productive forces. It should be pointed out that, just as we have overestimated the development stage of socialism, we have also overestimated the maturity of capitalism. We have underestimated the capitalist potential for development and its potential for expanding the productive forces on a world scale. For example, Hong Kong was underdeveloped in

the past. It was still basically an entrepot in the late 1940's. Its economy started to develop in the 1960's. Its per capita GNP increased by 5-fold in 1985 over 1951. There have been fluctuations in the development of the Hong Kong economy. In the 1960's there was a run on the banks, in the 1970's there were the impacts of stock market collapse, the oil crisis, and the global economic recession. It also suffered from the stock market crash last year. However, it succeeded in extricating itself from the difficult situation each time. This shows that Hong Kong's capitalist economy and society have a fairly strong capacity to make flexible adaptations. Today, Hong Kong has become a global modern metropolis and a major trade and financial center in the world. It has substantial potential for development. Therefore, viewed from the concept of practice, we must recognize that there is still substantial room for the development of productive forces in modern capitalist society, whether in developed or developing capitalist countries.

For a fairly long time, our understanding of capitalism has come chiefly from two sources: One is the Marxist-Leninist classical theoretical works and the other is our personal experience in old China. The former was a highly abstract analysis made on the basis of the actual conditions in the early stage of capitalism and the latter was about capitalism with a strong feudal color. For this reason, in our impression the capitalist system was extremely ruthless: it seriously obstructs the development of the productive forces and will soon die out. Because we did not thoroughly study the development of capitalism in modern times, we did not understand the influence of scientific and technological progress on the capitalist world; we did not understand that, through self-regulation and even by using some successful practice of socialism, capitalism has, to a considerable extent, adapted itself to, and stimulated the development of, its productive forces; and we neither understood nor recognized that modern capitalism has some strong points which we do not have but which are conducive to the development of the productive forces. For this reason, we have made some erroneous judgments of capitalism. Today, it is quite necessary for us to make an objective reevaluation of the maturity, as well as the development potentials, of modern capitalism, including the entire capitalist system, with a realistic method of thinking, in order to work out a realistic strategy and tactics under the conditions of coexistence between socialism and capitalism.

The founders of Marxism predicted that following the abolition of the exploitation system, socialism will inevitably be able to create high labor productivity and further develop the productive forces. Although we suffered numerous setbacks and made mistakes over the past 30 odd years, China scored tremendous achievements in its socialist construction. The basic socialist economic and political systems have been established, the exploitation and class system have been abolished, the country's economic strength has been enhanced, and education, science, and cultural undertakings have

developed considerably. The successes achieved on the basis of an extremely backward country manifest the superiority of the socialist system.

However, it should be noted that the superiority of socialism has not yet been manifested in full and there is still a wide gap between the practical results of socialism and its idealistic efficiency. In my opinion, there are two essential reasons for such a phenomenon: First, objectively speaking, China was a semi-colonial and semi-feudal society in the past which had not undergone the full development of a commodity economy. Small-scale farming by individual owners was like a vast ocean and the illiterate accounted for the majority of the population. Hence, there were extreme difficulties in building socialism on such a basis. Second, subjectively speaking, our "leftist" mistake continued for a long time. During the "Great Cultural Revolution," we totally negated capitalism, equated a commodity economy with capitalism, and attempted to build socialism by transcending the development stage of a commodity economy. With a re-understanding of the traditional socialist theory and the development stage of our society gained after the 3d Plenary Session of the 11th CPC Central Committee, we started to acquire a re-understanding of capitalism and reached today's openness and level of understanding through a period of 10 years. A review of this part of history shows that the congenital deficiency of China's capitalist commodity economic development was left over from history. After the founding of New China, we ought to have promoted the development of the social economy by vigorously developing a socialist commodity economy. However, the mistakes in policy decisions later obstructed us from doing so and are still affecting our work at present. While carrying out socialist construction, instead of acquiring a better understanding of modern capitalism and using the experience of capitalism for reference, we were afraid of it and negated it on many occasions. As Comrade Zhao Ziyang pointed out in his report to the 13th Party Congress: "Many things which fettered the growth of productive forces and which were not inherently socialist, or were applicable only under certain particular historical conditions, were regarded as 'socialist principles' to be adhered to. Conversely, many things which, under socialist conditions, were favorable to the growth of the productive forces and to the commercialization, socialization, and modernization of production were dubbed the 'restoration of capitalism' to be opposed." Within a period of considerable length in the past, we attempted to build a pure socialism as quickly as possible, which was a fantasy divorced from practice. In my opinion, herein lies the gravest lesson and the "leftist" mistake made in policies.

Socialism is essentially different from capitalism. We should adhere to the socialist principle of common prosperity based on the predominance of public ownership. Comrade Deng Xiaoping recently emphasized that socialism and communism are our great objectives. This principle will never change. However, socialism has

many connections and things in common with capitalism as it is established on the basis of social development in the past. As the two systems will coexist at present and for a considerably long historical period in the future, socialism can develop, become perfect, and be consolidated only by absorbing all outstanding culture from human history and using the experience of capitalism for reference. Without the heritage of capitalist culture, Lenin pointed out, it will be impossible for us to build socialism. Besides the things left over from capitalism, we cannot build communism with anything else. Socialism cannot cut off its historical and practical connections with capitalism and attempt to make a success by deviating from the development of world civilization. Viewed from the angle of practice, various economic relations, the order of a commodity economy, and the methods of organization and regulating socialized production have taken shape in the development of capitalism from its initial stage to present. All this has a dual nature which reflects the characteristics of capitalism as well as the objective requirements of socialized production and commodity economic development. Take Hong Kong for example: the order of commodity economic operation including a full set of international modern market systems, operation and management methods, a financial operation system, the legal system ensuring the market economy and environment of free competition, and the social economic policies and administrative management methods established gradually over the years are advantageous to the development of productive forces. In view of this judgment and in consideration of Hong Kong's history and reality, the central authorities put forward the correct policy of "one country, two systems" which stipulated that the capitalist system will remain unchanged for 50 years after Hong Kong is restored to the motherland and that the socialist mainland will develop economic and trade relations with the capitalist world market through Hong Kong. This will benefit Hong Kong's prosperity and development as well as our socialist construction. As socialism is a very young social system and China is still at the initial stage of socialism, we lack experience in developing a commodity economy and establishing a new socialist commodity economic order and the corresponding political system. The historical problem to be resolved in developing socialist productive forces is to realize industrialization and commercialization, socialization, and modernization of production. In this regard, the capitalist countries have accumulated rich, matured experience. Hence, we should systematically and profoundly understand and study modern capitalism and critically and selectively assimilate and make use of its achievements and experience in connection with our actual conditions. This will help us make fewer mistakes and increase our awareness in building socialism with Chinese characteristics.

Opening the country to the outside world is a good method for us to understand modern capitalism and assimilate its useful experience. Reform and opening up complement each other. Through opening up and assimilating advanced foreign experience, we can promote

reform and make it a success. In recent years China has scored tremendous achievements in reform and opening up and its economy has developed rapidly. Take Guangdong which is adjacent to Hong Kong, for example: in the 9 years from 1978 to 1986, the province's GNP increased at an average annual rate of 12 percent and the figure in 1987 increased by 18 percent over 1986. This sustained, steady growth outstripped Hong Kong's economic upsurge in the 1960s and 1970s (Hong Kong's GNP increased at an average annual rate of 11 percent from 1961 to 1979). Guangdong's development has benefited from taking the lead in reform and opening up. This is a great enlightenment gained from the coastal economic development strategy. Naturally, we should acknowledge the achievements made over the years and also be aware of our backwardness. In recent years Comrade Deng Xiaoping repeatedly stressed that the fundamental task of socialism is to develop productive forces. In the final analysis, the superiority and attraction of socialism are determined by the development of productive forces. Confronted with the reality of extreme backwardness, we should have a sense of urgency and historical responsibility in developing China's productive forces and improving the people's living standards. To this end, we should be determined to adhere to overall reform and opening up, further emancipate our minds, assimilate the useful experience of modern capitalism, and advance along the road of building socialism with Chinese characteristics.

My understanding of modern capitalism is limited as I have just started studying the topic. The above-mentioned are my preliminary views. I am willing to continue to deliberate and probe the topic with our comrades.

Footnotes

1. "Selected Works of Marx and Engels" Vol. 1, p 256
2. "Selected Works of Marx and Engels" Vol. 3, p 445

Two Problems Concerning Science and Culture
*HK2009153988 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 7-9*

[Article by Gong Yuzhi 7895 5148 0037; first paragraph is QIUSHI introduction.]

[Text] These two articles are two separate speeches given by the writer at a forum on the problem of cultural development, held at the Beijing Restaurant on 29 April 1988, and the first "Science and Culture Forum," held at the Great Hall of the People on 25 May 1988. Before their publication, the writer made important revisions and additions.

Culture Must Focus on Construction

I fully support the purpose of this forum. The problem of cultural development must be given an important place and arouse the complete attention of the entire party and the masses of intellectuals and people.

My speech may be summed up in two lines: Culture must focus on construction. Culture must be based on science.

The May 4 Movement was, on the one hand, a political movement to combat imperialism and save the country from extinction. On the other hand, it was a cultural movement to emancipate the mind and provide enlightenment and advocate the new. The combination of the two themes of national salvation and enlightenment is a historical necessity. The two fronts of revolutionary struggle, politics and culture promote each other. To make revolution is to smash the old world and establish a new one. At that time, the main contradiction in our society was the contradiction between the masses of people and the reactionary rule (in political, economic, and cultural fields) of feudalism and imperialism. In "On New Democracy," Mao Zedong stressed: "There is no construction without destruction, no flowing without damming, and no motion without rest." This is a revolutionary truth. The May 4 New Cultural Movement carried all before it in spearheading its criticism of old Confucian teachings, old codes of ethics, old ideas, and old culture. It was the indispensable vanguard and flank of the revolutionary political movement.

But even during the revolutionary period, there was no relaxation nor could there be relaxation in the building of the new cultural movement. Look at how many new works were attributed to the new literature as represented by Lu Xun, Mao Dun, Ba Jin, Cao Yu, and so forth. Think about how many new viewpoints were put forward and how many new works were published in creating the new science of history, starting with Guo Moruo...with remarkable achievements scored. Needless to say, the theory of integrating fundamental Marxist principles with the practice of the Chinese revolution was created. Without such cultural construction efforts, the revolutionary victory would have been impossible.

The founding of the PRC marked the completion of the most fundamental task of destroying the old world in our country, with the most fundamental political conditions provided for devotion to building a new world. As far as culture is concerned, emphasis on construction is all the more important. There is all the greater need to give it prominence. When the PRC was first founded, Mao Zedong said that with an upsurge in economic construction, there would also be an upsurge in cultural construction. In the mid-1950's, he further said that the focus of national work must shift to economic and cultural development. When technical revolution and cultural revolution were stressed in 1958, what was meant by cultural

revolution was a call for eliminating illiteracy, popularizing education, developing science, and building hospitals and libraries.... It was synonymous with the cultural revolution that Lenin stressed in the sense of cultural construction.

But this idea of stressing cultural construction has not been fully or consistently carried out. What has been achieved in cultural construction falls far short of what should and could have been achieved. In the areas of academe, literature, and art, starting with the criticism of the film *Story of Wu Xun* when the PRC was first founded, a series of criticism movements were launched. It should be said that the establishment of the people's government did not mean the automatic disappearance of the task of ideological criticism. But because of the establishment of the people's government, there were better conditions for relying on the strength of truth and the test of practice to solve people's ideological disputes through free discussion and free debate. It was also necessary and possible to do so. But the criticism movements launched by us, one after another, in academia, literature, and art often tended to create confusion about right and wrong. Moreover, the arousal of the masses in collective attacks, right or wrong, with things carried to extremes, was adopted. This inevitably had a dampening effect on the enthusiasm and creative spirit of cultural and intellectual circles and did nothing to help cultural construction. This situation was climaxed by the "Great Cultural Revolution." The "Cultural Revolution" at that time had turned into cultural destruction and made a clean break with cultural construction.

During the period of socialist modernization, the main contradiction in our society was no longer between hostile classes but between the ever growing material and cultural needs of the people and a backward economy and culture incapable of satisfying such needs. Cultural work must particularly focus on construction. In the "Resolution of the CPC Central Committee on the Guideline for Building Socialist Spiritual Civilization," it was pointed out: "In strengthening the building of spiritual civilization, we must firmly bear historical lessons in mind, correctly handle various contradictions in socialist society, and insist on using the methods of discussion, reasoning things out, and criticism and self-criticism for problems of an ideological nature. This is to say, we must seek a solution through education and enlightenment and insist on putting the focus of everything on construction. We must concentrate attention on uniting the people and giving full play to the socialist enthusiasm and creative spirit of the masses; satisfying the cultural and spiritual needs of the people; strengthening ideological and moral construction and educational, scientific, and cultural construction; and, in the final analysis, stimulating the development of social productive forces." This is the conclusion drawn from a scientific analysis of the main contradictions of society in setting the guideline for the building of spiritual civilization. This resolution was approved by a plenary session of the CPC Central Committee [as published]

and affirmed in the 13th National Party Congress report. Culture must focus on construction. This guideline should become even clearer in the minds of the masses of cadres.

In cultural construction, science occupies an important place.

Culture has existed from time immemorial. Since the emergence of modern science, science has not just been a part of culture as in ancient times. It has become the basis of all culture. Therefore, in stressing contemporary culture, we should give prominence to the important role of science.

The slogan put forth in the May 4 New Cultural Movement called for science and democracy. An emphasis was put on the role of science in opposing old culture and building new culture.

During the period of Yanan, Mao Zedong used the three adjectives, "national, scientific, and popular" in describing new democratic culture. Science is not just the content of new culture. It has also dictated the latter's direction and its character. Being popular means being democratic. The kind of democracy that we pursue is the democracy of the masses of people. Here democracy and science are linked with the masses. This is the continuation and development of the slogan of the May 4 New Cultural Movement.

The declaration of the Yanan Natural Science Research Society also stressed using natural science to "eradicate superstition and oppose the restoration of ancient ways, blindness in borrowing things, and all other remnants of feudalism that go against science and progress—allowing the development of the people's ideological consciousness and customs and habits along the path of science and progress."

It can be seen that from the May 4 Movement to Yanan, great importance was attached to the role of science in new culture. Moreover, by stressing science, we do not mean just stressing scientific knowledge, but the scientific spirit and scientific methods, and we even put particular stress on them.

The semi-feudal and semi-colonial old China was economically and culturally backward, with science not fully developed or generally accepted as a factor in culture as it is in developed countries. In the initial stage of socialism, we must continue carrying on and developing the fine traditions from the May 4 Movement to Yanan. In cultural construction, we must stress the popularization of scientific knowledge, the development of the scientific spirit, and the dissemination of scientific methods. This remains a very important problem.

Science, Culture, and the "Phenomenon of Du Yaquan"

What kind of a person was Du Yaquan?

The May 4 New Cultural Movement was accompanied by more than ten years of ideological debate on the problem of Chinese and Western cultures. One party in the debate, representing the demand for historical progress, was led by Chen Duxiu, editor in chief of the magazine XIN QINGNIAN [New Youth]. Another party was led by Du Yaquan, editor in chief of DONGFANG ZAZHI [Oriental Magazine]. People who are acquainted with the May 4 Movement and the history of modern thinking generally know about this debate and know that Du Yaquan was a representative figure of the conservative ideological and cultural circles of the time.

But there was another side of Du Yaquan. He was first of all a devoted student of natural science and an outstanding editor-translator, who assiduously applied himself to introducing the knowledge of natural science to China. He started on his own the first Chinese-run natural science magazine, YAQUAN ZAZHI. It was his magazine that first introduced the periodic table of chemical elements to the Chinese. It was he who provided definitions for a number of newly discovered elements. After he left the post of editor in chief of DONGFANG ZAZHI (because of the situation that arose from the debate), he still took charge of the Commercial Press' natural science translation department. He was responsible for the compilation of such basic works of science as *A Chinese Dictionary of Botany* and *A Chinese Dictionary of Zoology*. He devoted his entire life to China's scientific and educational undertakings, and his contributions to them cannot be denied. This side of him is known to only very few people, even in scientific circles. In recent Chinese scientific study, people have referred to him. It is only through this that I became aware of this leader in the dissemination of knowledge in China. I was surprised to find out that he was none other than the conservative figure involved in the debate in the May 4 New Cultural Movement! I fully support a truthful, comprehensive, and fair assessment of such an important figure in China's modern history of culture as Du Yaquan. We must dispel the image of Du Yaquan in people's minds and in history books as a villain. I also favor another analysis of Du Yaquan's arguments in the cultural debate. They may contain something worthwhile that has so far been overlooked.

But I think that the "phenomenon of Du Yaquan" is especially worth being studied from the question of why such a pioneer in the introduction of natural science has been made out to be such a laggard in the New Cultural Movement. How could such qualities coexist in the same person? Why should such contradictions have appeared?

As an advocate of science, he confined himself to the introduction of knowledge at a superficial level. In regard to the concept of culture at a deeper level, he strove to safeguard the inherent culture of old China. He viewed the strong impact on Confucian, or feudal ethical codes, as a "national loss" and "a threat to the survival of the state." He cherished his memories of the past. "Before the introduction of Western doctrines, I devoted

myself to studying works by Confucius and other sages. I knew how to judge things and deal with people in the world. I had everything at my fingertips when it came to the guiding principles for the emperor, the norms of behavior of officials, and the art of distinguishing between kind and unkind acts and between honest and dishonest officials. On the personal side, I was at home in handling the order of importance or seniority in human relationships. I also had rules to guide me in self-improvement." He bemoaned "the abandonment of what is inherent in the country and the introduction from abroad of what is confusing and uninspiring." He felt that "the way to save the country is not to pin hopes on the introduction of Western civilization. Instead, we should pin hopes on the civilization inherent in our own country. Turning to the West for various ideas is tantamount to asking the devil to take us to paradise." "The devil, the devil. You must be driven away as soon as possible."

He also advocated energetically introducing Western doctrines, but said that they "must be merged into our inherent civilization." He advocated "democracy" in the belief that it is "a political principle of government traditionally cherished in China, with the people considered more important than the emperor." He supported "socialism" in the belief that it is the Confucian idea of "not worrying about less but worrying about lack of equality" and that it is "what is inherent in our country and embraced as a tradition handed down from our ancestors."

Was this not the comeback of the idea of "learning things Chinese as the core and learning what is of practical use from the West as a supplement" of the late Qing Dynasty? Science, if just confined to the superficial level of imparting knowledge, is weak and impotent. The inherent culture of several thousand years is strong enough to resist or assimilate and distort new culture from foreign countries. This fact is clearly manifested in "the phenomenon of Du Yaquan."

In the "passion for culture" of today, many people are again discussing the problem of Chinese and Western cultures. The study of the origin of "the phenomenon of Du Yaquan" and its relevant lessons are not without realistic significance.

In modern times, we have to take science as the basis in stressing culture. In stressing science, we must raise it to the high plane of culture. That is to say, not only must we stress knowledge of science, we must also stress scientific methods, the scientific spirit, and a scientific attitude. We must stress a scientific world outlook, a scientific concept of society, and a scientific philosophy of life. We must stress the scientific way of thinking, scientific way of doing things, and scientific way of life. Only culture in the form of concepts is scientific culture. The May 4 Movement treated democracy and science as the two banners of new culture. "On New Democracy" regarded the new culture of new democracy as the scientific and

popular culture of the nation. Both the May 4 Movement and "On New Democracy" gave expression to the deep and internal integration of science and culture.

Accelerate and Deepen Reform of the Foreign Trade Structure, Promote Development of Foreign Trade

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[Article by Li Lanqing 2621 1526 3237 of the Ministry of Foreign Economic Relations and Trade]

[Text] Since the founding of the PRC, especially since the 3d Plenary Session of the 11th CPC Central Committee, China has scored major successes in foreign trade. In the 1950's the Soviet Union and East European countries were our principal markets. Today, we have developed economic and trade relations with more than 170 countries and regions in the world. According to statistics from the Ministry of Foreign Economic Relations and Trade, our trade volume increased from \$20,638 million in 1978 to \$67,338 million in 1987. Especially in 1987, our export volume rose by 28 percent over the previous year. It was quite a rapid growth rate. However, there are still potentials to develop our foreign trade still further and the superiority of the socialist system in developing foreign trade has not been brought into full play. An important reason for this is the obstructions of the structure.

I

Our foreign trade structure took shape and developed on the basis of a product economy and unitary planned economy. With the implementation of the policy of opening up to the outside world and invigorating the domestic economy and the deepening of the economic structural reform, the original foreign trade structure has become increasingly out of accord with the needs of the growing foreign trade and national economy as a whole. In recent years, following the reform of the state economic structure, we have conducted reform of the foreign trade structure around the transfer of operational powers to the lower levels, the expansion of trade channels, the integration of trade and industry, and the improvement of macroeconomic management. We have attained some results. However, because the reform of the foreign trade structure is closely related to the reform of the national economy as a whole and because some reform measures have not been well coordinated with each other in the previous stage, they cannot be effectively put into effect. They have also brought about some new problems. Taken as a whole, we have not solved some fundamental issues in the foreign trade structure, nor have we achieved impressive headway in the reform.

The principal problems in China's foreign trade structure are as follows: The financial structure of "eating from the same big pot," which is characterized by unified state control over receipt and expenditure and

overall responsibility for profits and losses has not been basically changed. Most foreign trade enterprises have not genuinely achieved the objectives of being responsible for profits and losses, carrying out independent operations, and exercising management in the same way as enterprises. The enterprises have no effective macro-management measures and self-restraint mechanisms. Failure to implement some unified policies has resulted in blind competition under unequal conditions among foreign trade enterprises; in foreign trade management, the economic regulatory system is still very weak. The questions of integrating industry with commerce and integrating agriculture with commerce have not been genuinely solved institutionally. Of these, the most fundamental problem is still the problem of "eating from the same big pot" because many other problems are caused by it.

China's foreign trade structure of "eating from the same big pot," characterized by unified state control over receipt and expenditure and overall responsibility for profits and losses, took shape during the period of unified operations in the 1950's, with the intergovernmental trade agreements as the main content. The principal method of operations in foreign trade at that time was unified operations, with the state finance being responsible for unified control over receipt and expenditure and for profits and losses. Both were suited to each other. Later, due to the changing internal and external situations and in an effort to further mobilize the enthusiasm of all people to earn foreign exchange and to discard the structure of "eating from the same big pot," we gradually transferred to the lower levels the power to strike business deals in foreign trade. However, we failed to complete this reform. There are many reasons why it is always difficult to reform the structure of "eating from the same big pot" in foreign trade, but the principal reason is that our price system is very irrational. For example, with the rising prices of commodities in the country, the question of overestimating the exchange rates has gradually emerged. Under such circumstances, the Renminbi which foreign trade enterprises receive from the settlement of foreign exchange cannot make up for all export costs. For this reason, the state cannot but give some export commodities "compensation for the price differences." Moreover, the low cost of human labor should have made our export commodities competitive. However, due to the supply-demand relations and the price policy in the country, the purchase prices of many export commodities are often higher than those on the international market. Consequently, the state cannot but give some export commodities "compensation for the price differences." Therefore, what is often referred to as "losses incurred in foreign trade" is not primarily because the actual costs of export commodities are too high, which leads to their lack of competitiveness on the international market and makes it necessary for the state to give subsidies. The cause is that our price system is very irrational and the

state has to give "compensation for the price differences" through the mechanism of being wholly responsible for profits and losses. This is not losses in the true sense of the word.

The practice of "eating from the same big pot" in the foreign trade structure and the system under which the state gives some export commodities "compensation for the price differences" have led to a series of malpractices. For example, decentralized operations and centralized accounting have resulted in the dislocation of responsibility, power, and interests. In addition, the fact that foreign trade units and the units supplying export commodities are respectively placed under central and local finances has often led to a situation in which "there is rigidity as soon as unified management is exercised and there is chaos as soon as state controls are relaxed." The structure of "eating from the same big pot" has seriously dampened the enthusiasm of foreign trade enterprises to improve management and operations and attain better economic results. The limited capacity of the state finance to give compensation has restricted the growth of export trade. Although the absolute amount of China's "compensation for the price differences" given to some export commodities and its proportion in overall exports are much lower than those of some members of GATT, they have caused a lot of misunderstanding in the world and affected the process of our regaining status as a member of GATT. On the pretext that our country has subsidized some export commodities or exported some commodities for lower than cost prices, businessmen in some importing countries have lodged complaints to their own governments or law courts. This has resulted in these countries collecting antidumping and antisubsidy taxes on our export products or boycotting the import of our products, thus inflicting heavy losses on us. For this reason, it is imperative to reform the structure of "eating from the same big pot," which is characterized by unified state control over receipt and expenditure and overall responsibility for profits and losses.

II

In summation, the key to reforming the structure of "eating from the same big pot" in foreign trade lies in rationalizing the pricing system. But we cannot wait until the pricing system is rationalized before we reform the foreign trade structure. We must start reforming the structure when the pricing system is still irrational. This is the greatest sticking point in reforming the foreign trade structure.

In his report to the 13th CPC National Congress, Comrade Zhao Ziyang explicitly pointed out: "To expand foreign trade, it is imperative to gradually reform the structure of foreign trade. The reform should be designed to give foreign trade enterprises full authority over management and full responsibility for profit and loss. This will ensure better cooperation between industry and foreign trade and lead eventually to a system whereby

foreign trade corporations can act as agents for other enterprises in the export of their commodities." By making this exposition he has grasped the crucial point in foreign trade structure and accurately pointed the direction for the reform of China's foreign trade structure. To speed up the development of foreign trade, it is necessary to give foreign trade enterprises full authority over management, ensure better cooperation between industry and foreign trade, and institute a system whereby foreign trade corporations act as agents for other enterprises in the export of their products. A precondition for giving foreign trade enterprises full authority over management is to give them full responsibility for profit and loss. Moreover, only when foreign trade enterprises are given full authority over management can they genuinely have full responsibility over profit and loss. Therefore, giving foreign trade enterprises full responsibility for profit and loss is a crucial link and a "point of breakthrough" in the reform of the foreign trade structure. After carrying out investigation and study and listening to views from various quarters, a leading comrade of the party Central Committee and State Council has put forward a basic line of thought for the reform of the foreign trade structure. 1) In the three import and export trades, namely, light industry, handicraft, and garment, most of the foreign exchange derived from export may be retained by the operational units that are held responsible for their profits and losses. 2) Other import and export trades institute a contracted base system under which the method of giving "compensation for price differences" will be applied for the time being for exports within the base figure while the amount of compensations will not be increased. In the event of exports in excess of the base figure, the "compensations for the price differences" will be abolished. Most of the foreign exchange derived from export (for some trades all the foreign exchange earnings) will be retained by the operational units so that they can have full responsibility for profit and loss. 3) An all-round contracted management responsibility system is to be instituted in foreign trade departments. Most of the foreign trade enterprises will be placed under the leadership of local authorities. By instituting contracted management they will be able to integrate responsibility, power, and interest. The main points of the reform of the foreign trade structure, which takes contracted management as its nucleus and enterprises' full responsibility for profit and loss as a point of breakthrough, are as follows:

1. All provinces, autonomous regions, and municipalities, all cities with a separate listing in the state plan, and the state foreign trade corporations directly engaging in export should separately undertake bases of foreign exchange earnings and contract for bases of foreign exchange to be turned over to the state for indexing economic results. The foreign exchange is shared according to the existing regulations. With regard to foreign exchange earnings exceeding the base, the contracting units retain most of them in the case of ordinary commodities and all of them in the case of machinery and electrical products.

2. A system of tax reimbursements for export commodities is instituted in an all-round way. The product tax in all links of export commodity production and the business tax in the circulation link should be reimbursed. In places where the value-added tax has been collected, it should be reimbursed. Giving tax reimbursements to export commodities is a routine international practice. The institution of the tax reimbursement system will enable our export trade to compete under an equal condition. This is conducive to the growth of export and helps export enterprises to have full responsibility for profit and loss.

3. The foreign exchange that the localities, departments, and enterprises obtain according to regulations may be independently used in accordance with the relevant provisions of the state. It can also be sold at the national or local foreign exchange regulating centers.

4. With the exception of some which have to be retained, most of the branch offices of specialized foreign trade corporations in various localities should be transferred to the local authorities and managed according to unified state policies. The contracted tasks undertaken by the localities are assigned to all foreign trade enterprises and to enterprises producing export commodities. This can boost the development of the system whereby foreign trade corporations can act as agents for other enterprises in the export of their commodities. By having full responsibility for profit and loss and full authority over management, the foreign trade enterprises and enterprises producing export commodities can attain better economic results and boost exports.

5. Further efforts should be made to relax controls over the export operational system. There are some exceptions. A small number of important commodities which are essential to the national economy and the people's livelihood, and certain special commodities, should be managed in a unified way by one or several state foreign trade corporations assigned by the state. Commodities for which overall arrangements should be made for the domestic and overseas markets should be managed according to plan by foreign trade enterprises with operational powers and restricted under the quota system. All other commodities should be freely managed by enterprises having the powers to manage exports. In addition to foreign trade enterprises, which are allowed to manage export business, more export manufacturing enterprises and genuine group enterprises meeting the necessary conditions will gradually be permitted to export their own products according to needs and possibilities. Moreover, the system whereby foreign trade corporations can act as agents for other enterprises in the export of their products will also be speedily instituted.

6. Further efforts should be made to relax controls over the import operational structure. A small number of bulk, important commodities should be managed by the state in a unified way and should be handled by agents, or the transaction should be jointly conducted (on

approval, small quantities of urgently needed commodities of these kinds can also be imported by individual enterprises). Other commodities can be imported by the enterprises with the necessary powers according to the relevant state regulations. Moreover, an all-round system whereby foreign trade corporations can act as agents for the other enterprises in the import of products should also be speedily instituted.

7. To encourage the processing of imported or supplied materials and the assembling of supplied parts for export purposes, the imported materials or parts may enjoy tax reductions or exemptions in accordance with customs regulations. Most of the foreign exchange earnings from the processing fees can be retained by the enterprises, and the service charge in excess of the base, which the foreign trade enterprises get from the "three forms of import processing and compensation trade" can also be retained by the enterprises concerned.

8. After the reform of the structure, the Ministry of Foreign Economic Relations and Trade will concentrate more energies on studying, formulating, and organizing the implementation of China's macroeconomic strategy. Also included in this will be principles, policies, statutes, regulations, and unified administration of foreign trade. It will also exercise indirect management through economic regulatory means and coordination mechanisms, so that the development of our foreign trade can be accelerated in a sound and orderly way.

9. After the reform, the specialized foreign trade corporations will gradually develop comprehensive, group, multifunction, and international enterprises. They should concentrate more energies on opening the international market and strive to expand our import and export trade.

III

Following the institution of the new foreign trade structure, a good momentum has emerged in foreign trade. In the first seven months of this year, the export trade registered a new increase over the same period last year and the import was also quite normal. They have supported the development of industry and agriculture, markedly improved the mix of import and export commodities, and increased the state foreign exchange reserve. At present, we should use the vitality generated from the new structure of foreign trade to arouse still further the enthusiasm of all quarters and utilize the favorable international situation to vigorously develop foreign trade. To this end, the Ministry of Foreign Economic Relations and Trade has decided, as the first step, to transfer powers to the lower levels and to relax the policies: Transfer to the lower levels the power to examine and approve enterprises engaging in foreign trade; extend the power of the coastal regions to examine and approve foreign investments; transfer to the lower levels the power to examine and approve the establishment of enterprises or their branch offices abroad and

some activities for carrying out foreign economic relations and trade; reduce the variety of products coming under export licenses and quotas and reform the method of managing export licenses and quotas; transfer to the lower levels the power to examine and approve business relating to the processing of imported or supplied materials and the assembling of supplied parts; relax restrictions over the variety of the "three kinds of import processing and compensation trade"; transfer to the lower levels the power to conduct barter trade with the Soviet Union and East European countries; improve the method of managing the nine kinds of imported commodities under unified management; and transfer to the lower levels the power to examine and approve foreign tours by delegations or groups of foreign economic relations and trade. Moreover, we should stress making a success of the following jobs:

1. Further efforts should be made to implement and improve contract measures in enterprises. It is necessary to closely integrate foreign exchange earnings and economic results with enterprise benefit and the practice of rewarding and penalizing workers and office staff, and fully arouse the enthusiasm of enterprises and of workers and office workers to earn foreign exchange. We should fully arouse the enthusiasm of foreign trade enterprises to earn foreign exchange. In light of the needs and possibilities and as we gradually permit some export manufacturing enterprises and genuine group enterprises having the necessary conditions to engage in export, we should vigorously institute a system whereby foreign trade enterprises can act as agents for other enterprises in the export of their products. We should push the export manufacturing enterprises to the frontline of the international market, so that they can more directly understand the data on the international market and the feedback on their export commodities and constantly manufacture readily marketable products and raise their capability to compete.

2. Vigorous efforts should be made to encourage and promote better cooperation between industry and foreign trade. Practice has proven that cooperation between industry and foreign trade can bring into full play the advantages of both the industrial and foreign trade enterprises and open up new ways to expand exports. Manufacturing enterprises are the main body of export but in some situations, they need the help of foreign trade enterprises to open the international market, to boost sales, to act as go-betweens. They also need help to handle the formalities of foreign trade, such as signing contracts, making documents, settling accounts, applying to customs, delivering goods, and offering after-sales services. Therefore, a principal form of cooperation between industry and foreign trade is the system whereby foreign trade enterprises act as agents for other enterprises in the export of their products. Two forms of cooperation between industry and foreign trade should be especially mentioned here. The first is the group enterprises formed by industrial and foreign trade enterprises. They develop into import and export economic

entities and concentrate their forces on promoting the sales of their commodities on the international markets. For example, this form is rapidly developing among group enterprises of some household electrical appliances, electronics, machinery, light industrial, and petrochemical products. The second is that foreign trade enterprises invest in, and become shareholders of, export manufacturing enterprises to help these enterprises import advanced technology and crucial equipment, enabling them to produce more and better marketable export products, and to help them promote the sales of these products. This association, which is characterized by mutual benefit between industry and foreign trade and by mutual containment, is well received in all quarters and should be energetically popularized.

3. Vigorous efforts should be made to develop the processing of imported or supplied materials for export purposes. This is not only an important aspect to implementing the development strategy for the coastal areas, but also an important strategic measure for making the best possible use of our rich and cheap labor resources, avoiding the disadvantage caused by our shortage of raw materials, and developing our export trade. In this regard, the state has worked out some policies and measures for encouragement, which should be implemented satisfactorily. Moreover, there are also some major issues to be further solved in developing the processing of imported or supplied materials. For example, the processing of imported or supplied materials has developed rapidly in some small collective enterprises, especially township and town enterprises, but has developed slowly in state enterprises and large and medium-sized collective enterprises; it is easy to process imported materials for foreign businessmen but is difficult for foreign trade enterprises to process imported materials and export the finished products. In addition to the inability of our large and medium-sized enterprises to adapt themselves institutionally, an important reason is that there are still some obstacles in terms of the assessment of total output value, growth rate, and financial task. These elements are unfavorable to the processing of supplied or imported materials for export purposes. Obviously, whether in processing supplied or imported materials for export purposes, the value we have created is only the added value and the money we have made is only the "processing fee" plus rational profit. This does not create any problems for small collective enterprises, especially township and town enterprises, which do not have any quotas for output value, growth rate, and financial task. When foreign businessmen ask our enterprises to process supplied materials, they will only have to pay for the "processing fee," which is something acceptable to small collective enterprises, especially township and town enterprises. However, this practice presents some problems to state enterprises and to large and medium-sized collective enterprises. They often hold that, if they receive only a "processing fee" for the processing of supplied or imported materials for export purposes, it will affect the fulfillment of their output value, growth rates, and financial tasks. For this reason,

they demand that the value of imported raw materials should also be regarded as a base for calculating the output value and the profits and taxes of the factories. Sometimes, with extra charges and profits added to imported raw materials at intermediate links, the prices of imported materials become higher. Like "the boat that goes up when the river rises," the prices of export commodities processed from imported materials also rise so high that they cannot compete on the international market. To solve this problem, it is necessary to turn to the method of "net output value" in our planning and statistical methods. If this cannot be changed for the time being, we should also permit that the processing of supplied or imported materials is calculated according to overall value. But, instead of regarding the value of imported raw materials as a base for calculating and collecting their profits, the factories can only collect the "processing fees" (including rational profits). Otherwise, it will artificially weaken our advantages in low labor cost, thus losing our competitiveness and blocking up the path of processing supplied or imported materials.

4. It is necessary to develop key export commodities and cultivate our export bases. Expanding export commodity production is the foundation of expanding export. In recent years, there have been marked changes in the mix of our export commodities. The proportion of exported finished products is markedly increasing. While rapidly increasing the export of textile and other light industrial products, we also begin pushing many knowledge- and technology-intensive mechanical and electrical products, such as color television sets, to the international market. In light of the needs on the national market and our advantages, we should develop in a planned way a number of key, competitive export commodities and organize the scattering forces by group enterprises and other methods. While fixing our brands and processing supplied materials, we should gradually cultivate our own famous-brand products (because it will be very difficult for us to succeed on the international market with the current practice of using scores and even hundreds of trade marks for the same product) This will ensure high quality, high level, and high prestige of these export commodities and expand our exports. Meanwhile, attention should be paid to the planning of the export commodity production system. We should develop a number of factories to produce and package export commodities, which can earn a lot of foreign exchange and yield quick results. We should expand various forms of lateral association for export between the interior and the coastal areas and, on the basis of mutual benefit, give scope to each other's strong points and expand export. Large and medium-sized enterprises have distinct advantages in knowledge- and technology-intensive export commodities and those needed to be produced in certain quantities, while small enterprises in the cities and township and town enterprises have unmistakable advantages in a great variety of labor-intensive export commodities. In certain aspects the latter are more capable of adapting themselves to the special features of export trade on the international

markets, such as small batch production, many designs and varieties, quick changes, prompt delivery, low cost, and strong competitiveness. Therefore, while making further efforts to tap the export potentials of large and medium-sized enterprises, we should attach great importance to the role of small and medium-sized enterprises in the cities and townships and town enterprises in expanding export. The special economic zones, Sino-foreign joint ventures, and cooperative enterprises are also a force that should not be ignored in expanding our export. We should satisfactorily integrate the use of foreign capital with the development of foreign trade. In particular, an important way to expand export is to transform the existing enterprises through Sino-foreign cooperation. In short, it is necessary to bring into full play the enthusiasm of all quarters, to give scope to their advantages, and to open up and expand the international market for our export commodities.

5. It is necessary to step up the investigation and the development of the international market. To expand export trade, we should do a good job of investigating, studying, and opening up the international market. In the past, we have not done enough in this field. To investigate and study the international market, it is first necessary to investigate what the international market needs and what commodities are readily marketable. For example, in the past Jiangsu has for a long time failed to alter the situation in toy export. A major reason is that they did not quite understand the needs of the international market and they designed and produced toys according to the hobbies of Chinese children. Consequently, the samples they supplied to foreign businessmen were rarely selected. Later, the toy plants in Jiangsu sent designers, group by group at different times, to conduct on-the-spot investigation of the toy markets in Europe. They also set up a toy designing office at the Chinese Trade Center in Hamburg where they designed toy samples. As a result, the rate of sample toys selected for production by foreign businessmen increased. Some have even won prizes at international fairs. This has considerably expanded the sales of toys. Take our electric fans as another example. In designing fans we often stressed sturdiness and durability. What the international market wants for electric fans, however, is novel style, multiple functions, safety, and reliability. Therefore, it is first necessary to adapt our design thinking to the needs of the international market and to upgrade our design concept. Only in this way can our commodities sell well. The international market forecast is an important branch of science and the development of computer science has greatly raised the accuracy of forecast results. We should study and grasp well this branch of science and make it serve our efforts to open up the international market so as to prevent us from acting blindly in the development of export trade. In investigating and studying the international market, we should also study well the tariffs and the relevant laws, rules and regulations of the target countries, and take an active part in activities relating to multilateral tariff and trade relations. If there is any unfair or irrational discrimination against our

country, we should make active representations in order to get a fair and rational treatment. In particular, with regard to some countries, where trade protectionism is gaining ground, we should pay special attention to making investigation, study, and representations in this field. Trade protectionism is like a "wall." We tend to stress improving the competitiveness of our export commodities but pay less attention to the "wall," which the other party is building with the intention of closing the door. We also pay less attention to investigation, study, and representations. As a result, we cannot enter the market of the other party no matter how competitive our commodities are. On the other hand, we should have a full understanding of the importing countries, which give us preferential treatment, and energetically utilize them. In addition to making use of foreign agents, we should also set up and develop, by appropriate means and in a planned way, our sales networks on major international markets. They will work as distributors or agents for our export commodities, offer after-sales service, engage in publicity and advertising work, and serve as information networks. It is impossible for all people to go abroad to do this, in which our existing foreign trade enterprises should pay an important role. Our methods of operations in foreign trade should also be suited to the prevailing methods of international trade. They should be diversified. In addition to such traditional methods of trade as exchanging money for goods, goods for money, and goods for goods, we should also carry out other forms of trade according to the needs. These include counter trade, leasing trade, compensation trade, consignment trade, futures trade, processing of supplied or imported materials, assembling of supplied parts, cooperation in production and sales, and so on. In this way, our business can be more flexible.

6. We should strengthen unified management, organize coordinated association, and raise our export consciousness. The implementation of full authority over management on the basis of being responsible for profit and loss makes it necessary to strengthen unified administration in foreign trade and to organize essential coordinated association. The reform of administration in foreign trade should gradually be institutionalized and standardized and placed on a scientific basis. Where conditions permit, it is also necessary to introduce competition mechanism. Not only should we strengthen essential, unified administration but, more importantly, we should rely on indirect management mechanism by economic regulatory means. We should organize essential chambers of commerce for import and export and, through services and coordination, prevent the state and export enterprises from suffering undue losses as a result of blind competition. Our country is a huge market and, on the whole, is still a seller's market in which supply falls short of demand. Under such circumstances, apart from adopting the necessary policies and measures to encourage export, to solve the problem characterized by the idea that "it is better to sell goods on domestic than overseas markets," and arouse the enthusiasm for export, we should also pay attention to cultivating and

enhancing the export consciousness of enterprises, so that people will understand that the world today is an open one and that our capability to earn foreign exchange determines, to a large extent, the degree and scope of our opening to the outside world and affecting the scale and course of economic construction in the country. Only by placing their products on the international market and subjecting them to competition and test is it possible for enterprises to forever stay at an advanced level and to have relatively strong competitiveness on the domestic market. Even if the profits gained from the export of these commodities may not be as much as what they gain on the domestic market, it is greatly advantageous to the long-term development of these enterprises.

The reform of the foreign trade structure is a complicated systems engineering project involving financial, planning, taxation, banking, pricing, foreign exchange, material, and other fields, which should be adapted to each other and conducted in a coordinated manner. Moreover, the reform should not be conducted in such a way as to affect the steady growth of export. This makes it necessary for us to conduct the reform resolutely, prudently, and in an orderly way so as to attain the aim of stimulating the development of foreign trade through reform.

Several Points of Basic Experience in the Theoretical Study of Economic Reform
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[Article by Liu Guoguang 0491 0948 0342 of the Chinese Academy of Social Sciences—this is the third part of the author's article "A Review of the Chinese Economic Structural Reform Over the Past 10 Years," which was originally published in GAIGE]

[Text] Over the past 10 years, China's economic theories, which are closely connected with economic reform, have developed significantly. Right from the very beginning, economic theoretical study based on the study of economic reform encountered the problem of understanding socialism again. The "theory on socialist commodity economy" and the "theory on initial stage of socialism" are the two foundations of theories on economic reform in China. On the basis of these two foundations, the Chinese Marxist economic scholars have made a breakthrough in the basic theoretical issues, such as ownership relations, the economic operational mechanism, and the distribution of income, and so on. First of all, they understand the strategic aims of reform involving the "eradication" and "establishment" in the economic structure itself, namely "what to reform," and "how to reform." With the progress of reform, people in the Chinese economic field have made a useful exploration in selecting of a strategy in the process of reform itself involving "how to reform" and "the path to be followed in reform," and so on. Theoretical reform is the result of economic research work. The development of

theoretical reform is inseparable from the development of economic theoretical research work. I would like to talk about my thoughts on several experiences in the development of the study of economic theories.

I. The Key To Upholding Marxism Lies in Developing Marxism

Reviewing the development of the theory on economic reform over the past 10 years, we know that great changes have taken place in the understanding of the persons in Chinese economic circles of socialism and Marxist theories. When the reform started, we reviewed and examined our previous theoretical concepts. Without this, it would have been impossible for us to bring forth the new ideas on the theories and practice of reform over the past 10 years. When some people both at home and abroad talk about the new ideas in the Chinese economic theories, they very often say that we have stealthily given up Marxism, and that China has actually abandoned the practice of upholding Marxism. This is a gross misunderstanding.

China has reformed its economy and developed its theories under the guidance of the Marxist ideological line of "emancipating the mind, and seeking truth from facts," which was initiated by the 3d Plenary Session of the 11th CPC Central Committee. It is an important embodiment of the integration of Marxism with China's practical conditions in the new historical period. The development of the theories on economic reform in China is actually the development of Marxist economic theories in China. Marxism has constantly developed in practice with the progress of the times. Just as the report to the 13th CPC National Congress pointed out: In the process of developing Marxism, it is only natural that people will discard some theses which are utopian because they were formulated by our predecessors within the limits of their historical conditions. It is also natural that people will reject dogmatic interpretations of Marxism and erroneous viewpoints imposed on it. Over the past 10 years, we have followed this path in the study of the theories on economic reform. We have rejected the viewpoint of a socialist non-commodity economy and developed a viewpoint on a socialist commodity economy. With regard to the issue of ownership system, we have abolished the viewpoint which thinks that "the greater, the more public, the purer and the more unified," the better. Regarding the issue of economic operation, we have abolished the idea which sets planned regulation against regulation by market mechanisms. Regarding the issue of distribution, we have given up the viewpoints which attribute egalitarianism to socialism, and which state that socialism cannot tolerate non-labor income. In the meantime, we uphold some basic characteristics of the socialist economy, which mainly rely on the public ownership system, and distribution according to work, and so on. We uphold the principle that a socialist commodity economy should be developed under planned guidance. Besides, we have also updated

the concept on planning. The changes in these theoretical views have and will continue to withstand the test of the criterion of practice and productive forces.

"Practice is the sole criterion for testing truth," and the "basic task of a socialist society is to develop productive forces" are actually the two basic principles of Marxism. We integrate them with the practical conditions in contemporary China, elaborate on them, and take them as a criterion for testing all theoretical views, guiding principles, and policies. This has enriched the two basic principles, and made them more vigorous. It is appropriate to say that this marks the development of Marxism itself.

Only by developing Marxism can we uphold it. This is a basic experience gained in the study of the theories on economic reform in China. If we stick to the worn out concept, and do not dare to touch upon those theses which are not in line with the spirit of our times, or propose new topics which conform with the tasks of our times, our economic theoretical viewpoints will become ossified. They will eventually be discarded by practice and the masses. This will harm the prestige of Marxism. Of course, developing Marxist theories is not an inflexible matter. With the progress of our times, and the development and changes in our social economic conditions, we should continue exploration in a thoroughgoing and painstaking way, and answer questions discovered in practice, or asked by the people. Only thus can we free some people from doubt and misgivings about the direction of our theoretical study of economic reform, and prevent our theories on reform from going astray.

II. To Develop Marxism, We Should Integrate Theories With Practice, and Cater to the Needs of Practice

Owing to the teaching of the party of integrating theories with practice, the economic circles in China have a good tradition of catering to the needs of practice, and studying important issues arising in carrying out reform and construction. Following the land reform, economic scholars in China integrated theories with practice by extensively discussing the issues of the three great transformations, the speed of our construction, the proportion of various sectors, the fixing of prices, the financial and economic systems, and so on. They made fairly great achievements in this regard. However, we should also realize that due to the influence of dogmatic economics from other countries, and the long-term rule of the "leftist" line following the completion of the socialist transformation in 1956, particularly in addition to the fact that the economic theoretical contingent of the new generation lacked a chance of preparing itself, the "practical" style of the study of economics had declined, whereas the style of "book worship" and "taking the instructions issued by the higher authorities as everything" prevailed. Our economic writings were full of quotations cited from classical works. Most of them became a tool for interpreting classical works and the

existing administrative policies. This was an important reason contributing to the ossification of economic theoretical study in our country before the reform.

The ideological line of the 3d Plenary Session of the 11th CPC Central Committee of "emancipating the mind and seeking truth from facts" has greatly encouraged Chinese economists. Economic study has gradually extricated itself from the fetters of dogmatism. Economists have again catered to practical needs, and gone into the reality profoundly discussing the new issues arising in practice. They have made encouraging achievements. They have made contributions in both theories and propaganda to the study of policy, to promoting reform and opening up, and to solving many important problems occurring in the socialist modernization program. Over the past 10 years, the theories on reform have been transformed into policies for reform. Policies for reform have been used to serve the practice of reform. The practice of reform has in turn promoted the deepening and development of theories. This is a fundamental fact. During this period, various important meetings of the party have, on the one hand, played a role in guiding and encouraging the people throughout the country, including economic theoretical workers. On the other hand, they have pooled and concentrated the wisdom of the entire party and people throughout the country, and the achievements of economic theoretical workers. We have discovered that some main concepts and theories put forth by people in the economic theoretical circles are reflected in the party documents. Some of these concepts and theories have been praised as an important development of Marxism. It is absolutely true that the past 10 years are a period in which the study of Marxist economics in our country has been unprecedentedly prosperous in both quantity and quality. If we depart from the principle of emancipating the minds and seeking truth from facts, and the prerequisite of serving reality, it will be impossible for us to achieve an unprecedented development and promote the prevalence of the study of economics in our country.

Of course, due to the fact that during the period of reform, the development of practice is particularly fast, and that new problems and new experiences have merged one after another, the study of economic theories has lagged behind the development of the situation and practice. Many questions posed by economic reform and economic development cannot be promptly answered by those who are engaged in the study of economic theories. Many theoretical problems concerning ownership relationships, economic operations, the aim of reform with regard to the distribution of income, the selection of the methods and strategies for reform, and so on must be solved. In particular, we have now entered a crucial period of deepening the reform. We should make efforts to solve some difficult problems such as price reform, wage reform, enterprise reform, and so on. All this is inseparable from the concerted efforts of economic theoretical workers and practical workers.

Our economic theoretical study, which is serving the practice of reform and construction, is facing two tasks.

On the one hand, it should provide decision makers of the party with scientific advice. On the other hand, it should carry out theoretical propaganda work among people from various quarters and the masses. While promoting a study on policy-making, we should theoretically solve practical problems on policies occurring in economic reform and development. Our purpose in carrying out theoretical propaganda is to help people understand problems and laws governing economic life, and help them enhance their capacity to psychologically withstand the strain caused by price hikes, so that they can support reform and opening up more confidently. Judging from our economic research work in recent years, we know that comparatively speaking our country has attached great importance to the study of policy-making. This is a good thing. However, our propaganda work is not sufficient, and it should be strengthened. Apart from the study on current practical policy-making and theoretical propaganda, our theoretical field is also facing a very important task. In other words, we should systematically study basic theories on Marxist economics, including its methodology, scope, concepts, system, and so on. This is a basic work in economics. It should be carried out in combination with the present reality, the study on policy-making, and the theoretical problems arising in theoretical propaganda. In the meantime, we should give theoretical guidance for our theoretical propaganda work. We should say that we have not paid enough attention to the study of economic basic theories. It should be greatly strengthened. If we neglect this basic work, our study of economics will lack stamina.

III. We Should Encourage a Hundred Schools of Thought To Contend, and the Development of Various Schools

The policy of encouraging a hundred schools of thought to contend was put forth in 1956. But it was later buried by various kinds of political campaigns. A hundred schools were turned into the two schools of Marxism and revisionism alone (or socialism and capitalism). Contending became one-sided criticism. This situation continued until the 3d Plenary Session of the 11th CPC Central Committee. Just like other ideological fields throughout China, forbidden areas could be found everywhere in the economic theoretical field. Economists were allowed to follow only one pattern. There was no opportunity for them to explore freely. They did not dare tread on the forbidden zones, let alone develop Marxism. At that time, developing Marxism was a matter for the political leaders. Economists were allowed only to follow them, and to elaborate on their ideas. If they put forward new ideas, like Ma Yinchu, Sun Yefang, and others did, they would be attacked, or would meet with unforeseen disaster. This was another important reason why in the past economic theoretical study in China followed an increasingly narrower path, and got bogged down in a blind alley.

The 3d Plenary Session of the 11th CPC Central Committee sounded a bugle call for the emancipation of the mind, and awakened Chinese intellectuals, including

those working in the economic theoretical field. More and more intellectuals have freed themselves from the trammels of outmoded ideas. Through independent thinking, they have gotten rid of one forbidden zone after another, and put forward new arguments and ideas. A situation of letting a hundred schools of thought contend has also occurred in the field of economic theoretical study. However, we should also realize that due to the long-term rule of the "leftist" mistakes, the shadow of political campaign and ideological criticism has not yet been completely eliminated from the people's mind. People still have a lingering fear about "another" large-scale political campaign. Therefore, we should carefully protect the hard-earned academic freedom, persist in the policy of letting a hundred flowers blossom, and prevent administrative interference in the study of academic theoretical problems. The problem of right and wrong in economic theories should be solved by economists through their discussions on an equal basis, and be finally tested by practice. It is unnecessary for us to jump to a rash conclusion. In recent years, a debate about mandatory planning, and a debate about whether essential elements of production, such as capital, productive forces, land, and so on can form a market, and a debate about whether a renting system and share system belong to socialism or capitalism, and so on are carried out on the basis of this method. Therefore, debate can be carried out normally, with better results obtained. We should believe that the majority of our economists support the line adopted since the 3d Plenary Session of the 11th CPC Central Committee, and that they uphold Marxism and favor reform and opening up. Only a tiny number of them stick to the ossified viewpoints, or negate Marxism. Just like all other subjects of study, it is difficult for us to avoid mistakes in economic theoretical studies. We should allow people to make mistakes, and permit them to correct their mistakes. Therefore, it is inappropriate for us to hastily criticize those who express improper remarks while exploring the theories on economic reform as committing a mistake of bourgeois liberalization. In the meantime, we should avoid randomly criticizing those who fail to keep pace with the progress of reform as being conservative, or mentally ossified. This will be beneficial to uniting with our colleagues in the economic field, who are willing to make contributions to the socialist modernization, and the prosperity of our study of economic theories.

To make our study of economics more prosperous, we should encourage the development of various schools. This should not be limited to the Marxist economic field only. The Marxist economic scholars should not be afraid of contending with non-Marxist scholars. This contending will be beneficial to the determination of the Marxist economists, and to enriching the Marxist economic theories. At present, many different theoretical viewpoints have been aired. But this has not been fully reflected in newspapers and magazines. Sometimes, there is still a tendency of "following the fashion." In other words, sometimes too many articles are written on the same subject. The line of reasoning, arguments,

method of arguing, and conclusions of some articles are more or less the same. This situation should be changed. What is encouraging is that in recent years people have aired their different views on the same subject. Contention between different viewpoints has developed. During the recent discussion on the mid-term reform planning, different viewpoints and plans were put forward. This reflects the contention between different views. This practice is beneficial not only to formulating a more scientific and more mature plan for reform, but also to enlivening the academic atmosphere. This is helpful to promoting the diversified development of the economic theories of various schools.

Absorbing Foreign Experiences in an Analytical Way Is an Important Condition for Developing Economic Theories in Our Country

How should we treat foreign economic theories, including economic doctrines of the East and the West? This is an important problem for the development of economics in our country. Marxism is always an open science, and a crystallization of the wisdom of people in various countries in both ancient and modern times. As far as China is concerned, Marxism itself is something foreign. The Marxist economic theories in China are a product of the integration of Marxism, which is something foreign to China, and the practical economic reality in China. However, after the founding of the People's Republic, we once followed a tortuous course with regard to economics from foreign countries. We once consciously or unconsciously thought that the study of socialist economics could only be used to elaborate the expositions of Marx, Engels, Lenin and Stalin on socialism. We believed that since the economics of the West was a bourgeois thing, it belonged to "vulgar economics" without exception. Therefore, in our universities and colleges, economics of the West was taught only as a subject, or was regarded as a target of criticisms. Regarding "economics of the East" of the Soviet Union, Eastern Europe, and other countries, and especially economic theories strongly influenced by Stalinism after the mid-1950's, we once totally and uncritically accepted them. Later when we found out that the Soviet Union and other countries had successively reformed their theories, we called them "modern revisionists," and completely negated their theories. As a result, the eyes of our scholars, who studied socialist economics, were only set on the relevant chapters of famous classical works such as *Das Kapital*, *Anti-Duhring*, *Critique of the Gotha Program*, *On Cooperative System*, *Problems of Socialist Economy in the Soviet Union*, and so on. We either quoted certain passages from these books to carry out endless contention, or expounded on leader's quotations to regard them as the "peak" of development. In this way, we could not help but push the study of economics into an ivory tower.

Since the start of the reform, the stagnation and seclusion of our economic theoretical work has changed. To effectively carry out reform, we should not only sum up

our own experiences, but also draw on the experiences of others. The policy of opening up to the outside world has expanded our vision, and allowed us to learn from foreign experiences. We found that we are backward in our technical and management level, and our economic study level. Some East European countries started their economic reform earlier than us. In reform, the problems which they have encountered are similar to ours. At the beginning, we made more efforts to introduce the works of their reform theoreticians into China to learn from their ideas on reform. Later, when we realized that in reform we should follow the direction of commodity economy, we gradually paid more attention to the economics of the West, which has a longer history of market economy, to learn from the experiences of the West in organizing and administering a developed commodity economy, and their relevant economic thought. It is obvious that if we fail to implement an open policy in the theoretical field, and to draw on and absorb foreign experiences, the progress in our economic study will be severely restricted, and much slower than we actually expected.

There is no doubt that learning from and drawing on foreign experiences does not mean copying them mechanically. We should neither mechanically copy the classical works of Marx, Engels, Lenin and Stalin, nor indiscriminately follow the works of the scholars of the East or the West. We should absorb them in an analytical way, and make use of them in a creative way. Our purpose in absorbing and making use of them is to establish and develop China's Marxist economics, and to build socialism with Chinese characteristics. Some kind-hearted people worry about, and a handful of people are only too anxious to expect, the possibility that China might abandon socialism and follow the capitalist road because of the enormous import of Western economic thinking and management experiences. Actually, what we import and absorb are things which are suitable for developing our socialized production and commodity economy. These things are not exclusively owned by capitalism. They can be used by both socialism and capitalism, because socialist economics and capitalist economics are based on socialized production and a commodity economy. Regarding those rotten and irrational things, which exclusively belong to capitalism, we should do our best to avoid and discard them in the course of reform and opening up. A small number of ignorant people blindly copy economic theories of the West which are not suitable for our national conditions. For example, they blindly apply the ideas on deficit financing and credit expansion set forth by Keynes on the basis of insufficient effective demand in the West to China, a country of excessive effective demand. They stress that deficit financing is not harmful, and that inflation is beneficial. Does this not mean acting in a way that defeats our purpose? In a word, just like our study in other fields, in our study of economics, what we want to get is "things foreign" which can "serve our purpose," rather than "things foreign" which induce us to blindly "follow others."

Method of Study Based on Verification and Quantitative Analysis, and the Development of Comparative Studies

Compared with the period before the reform, we have made marked progress in the method for studying economics over the past 10 years.

1. Instead of mainly following a standardized method, we have paid more and more attention to a method of verification.

In the past, when the standard method was chiefly employed, economic scholars concentrated their attention on "what should socialist economy do?" and deduced a logical conclusion from the given prerequisites. Now when economists are designing their plans for reform, of course they should pay attention to the question "what should socialist economy do?" However, they should, first of all, clearly analyze "what is socialist economy?" They should practically describe and explain the objectively existing facts and their inner links. Without a clear analysis, it is impossible for them to have a clear concept of the problems they are facing, or to propose a feasible plan. This has promoted applying verification to economic study. When employing the standardized method for economic study, our attention is focused on the inner harmony of the socialist economy. We simply regard the possible superiority of socialism as reality. However, when we employ the method of verification, we usually take a critical attitude. We pay more attention to discovering contradictions and defects, and devising a method for curing the disease. In such a way, economic study will become more objective and scientific. Marx once said: "Only by discarding those contradictory doctrines and observing the concealed conditions which develop these doctrines, various mutually contradictory facts and actual confrontation, can we turn political economy into a verified science."¹ Now, socialist economics in our country is marching toward verified science, and integrating a method of verification with a standardized method in a better way.

2. We have gradually changed the previous method of one-sidedly paying attention to qualitative analysis to that of paying equal attention to both qualitative and quantitative analyses. Economic phenomenon and process is a unification of both quality and quantity. The method of verification has naturally needed both qualitative and quantitative analyses. The previous method of logistical reasoning, which one-sidedly stressed qualitative analysis is not sufficient. Therefore, a statistical and inductive method which pays more attention to qualitative changes is required. The law of economics is not only a logistic law, but also a statistical law. To a very large extent, it is reflected in the changes of quantitative relationships. Therefore, a correct conclusion of economic study should be a correct summation of economic quantitative relationships. Without a quantitative analysis, economics might become an economic philosophy. Of course, quantitative analysis in economics is inseparable from qualitative analysis. Without a method of

qualitative analysis, our economic study will go astray. In their economic studies over the past 10 years, our economist have obviously paid more attention to their quantitative analysis whether they are discussing development or reform. Many comrades have become very familiar with statistical analysis, coordinated description, and model explanations. This shows that we have made greater progress in the study method, which is an important aspect of economic study.

3. We have promoted a broad application of the comparative method. Before the reform, we also used this method. For instance, we made a comparison between socialism and capitalism, and between before and after the liberation, and so on. However, this comparative method was subordinated to the standardized method, and the method of qualitative analysis. Therefore, it was rather limited and lopsided. Now with the broad application of the method of verification, and the method of quantitative analysis, the comparative method is more extensively and meticulously employed in economic study. Its previous defects of limitations and lopsidedness have been overcome. In recent years, a horizontal and vertical comparative method has been gradually applied to studies in the fields of economic development, economic structure, economic system, economic management, and so on. The application and popularization of the comparative method has enabled people to understand economic problems more comprehensively, and to widen their outlook in the course of considering problems. This shows that we have made additional progress in the method of economic study.

The three methods of study mentioned above do not go beyond the scope of Marxist materialist dialectics. They have only reflected and specified Marxist materialist dialectics. They cannot replace the traditional method for studying Marxist economics: the abstract method and the method of integrating logic with history, and so on. However, the traditional method must be modernized, and combined with modern method. Only thus can it become more effective.

In the meantime, we should also realize that there is still backwardness in our methods and means for economic study. In other words, our work of material collection, calculation, analysis, the writing of theses, and so on is basically carried out manually. We rarely use modern equipment such as computers, and so on. Some comrades have lacked a complete understanding of the three methods mentioned above. We should pay attention to improving all this.

While making great progress in our socialist economic theoretical study, our contingent for economic theoretical study has also been continuously expanding. Over the past 10 years, thanks to the support, guidance and help given by our economists of the older generation, a fairly large number of mature economic theoretical workers have begun playing a key role in their own posts. Our promising young economists have come to the fore one

group after another. We have initially made an encouraging achievement in this regard. Our economists of the new generation have basically maintained the fine tradition of their seniors of seeking the truth and pursuing their studies meticulously. Of course, there are still defects and shortcomings in them, which are mainly reflected in the fact that some of them lack a complete understanding of Marxism and modern knowledge, and that some of them have not done their scholarly research painstakingly enough, and that some of them have failed to pursue an honest style of study. We should pay attention to improving all this. Of course, economists of the new generation should attach importance to updating their knowledge, so that they can satisfy the demand on theoretical workers by our times. In a word, proceeding from the great undertaking of reform and development in China, and promoting China's economic science, we realize that it is necessary for us to develop a great and creative contingent of Marxist economic theoreticians, which includes a large number of new theoretical workers. We should enhance the sense of mission and the sense of social responsibility of our economic theoretical workers. Spurred on by incentives in the accomplishment of this task and the practice of economic reform and construction, we will certainly be able to greet the ever-increasing prosperity of our economic science.

Footnote

1. "Collected Letters of Marx and Engels on 'Das Kapital'," p 285, the People's Publishing House, 1976

Perplexity in Youth Education

HK2209075388 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 22-24

[Article by Zhong Peizhang 6945 3099 3864, written at Xishan, Beijing on 15 Jun 88]

[Text] An eye-catching headline was published in SHEKOU TONGXUNBAO which is published in the Shenzhen Special Economic Zone: "Youth Educators Challenged by Youth." YANGCHENG WANBAO also published a similar report. Since then, SHEKOU TONGXUNBAO has published many more articles on the incident. These reports and articles have aroused much concern. XIANDAI REN BAO which is published in Guangzhou even held a symposium on political and ideological work in the new period because of this incident.

As I understand it, three well-known youth educators were invited to visit Shenzhen and to meet with young people at an ad hoc symposium. The incident happened then. In the beginning, the youth educators had the friendly attitude of seeing "youth as my teachers and me as their friend." They said many words of praise and encouragement to the youth there. We should say that compared with many comrades who are high-ranking and look down upon youth, these three youth educators

are good friends of youth. Their passionate, well-intentioned, and encouraging talks have been respected and welcomed by many young people. However, in Shekou which some call the window of opening up and reform, their views were repeatedly challenged by young people. The young people at the symposium were frank and almost bitingly sarcastic, and they shocked and perplexed the youth educators.

Why was there such a breach between experts on youth education and young people on the front line of reform and opening up? Some people may attribute it to young people being rebellious. I think this would oversimplify the question.

At present the Chinese society is at a stage of transition between the old and the new systems. There are many contradictions which form a very complicated situation. On the one hand, there has been much economic progress as a result of the reform. On the other hand, the gap between China and developed nations, and even some third world countries, continues to widen. Although there has been considerable improvement in people's lives, and some people are getting rich ahead of others, a rather large number of people still live in poverty. Many find the soaring prices more and more unbearable. Politically China is more open than before. The pace of progress and democratization has accelerated. However, suffocating corruption is expanding too. The uniform value judgment of the past has shattered. People find it too complex, contradictory, and chaotic to decide on a new value judgment. They yearn for a new force to revitalize the national spirit, but what they see is a depressing deterioration of society. Amidst the great transformation where both hope and crisis exist, young people as the most sensitive segment of the population have restless minds. They have pursuits, discontent, joys, and frustrations. They have much to say and many questions that call for answers. However, some of our comrades do not understand young people's state of mind. Politically, they are more worried about than trust young people. To avoid problems, they often try to use the bright side of life to convince youth not to worry about the negative and dark side of life. They also use empty and general conclusions to answer many questions which are complex and cannot even be clearly articulated. They are used to imbuing young people with their own ideas, but ignore the new ideas and new viewpoints of young people which are reasonable. They fail to admit that truth is sought with the continuous effort of one generation after another. This shows that old ideas, old ways of thinking, and old methods which worked in ideological and political work before no longer suit the new situation, new conditions, and new demands of today.

The three youth education experts have made a great effort to approach and understand young people and to improve the style, methods, and speech skills for ideological and political work, yet there is such a gap between them and young people. I think it is a sign showing the

problems in ideological and political work at present cannot be resolved by changing the style, methods, and speech skills alone. Recently, comrades in the central leadership have repeatedly pointed out that ideological and political work is facing the question of reorganization, and that ideological and political workers are facing the task of re-learning. To me, the most important question is what kind of ideas and ways of thinking to use in order to attract and guide young people. Therefore, we will gain some insight from studying what was reflected in the Shekou symposium and what questions it sparked.

One question is doing pioneering work versus gold panning.

The youth educators said one should be a pioneer, not a panner. The distinction between the two lies in the behavior of the latter being motivated by self-interest. To the young people at the symposium, pioneering and panning are inseparable. They see the results, not the motive. Are contracting and renting examples of panning? Were not the pioneers who developed America panners too?

The British classical political economist Adam Smith discovered "the invisible hand." An individual "considers his own self-interest rather than social interest. However, his study of his own interest will naturally, or better still, inevitably, guide him to choose what is most beneficial to society" (cited from *ON THE WEALTH OF NATIONS*). Since then, how to regulate the relationship between self-interest and the society's interest has been the topic that has received the most attention from economists. In old China, where commodities were extremely undeveloped, there was a tradition of "gentlemen do not talk about money." After the liberation, propaganda only emphasized the communist style and ignored individual interest, so that we reached the state where one "struggles against the self and sees it as a fleeting thought." However, today the commodity economy has been increasingly developing. People feel the existence of "the invisible hand" everywhere. Therefore, traditional ideas face a challenge. Should we adhere to the tradition of gentlemen not talking about money or use money as the yardstick for everything? Some years ago, some youth periodicals had a discussion on whether the idea of "subjectively for oneself and objectively for others" was correct. Today we need to further answer the question scientifically. Think about this: What are the similarities and differences between socialist commodity economy and capitalist commodity economy? Should our expectations for builders of the new society today and those for the pioneers on the American continent be the same? On the development of productive forces and the raising of economic results, what kind of expectations should we have for the people? And should our expectations for a small number of advanced people differ from those for the general laborer?

Another question is patriotism versus anxiety about the nation.

The youth educators said Shenzhen is a new land with new people and new undertakings and that it is advancing along a socialist road with Chinese characteristics. The young people who toil in their effort to construct Shekou disagreed. They said that young people there have their frustrations too. Just pay a visit to single people's quarters where there is no water supply, no electricity, and no bathing facilities, and find out what young people are thinking and doing. By no means should you exaggerate the place like newspapers do. State policies are more effectively implemented here, but we are still seeking a direction of development. The youth educators said they were upset to see foreign cars running everywhere in China and attributed the reason to China's backwardness. The young people said it is not just the question of backwardness. Backwardness is not the chief reason. The nation has been importing large numbers of vehicles. Who had the power to let them in? The youth educators said we should distinguish between "incorrect party practice" and "incorrect practice within the party." The young people said, this thoughtful distinction is not of much help to change the incorrect practice in the party, etc.

These arguments lead us to contemplate the following question. We have conducted propaganda on the superiority of socialism for so many years, why are the results so meager? Only recently have we realized that socialist superiority has not been given full play in reality, and that China is still at the initial stage of socialism only. Although we have achieved a great deal since the third plenary session of the 11th party central committee, the disparity between us and developed nations, and even some developing nations, is widening. There is even the potential danger of China being "ousted from the game." Therefore, how to carry out patriotic education? Should we continue to give empty lectures on the superiority of socialism, like some youth educators do, and let young people forget about reality and indulge themselves in self-content? Or should we alert young people to the state of China, and arouse their sense of saving the nation amidst urgency and crisis? How do we deal with youth's discontent with the society? What is the relationship between patriotism and anxiety for the nation? How to guide young people? All these questions merit much thinking.

The third question is authority versus individuality.

SHEKOU TONGXUNBAO published an article inspired by the debate—"The culture of god suffocates people on all fronts." The article points out that the models publicized in the last 30 years were all gods. They were perfect, pure, and flawless. No one could imitate them; for all living people with flesh and blood have human desires and emotions. They have weaknesses as well. They can never be perfect. What we need imperatively now is the culture of human beings. The article

points out that in their talks and reports, the youth educators expect all people to behave like one or several models, and set a boundary for all people with one mode of behavior and thinking. What China needs most at present is not millions of duplicates of one model, or many in the form of one. Just the contrary, what China needs now is one in the form of many. That means we need millions of individuals each with his/her own spirit of criticism and creativity, quality and style. Only in this way can our society be active and hopeful and our people have character.

The development of a commodity economy necessarily leads to competition and awakens one's principal consciousness. Inevitably people will pursue the development of individuality and challenge existing authority. This pattern helps us to understand the challenge of young people at Shekou to youth education experts. It is definitely not a coincidence that such intense articles appeared in SHEKOU TONGXUNBAO. In our ideological education in the past, there was certainly an inclination toward deification. It ranged from deified worship of leaders, to the principle of "the 3 emphases" in literary and artistic creation, to exaggeration in propaganda, and even fabricated reports. This shortcoming exists even today in different degrees. Here we have to clarify two aspects of the problem. First, do we need models and authority? If so, what kind? Engels already provided a concise answer in his article "On Authority." The modern authority is a new mechanism and new development of the "joint activities and mutual dependence" of modern large-scale industry and agriculture. Whoever "hopes to destroy the authority in large-scale industry is equivalent to hoping to destroy industry itself." Therefore, the inclination to blindly reject authority is detrimental. However, authority is not "to impose others' will on us." It is "a necessary fact" determined by modern material production and circulation. Therefore, an important issue in the reorganization of ideological and political work is to change the deification of models and authorities, and the imposition of others' will on us. Second, do we need individuality, and what kind? It is grave distortion and misunderstanding to think that communism means we all wear the same clothes, eat the same meals, and say the same words. Both Marx and Engels declared very clearly long ago: Communism is a joint body in which the free development of each individual is the condition for the free development of all, and it will be the only society in which the unique creation and free development of the individual will no longer be empty talk. Does the development of individuality necessarily negate collectivism and promote individualism which is advocated in the West? Of course not. For Marx and Engels also said, "only in the collective does the individual have personal freedom." Therefore, the correct attitude is to affirm and properly guide young people's demand for the development of individuality.

From the above questions we can see that difference in concept and way of thinking does exist between ideological and political workers and youth. Clearly, to get rid of

this disparity and reach harmony in thinking and behavior, ideological and political workers must treat youth in an equal and democratic manner. They must also be realistic and scientific, be brave to absorb constructive new ideas and abandon outdated ideas. This means they should learn again. As long as it is the truth, it can convince young people. For young people are always willing to pursue and follow truth.

The resolution of problems in reorganizing ideological and political work is of course not limited to the above. It is as comrades in the central leadership point out, "we must change and reform the system, concept, content, style, and methods." Without the effort of the entire society, especially of youth education experts and young people, it is extremely difficult to make our ideological and political work better meet the demand of socialized mass production and the development of a commodity economy, and, in turn, to better serve the construction of socialist spiritual civilization.

Study Concerning International Standard of Teachers' Wages

HK2209072388 Beijing *QIUSHI [SEEKING TRUTH]*
in Chinese No 5, 1 Sep 88 pp 25-32

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[Text]

I. Statement of the Question

Teacher salaries have been a much discussed issue in recent years. The reasons for it are as follows: First, teacher salaries are low. Second, more people have realized the importance of developing education. As early as over 100 years ago, classic Marxist writers had theorized the distinction between complex labor and simple labor and the distinction between the values created by them respectively. However, it is extremely difficult to define and reflect such distinction with the most appropriate quantitative basis in practice. Internationally, the wage standard of different laborers is conditioned by market regulation to a certain extent. A rise or drop in wages resulting from market regulation is a reflection of the value differential created by laborers. Therefore, in our examination of wage increase for teachers and intellectuals, it is appropriate to find out what is done in other countries. The way they reward their teachers may give us some insight on how to resolve our problem. Therefore, in our study we compare the standard of teachers' wages across the world.

II. How To Carry Out a Comparative Study

The first problem we encounter in such a study is that many factors are not comparable between one country and another. For example, the countries differ in levels of economic development, population density, and scale of education system. Moreover, there are marked differences between the currencies countries use to pay teachers and the corresponding buying power of the currencies. If we calculate the wages with exchange rates, we will encounter such problems as exchange rates not being able to fully reflect the actual buying power of a currency. For this reason we must find an objective indicator that allows comparison, namely, income index of teacher wages. It is defined as: teachers' average annual wage income as compared with the gross national product of the same year (or GNP). The formula looks like this:

Index of teacher wage income = teacher average annual wage income/GNP per capita for the same year

Average annual GNP per capita is an important objective index to measure the socioeconomic development of a nation. By using the value of teacher income relative to GNP per capita as a yardstick to compare international teacher wages, we can avoid the above-mentioned complexities and incomparable factors, and conduct direct comparison between the countries. At the same time, the index of teacher wage income can reflect the status of teaching as an occupation in societies with a certain level of economic development. It can also reflect the level of importance a state government and society attach to education and teachers. Finally, it will give us insight in our further studies of incomes for intellectuals.

III. How To Calculate the Index of Teacher Wage Income

The GNP and population of each country are listed in "World Tables" published by the World Bank and "Statistical Yearbooks" published by UNESCO. From the two groups of statistics we can calculate the GNP per capita. The "Statistical Yearbooks" published by UNESCO lists numbers of teachers for early childhood education, primary, secondary, and tertiary education for each country. From these figures we can arrive at the total number of teachers for each country. The total amount of teacher wages (salaries) can be obtained by calculating the percentage of recurrent expenditures for education spent on teacher salaries. With these two figures we can find out the average annual wages of teachers.

In order that the findings of our comparative study be more generalizable and more valuable for China's reference, we chose the average GNP value of the years 1980-1982 for our study. The data for these 3 years are relatively reliable and the years are more recent. However, some countries are absent from data for those

years. More importantly, data for major nations such as the United States and India are lacking. Therefore, we had to adopt some measures to make up for it.

We first did a trend analysis of the indices of teacher wage income in some typical countries over the years. We found them to be relatively steady. Usually there are no fluctuations in adjacent years. Therefore, we adopted some methods to make an estimate for countries whose data were lacking for the years under study. The assessed figures are usually not too far off.

India is a major country among low income countries. From our analysis of available India figures up to 1976, we found out that the index of teacher's income in India remained in the neighborhood of 4 and there has been a slight upward movement over the years. By 1976 it had reached 4.35, which was the highest until then. We estimated based on this trend that the index of teacher wage income for India in 1980-1982 was about 4.50. The United States is also a major country. Its index of teacher wage income for 1979 was 2.37. According to some sources¹, wage income for teachers in the United States has decreased. Their level has receded to the lower end of the occupation salaries. Therefore, we estimate the index of teacher wage income for the United States during this time period to be 2.2.

Of course, in our trend analysis of the indices of teacher wage income for typical countries, we also came across fluctuations in the index of teacher wage income for individual countries. This phenomenon appears more frequently among less developed countries. Also, the extent of fluctuation there is more drastic, the highest of which could reach 3-4. Moreover, the indices vary a great deal among less developed countries with similar level of economic development. For example, the index of teachers' wage income for Mali during this period is 14.23, whereas the comparable figure for Sri Lanka is only 1.30. However, it is clear that in general the indices of teacher wage income for both developed and less developed nations are relatively stable.

With the data obtained by the above-mentioned methods, we can proceed with further calculation by category and obtain the average figures.

IV. A Statistical Analysis of the Indices of Teacher Wage Income by Country Across the World

We calculated the indices of teacher wage income and average GNP per capita during the period 1980-1982 for 85 countries and regions (see Table 1).

Table 1

	Bangladesh	Ethiopia	Nepal	Mali	Malawi	Rwanda	Burundi	Somali
Index of teacher wage income	2.61	12.52	3.34	14.23	6.75	10.23	16.13	5.15
GNP per capita (US\$)	137	140	140	187	205	225	230	250
	Haiti	Afghanistan	Sri Lanka	Central Africa	Niger	Madagascar	Ghana	Yemen (Arab)
Index of teacher wage income	1.85	3.00	1.30	12.53	10.86	4.92	1.62	15.36
GNP per capita (US\$)	290	270	285	310	330	333	410	430
	Senegal	Lesotho	Bolivia	Liberia	Zambia	Honduras	Egypt	Thailand
Index of teacher wage income	11.24	5.19	2.46	4.75	7.09	4.76	3.75	2.26
GNP per capita (US\$)	440	510	580	530	600	607	615	743
	Philippines	Cameroon	Zimbabwe	Nicaragua	Morocco	Congo	Jamaica	Mauritius
Index of teacher wage income	1.57	4.61	9.29	3.53	8.38	5.55	5.69	3.28
GNP per capita (US\$)	755	780	783	840	877	1005	1040	1090
	Peru	Ecuador	Colombia	Tunisia	Turkey	Syria	Costa Rica	Jordan
Index of teacher wage income	2.28	3.92	1.94	4.66	2.66	2.32	4.36	3.59
GNP per capita (US\$)	1137	1270	1280	1373	1460	1530	1580	1576
	S. Korea	Malaysia	Panama	Algeria	Mexico	Portugal	Argentina	Yugoslavia
Index of teacher wage income	4.19	4.10	3.09	3.86	1.75	2.81	1.27	2.21
GNP per capita (US\$)	1710	1773	1920	2120	2203	2447	2520	2737
	Uruguay	Hungary	Venezuela	Hong Kong	Israel	Singapore	Trinidad & Tobago	Aman
Index of teacher wage income	1.41	1.29	2.85	2.50	1.54	2.71	2.83	1.85
GNP per capita (US\$)	2810	2850	3997	4790	4917	5193	5605	6090
	Ireland	New Zealand	Great Britain	Japan	Austria	Finland	Canada	Holland
Index of teacher wage income	3.66	3.25	2.23	1.77	1.77	1.68	2.62	3.62
GNP per capita (US\$)	5087	7570	8897	10016	10107	10423	10950	11397

Table 1

	Belgium	France	FRG	Denmark	Saudi Arabia	Norway	Sweden	Switzerland
Index of teacher wage income	3.56	3.10	2.13	2.16	2.43	2.06	2.35	2.42
GNP per capita (US\$)	11620	11867	13167	12950	13286	13465	14143	16960
	Kuwait	United Arab Emirates	U.S.	Italy	Cuba	Angola	Bulgaria	Czechoslovakia
Index of teacher wage income	0.56	0.86	2.2	2.19	1.23	6.66	1.63	1.88
GNP per capita (US\$)	19830	24215	13160	6840	1500*	1650*	2580*	2600*
	India	Guatemala	Botswana	Luxembourg	Togo			
Index of teacher wage income	4.50	2.6	4.2	2.85	10.54			
GNP per capita (US\$)	260	1130			395			

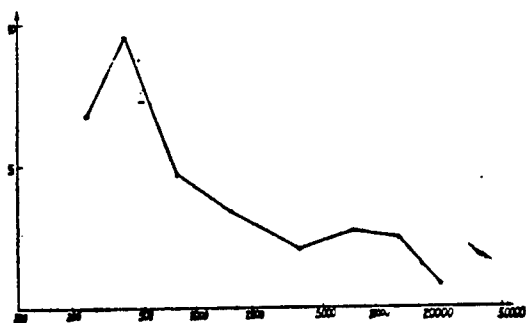
Remarks: *Estimated GNP per capita. Same for other tables.

To make the comparison more meaningful, on the basis of the statistics provided in Table 1, we group the GNP per capita of the countries into different categories to

examine the relationship between the average index of teacher wage income and the GNP per capita at each level, as illustrated in Table 2.

		Table 2 (in U.S. dollars)							
Level of GNP per capita	Below \$300	\$300-500	\$500-1,000	\$1,000-2,000	\$2,000-5,000	\$5,000-10,000	\$10,000-15,000	\$15,000-20,000	\$20,000-25,000
Index of teacher wage income	6.80	9.58	4.80	3.47	2.08	2.67	2.42	1.49	0.86

If we use the GNP per capita as the abscissa and index of teacher wage income as the ordinate, we can obtain the following graph:



The above graph shows a strong correlation between the index of teacher wage income and GNP per capita. The general pattern is that there is a disproportion between the two. This means that the more developed the nation, the lower the index of its teacher wage income; and the less developed the nation, the higher the index of its teacher wage income. The difference between the two can range from 1.5 to 9.5. Why is this?

The index of teacher wage income reflects the state of income of teachers at a certain economic level. Teacher income is a basic guarantee to ensure teachers' daily effective work, entertainment, and living. To guarantee

their minimum living standard and normal work, teachers must be given enough to provide for at least their basic needs. Since conditions vary with nations, different wage standards are set for teachers at different levels of economic development. In no case should it be lower than the basic living standard, otherwise teachers cannot perform their normal teaching work.

In addition, the level of index of teacher wage income also reflects to some extent the degree of popularity of education. If education is popularized, the teaching force is large and the state cannot provide high salaries for teachers. On the contrary, if education is not popularized, teachers are given a relatively handsome salary.

Therefore, that the index of teacher wage income to be higher in less developed countries seems to agree with the pattern. However, in the graph we can see that the index of teacher wage income in the below \$300 category is even lower than that in the \$500 category. This is also a normal phenomenon. Since countries in the below \$300 category are too weak, they must have tried their best to keep the index of their teacher wage income at the level of about 7. Precisely because of their poverty, it is particularly easy for the indices of their teacher wage income to fluctuate frequently. This can be explained by unstable state policies as well as unstable factors in their economic development.

In developed countries, the GNP per capita is very high. Also, teachers and intellectuals make up a larger percentage of their population. (In some developed nations

intellectuals account for 50 to 60 percent of the population.) Therefore, the total wage income of intellectuals must make up a relatively higher percentage of a nation's GNP. This is why developed nations cannot maintain a high index of their teacher wage income. It is usually in the region from 2 to 3.

V. On the Question of Teachers Wage Standard in Socialist Countries

The indices of teacher wage income for some socialist countries are listed in Table 3.

Table 3						
Country	Cuba	Hungary	USSR	Bulgaria	Czechoslovakia	Yugoslavia
Index of teacher wage income	1.23	1.29	1.42*	1.63	1.88	2.11

In Table 3, apart from the USSR, the indices of the nations listed are calculated from figures published in the UNESCO "Statistical Yearbooks." We have not been able to collect detailed data on the USSR. However, according to a report in PRAVDA on 6 April 1988, the average monthly wage for a worker in the USSR was 200 rubles. In addition, one of us visited the USSR in 1987 and was told that the monthly wage for a teacher in the USSR did not exceed 250 rubles. Usually teacher wages were only slightly higher than workers' wages. Based on these figures, we can estimate the average monthly wages of Soviet teachers to be between 220 and 230 rubles. If we choose the figure 230 rubles, the average annual wage of Soviet teachers would be 2,760 rubles. The per-capita national income for the USSR in 1983 was 1,945 rubles². If we use this figure to calculate the index of teacher wage income, the index of teacher wage income for the USSR is 1.42. However, national income and GNP are two different concepts. If the GNP of the Soviet Union is higher than its national income, then the index of Soviet teacher wage income will be even lower than 1.42.

The indices of teacher wage income of socialist countries are usually low. They are lower than the average international figure and much lower than West European figures. The socialist nations listed in Table 3 generally belong to the U.S.\$2,000-5,000 category. However, the indices of teacher wage income of those countries are far lower than the average international figures of the U.S.\$10,000 and U.S.\$15,000 categories respectively. In addition, compared with countries of the same level of economic development, the socialist countries' indices are lower too. To take the example of Yugoslavia which has the highest index among socialist countries, its index for 1982 was 2.11 and its GNP per capita was U.S.\$2,800. Portugal was at a similar level of economic development. (Its GNP per capita for the same year was U.S.\$2,450.) Its index was 2.98. This is a question that merits further study. It may be related to the inability of socialist countries to resolve the question of the status of intellectuals in the society and to their higher rates of accumulation. Of course, there may be another reason. The above-mentioned socialist countries may reward their teachers in the form of invisible subsidy. Due to the lack of data, we cannot include it in our calculation. If it

is included, the indices of teacher wage income of these countries may rise a little, but not considerably.

VI. Index of Teacher Wage Income of China

Substantial wage income of teachers in China has not been formally published in China. However, relatively definite data were provided in a report on "the dialogue between heads of the State Commission for Education and committee members of the Chinese People's Political Consultative Conference" in GUANGMING RIBAO on 1 April 1988. In the 9 years between 1978 and 1986, the average annual income of intellectuals had grown from 582 yuan to 1,368 yuan. In addition, according to a study by the research center of the Beijing municipal party committee, the average annual income of intellectuals in departments related to science and technology, education and culture, and health services in Beijing was 607 yuan in 1978 and it had increased to 1,115 yuan by 1985³. The average annual wage at cultural and education departments of Beijing in 1986 was 1,394 yuan⁴. In addition, according to our study of Beijing University, the average annual wage of faculty at Beijing University was 1,498.2 yuan. The figures were 1,614.56 yuan for the teacher of the secondary school attached to Beijing University, and 1,358.16 yuan for the teacher of the primary school attached to that university. (These figures include wages for basic duties and subsidies according to length of service. At the secondary and primary levels they also include an extra 10 percent for subsidies according to length of service in teaching.) The average figure came to 1,490.3 yuan. Of course, Beijing has a higher wage standard than other regions. However, these figures are rather close to those provided by the State Commission for Education. In China, intellectuals of all trades and occupations earn more or less the same wages. Teacher wages may be slightly lower than average, but not too much lower. Therefore, we can do some analysis with the above-mentioned data.

Assuming that in the 9 years between 1978 and 1986, the average annual teachers' wage had increased from 582 yuan to 1,368 yuan, we can easily calculate the annual increase to be 11.3 percent. In this way we can obtain the annual index of teacher wage income for those 9 years (see Table 4).

Table 4 (in yuan)

Item/Year	1978	1979	1980	1981	1982	1983	1984	1985	1986
Average annual income of teachers	582	647.77	720.96	802.43	893.11	994.03	1106.35	1231.37	1368
GNP per capita	367.88	404.05	439.57	463.20	492.93	542.93	622.66	794.59	887.24
Index of teacher wage income	1.58	1.60	1.64	1.73	1.81	1.83	1.78	1.55	1.54

A few words on the GNP per capita in Table 4: The GNP per capita for 1984, 1985, and 1986 were calculated from the total value of GNP and the population as published by the State Statistics Bureau. The GNP before 1984 was estimated with the methods adopted by Comrades He Zuoxiu and Mao Junqiang⁵.

Table 4 shows that the index of teacher wage income in China never exceeded 2 in the last 9 years. The peak was in 1983 when the index was only 1.83. However, Table 4 also shows that since the 3d Plenary Session of the 11th CPC Central Committee, the index of teacher wage income in China has been growing visibly, and the trend has been on the rise. However, after 1983, it fell. By 1986, it had returned to the 1978 level. This reflects problems in our educational development that merits attention.

Of course, since the founding of the PRC, we have been practicing the low wage system. On the one hand, wages in the form of currency are low. However, on the other

hand, fees for public facilities, such as water supply, housing, public transport, etc., are kept at low rates too. Basically the state provides invisible subsidies. (This means that which has not been included in the total amount of wages in the form of currency.) When we compare with other countries, the factor of invisible subsidies should be taken into consideration. Of the items of invisible subsidies listed above, housing is the most important. According to estimates abroad, housing accounts for a quarter of the total income in general. In the experimental housing reform introduced in recent years, state subsidy on housing is usually 20 to 23 percent of the wages. In order to conduct a meaningful comparison, we should include this item of invisible state subsidy in our calculation. Of course, not all teachers enjoy this invisible subsidy equally, but just let us assume that all of them do. If we include this invisible subsidy that comprises about 25 percent of the income, we can arrive at the average annual income of teachers and indices as illustrated in Table 5. What is listed there is clearly the ceiling.

Table 5

Item/Year	1978	1979	1980	1981	1982	1983	1984	1985	1986
Teacher average annual income (yuan)	727.50	809.71	901.20	1003.04	1116.39	1242.54	1382.94	1539.21	1710.00
GNP per capita (yuan)	367.88	404.05	439.57	463.20	492.93	542.93	622.66	794.59	887.24
Index of teacher wage income	1.98	2.00	2.05	2.17	2.27	2.29	2.22	1.94	1.93

Table 5 shows that the index of teacher wage income in China has been staying in the region of 2 in the past 9 years. It reached its highest in 1983, which was only 2.29. China is a developing country. In 1980-1982 its GNP per capita was around U.S.\$300. In recent years, it may have risen to U.S.\$400. The average index of teacher wage income in countries with the same level of economic development is 9.58, which is 4 times higher than the China figure! Compared with India which is in many ways similar to China, our figure is still 100 percent lower. The index of teacher wage income in India is around 4, and in 1976 it was as high as 4.35. Compared with developed countries, our index is low too. This is doubtlessly an abnormal phenomenon. The above comparison shows that the index of teacher wage income in China is far below the normal pricing range regulated by market economy. This is a potential sore in the development of our education. We must pay attention to it.

VII. The Development of Education Depends on Improving Teachers' Lives

Economic development hinges on developing education as a priority. The latter in turn hinges on improving teachers' lives. This has been the experience of many nations.

After World War II, it took Japan only 40 years to emerge from the status of a defeated nation to the second economic giant of the capitalist world. One of the reasons for this is the Japanese Government's constant emphasis on education and on raising the salary for teachers. In February 1972, the Japanese Diet passed a "bill to guarantee educational personnel" which aimed at guaranteeing a continuing supply of qualified personnel for the primary and secondary teaching force. It

stipulated with legislative means that primary and secondary teacher wages must be higher than state civil servants wages in general. By 1977, the wages of primary and secondary school teachers had grown by 30 percent compared to the 1972 wages⁶. They were higher than the general civil servants wages by 16 percent. In this way, teacher status was further raised and a great number of youth applied for admission to teachers colleges⁷. In Asia, South Korea has shown impressive economic development too. In 1982, the GNP per capita for South Korea was U.S.\$1,910. It belonged to the U.S.\$2,000 category. The average level for countries in this category was 3.47. For South Korea it was 4.81, or 38.61 percent higher than the international average. In 1976, 1980, and 1982, South Korea drastically raised teacher wages. The range was as high as 40 percent.

After World War II, the United States led the world both in its economic strength and science and technology, especially in the development of advanced technology. However, in recent years, it has been gradually declining from its superior position. According to some scholars, this decline is closely related to failures in American education. Statistical data from Michigan State University show that of the starting salaries of American university graduates, those in the category of education are the lowest⁸. In addition, a research report of the Carnegie Foundation for the Promotion of Teaching points out that in the year 1981/1982, the average starting annual salary for teachers with a bachelor's degree was U.S.\$12,368. In New York City, the starting annual salary of teachers was U.S.\$13,000, whereas for a taxi driver it was U.S.\$20,000⁹. Also, according to a survey in 1985, teacher salaries are generally lower than salaries of lawyers, accountants, engineers, chemical workers, computer analysts, postal workers, and civil servants. Some occupations in the United States only require upper secondary education attainment, but the salaries for these occupations are higher than those for teachers¹⁰. Therefore, there is a common phenomenon in the United States that after teaching for 5-7 years, more than half of the teachers quit their jobs¹¹. The findings of a North Carolina study reveal that those that did well in the national teacher examination are more likely to quit teaching after 5-7 years. Moreover, due to low teacher salaries, most parents do not encourage their children to choose teaching as a career. Loss of good teachers has led to a deterioration of the quality of the teaching force. This deterioration has affected not only higher education, but also scientific research and economic development. Many American scholars see this as a crisis impeding the future development of their country. However, in spite of the above problems, the index of American teacher wage income is lower than developed nations in general, but is still remarkably higher than that of China.

In 1923 Lenin expounded on the question of teacher status by elevating teachers to a very high strategic position. He pointed out that: "If we do not raise the position of teachers, we cannot talk about any culture,

proletarian culture, or even bourgeois culture¹². He also stated that: "We should elevate our people's teachers to an unprecedentedly high position, *which can not be higher even in the bourgeois society*. This is truth that needs no proof. For this we must carry out persevering work step by step to raise their ideological consciousness so that they embody qualities that match that noble title. The *most important* is to upgrade their *material living conditions*"¹³. (Emphasis by these writers) In 1923, the Soviet economy was in a period of great difficulty, but Lenin had the foresight about the future need of the proletariat. Certainly China's economic conditions today are better than the Soviet economy at that time.

However, concerning the raising of teachers' and intellectuals' wages, a view that seems to be "Marxist" has been popular in China for a long period of time. This view maintains that, according to the Marxist analysis of the value created by skilled and nonskilled labor respectively, the former is given a higher salary than the latter because the family has provided for the training to raise the skill of skilled laborers. However, in a socialist society, cost for this training is provided by the society. Therefore, in socialist society the skilled laborer has no reason to demand for a better salary. This argument seems to be "convincing" and "Marxist." In reality, it is a great flaw. A major contribution of Marx in economic theories is the distinction between the labor value created by labor power and the value of labor power itself. A capitalist may pay a laborer the entire value of his labor power so as to buy his labor power, and still exploit the surplus value. Socialism practices the principle of distribution according to labor. That is, wage income corresponds to the quantity and quality of labor. Wage income does not correspond to the value of labor power itself. Therefore, the view that wage income should correspond to the value of labor power (or cost) contradicts the Marxist view. It also contradicts the principle of distribution according to labor. It is actually "distribution according to the value of labor power itself." This view will be detrimental to both education and culture, and the development of the socialist economy.

The low wages of teachers and intellectuals has a rather long history. It is not easy to significantly change the situation. Many problems await resolution both in concept and in practice. China has to significantly raise teacher wages and improve the economic life of its teachers and intellectuals. However, under present conditions, study is needed before we can find out effective measures to gradually elevate teachers living to the average world level. We plan to write another article to examine this question.

Footnotes

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QIUSHI Holds Forum on Distribution Work
*HK2209072388 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 32*

[Text] This magazine held between 16 and 19 August a forum on distribution work. Participants of the forum included: QIUSHI's liaison personnel and distribution assistants in various provinces, cities, autonomous regions and the PLA General Logistics Department, and relevant responsible comrades from the publication bureau of the Central Propaganda Department, as well as the distribution bureau of the Ministry of Posts and Telecommunication.

At the forum, the representatives studied the "Decision" of the CPC Central Committee on the founding of QIUSHI, and made clear that the nature of QIUSHI is a theoretical publication of the whole party organized by the Central Party School commissioned by the CPC Central Committee. The founding of QIUSHI by the

CPC Central Committee is to conform to the requirements of reforms and opening up under the new situation, so as to conduct theoretical investigation and study, and to promote new development of Marxist theory. QIUSHI undertakes the tasks of studying and propagating the Marxist-Leninist theory, propagating the line, principles and policies of the party, conducting investigations on reforms, opening up and the experience of construction. The participants analyzed and studied the terms and methods about the distribution of QIUSHI, and confirmed that the magazine should further cooperate with the post offices and distribution departments so as to do well in the distribution of QIUSHI.

Comrade Su Shuangbi [5685 7175 4310], deputy chief editor of the magazine, said in his speech: Theory has a great influence on our party and the people of our country. Whether or not our revolution and construction will be successful depends mainly on whether or not our theory is correct. The question that the new China took a winding course after its founding rests with the fact that it had committed theoretical mistakes. Being the publication of the party, QIUSHI shoulders the task of propagating and developing Marxism-Leninism. In order to run this magazine well, however, we must have the efforts of the whole party in addition to the efforts of the editorial department. QIUSHI will serve reforms and the modernizations better if the whole party cares about it. On behalf of the editorial committee of the magazine, he thanked the participating representatives, various propaganda departments and postal and telecommunication departments for their great efforts on the distribution work.

Exploring the Reform of Land Management Structure in the Shenzhen Special Economic Zone
*HK2209013788 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 33-37*

[Article by Wang Ju 3769 3515, an employee of the Shenzhen People's Government]

[Text] Shenzhen took the national lead in implementing the practice of calling for tender and public auction of urban land in the second half of 1987. This has brought about rather strong internal and external repercussions. Shenzhen's practice and experiences have certain instructional value for the reform of land management structure in urban areas throughout the nation.

Reform of the Old Land Management System Is Inevitable

When the Shenzhen Special Economic Zone [SEZ] was first founded, the primary issue facing it was the grave shortage in infrastructure, and the tremendous investments involved in land development. Since the state provided the SEZ with only a policy but no investments, we reformed the land-use system characterized by indefinite land use without compensation, and collected land use fees, and fixed prices for land as investments of the

Chinese side in joint-ventures with foreign businessmen. Thus the land-use system characterized by land use with compensation for a definite period took shape. This reform pushed forward the development of the SEZ and the rapid formation of the city. However, the new measure continued to allocate land resources administratively, restricted land circulation, and rejected the market mechanism function. With the development of the commodity economy, the malpractices of this measure were keenly felt. First, because the land-use fees were rather low, and failed to embody the grade differences in rents; in addition, land management organs were incomplete and imperfect, and the acreage of land bringing in land-use charges was insignificantly small. This resulted in tremendous profits for land development corporations. The profit rate for the Shenzhen Development Company was generally above 40 percent, with every square meter bringing in a profit of between 152 and 402 yuan; but the government was deeply in debt and could hardly make ends meet. By the end of 1986, the government had allotted an acreage of 82 square kilometers, and borrowed 67 million yuan from the bank for infrastructure construction, while paying some 50 million yuan in annual interest fees. Whereas, the acreage involving land-use charges was only 17 square kilometers, with an accumulated income of only 38.48 million yuan, which was not enough to cover the annual interest charges for the government loan. Second, the land-use rate was low. The advantageous geographical position of Shenzhen, and the special policy the state allows it have resulted in the very high economic value of land in the SEZ. However, with the excessive low compensation for land-use, the more conspicuous the problem of: the more land occupied for one's use, the greater the benefits. Some plots of land were lying idle years after they were allocated to some units, while the precious land resources were wasted, and more often than not land was unavailable to some enterprises that were in urgent need. And third, the formation of the SEZ market system was impeded. The SEZ was an experimental site for nationwide reform. Since the founding of the Shenzhen SEZ, it has taken reform as its own responsibility, and successively opened a series of essential markets such as labor service, capital, materials, real estate, technology, qualified people, and information, and has gradually set up the basic framework for the new structure of the planned commodity economy. However, the real estate market was the only one that did not take shape, thus failing to form the broad spectrum reformative measures, while impeding, to a large extent, the operation of Shenzhen's economy in accordance with international practice. And fourth, unhealthy tendencies were encouraged. Cases of "backdoor" practice, and signing notes to grant favors were not infrequent; and cases of some individuals or units occupying public land at the state's expenses, and illegal building went on without paying attention to prohibitions. Besides, because of the lack of a unified and effective land management organ, there was no supervision over land use after it was allocated to some units, and sometimes

the land-use rights of some plots of land were not even clarified. It was keenly felt that a new solution to these malpractices must be found to manage state-owned land well.

In capital construction, Shenzhen has conducted a series of major reforms in recent years, such as the introduction of the competition mechanism, the implementation of calling for tender in design and building, opening the markets of building materials, funds, technology as well as labor service, turning building products into commodity, and implementing a unified planning, design, land-purchasing, building arrangement as well as the use of funds, thus creating the famous "Shenzhen rate" in construction with marked accomplishments. Generally speaking, however, Shenzhen's control over capital construction has not yet gotten rid of the original pattern of a planned economy, and maintained a kind of direct and microscopic project control. With economic development and deepening reform, such a practice could hardly continue. First, basic changes have taken place in investments. The state and government proportion in capital construction investments has been shrinking, while the overwhelming investments are made with the enterprises' own funds or loans. Based on the principle that "whoever makes the investment will take the responsibility and get the benefits," the government's excessive intervention in invested projects is obviously inappropriate. Moreover, the SEZ's market mechanism has already taken shape. As a result, materials, equipment, and work forces needed by investors are now available through the market, and there is no need to rely on government allocation. Under such circumstances, it would be impossible for the government to control capital construction with the old methods, thus prodding us to explore and to adopt a new way by changing project control into real estate market control. Land is indispensable to all construction projects, for houses are built on land. Illegal buildings are actually using land illegally. We could say that land is the "locomotive" in any construction project. Once the "locomotive" is controlled, it will not be too difficult to correctly implement city planning. It is necessary for us to stipulate the functional purpose and design essentials for any plot of land in its land-use contract, and we will gain the initiative in any construction project by controlling management. Only by doing a good job in land management will it be possible to achieve good order in controlling capital construction, and fall in line with international practice. This is the way to deepen the reform of capital construction.

Because of our theoretical misunderstanding of the relevant discussions of Marx and Engels for a long time, we believed: Under socialist conditions, rent no longer exists with the elimination of the private ownership of land, and no compensation was involved in the use of state-owned land, nor did it involve the economic mechanism in regulation and management. In fact, such an understanding is out of line with the original meaning of the founders of Marxism. In the *Communist Manifesto*,

Marx and Engels proposed "deprivation of real estate, with the rents spent on national expenditures." In the article "on housing," Engels pointed out more explicitly: "The elimination of the private ownership of land does not involve the elimination of rents, while requiring the transfer of rents—in converted forms though, to society. Therefore, the actual possession of all labor apparatus by the working people workers can by no means reject the maintenance of house renting and letting." The reform of the land-use system in the Shenzhen SEZ has, to a certain degree, reflected a comparatively correct understanding of the Marxist theory on rent. Is not the practice of the Chinese side becoming a shareholder by making an investment in the form of land as well as the call for tender and open auction of land-use rights in establishing joint-ventures with Chinese and foreign investments the realization of Marx's much discussed theory on land ownership in economy? Therefore, Shenzhen's practice is also bringing order out of chaos regarding an old theoretical concept.

The Basics and Practice of the Reform

What are the basics in Shenzhen's structural reform of land management?

First, adherence to the separation of ownership of state-owned properties and the right to use them. The ownership of state properties cannot be transferred, but land use rights can be transferred.

Second, intensifying ownership of state properties. The government is responsible for the management and organization of developing the "seven accessibles and one levelling" [qitong yiping 0003 6639 0001 1627]. State-owned land is no longer allocated by administrative means, but the transfer of land-use rights with compensation in certain leases has been adopted, with a land-use payment collected just once. The land transferred must be used as stipulated in city planning. The land-user must strictly follow the stipulations, and the government has the right to recover the land without compensation should the stipulations be seriously violated. When the lease is due, the land with all the building and additions on it will be returned, without compensation, to the government.

Third, circulation of land-use rights is allowed. Based on international practice, they can be transferred, transferred again, mortgaged, given as a gift, and inherited by legitimate heirs.

Fourth, to create a climate for equal competition in acquiring land. International practice is followed whether in land transfer or land use right transfer by adopting the ways of calling for tender, auction, and negotiation.

And fifth, the real estate market is placed under the direct control and regulation of the government. The government monopolizes the management of the first-level market that deals with the purchase of land-use rights. The second-level market deals with the transfer of land-use rights. The new assignee will take over all rights and obligations of the releasor, namely the former assignee, and the government "recognizes the plot of land concerned only, but not the users." Generally speaking, this is the implementation of managing land-use rights as a commodity in line with the law of value and the law of rent under the premise of separation between the ownership of the state-owned land and the land-use right. This will invigorate the circulation of real estates, and help shape the real estate market, while guaranteeing the full realization of land-use rights in the economy. Hong Kong's experiences are referred to in this reform; however, its practice is not totally copied. For example, to encourage the rational circulation of real estate, we have implemented a low-price policy. Hong Kong has confined the practice to the transfer of "developed land" [shu di 3578 0966], while we do not discard the transfer of "undeveloped land" [sheng di 3932 0966.] Hong Kong's land leases are usually for a maximum of 75 years, while our longest one has a 50-year ceiling. Regarding the transfer of land-use rights, the Hong Kong Government has stipulated that the transfer is sanctioned only when all buildings are completed. We are more relaxed on this point; it will be sanctioned so long as 25 percent of the total investment is completed.

In specific practice, we have paid attention to handling the following issues well:

1. On the choice between the three ways of transfer.

All three ways of transfer, namely open auction, calling for tender, and negotiation fall into the category of the market mechanism, and are capable of providing land-users with equal chances for competition. Open auction means bidding at an appointed time and place for some plot of land, and it goes to the highest bidder. This is determined by market competition, and is suitable for certain land-users with high profit rates. Calling for tender means the relevant land-users enter their bids in written form, while the government takes comprehensive consideration of the prices offered, their design plans, and the reputation of the enterprises, then determines to whom the plot of land will go; it is not necessary that the highest bidder will get the land. The government will have greater flexibility in selection, which is suitable for land use for the construction of some major projects. Negotiations mean negotiating over a specific plot of land and its price between the land-user and the government, with the latter sanctioning the land-user's application for a specific plot of land. This is suitable in cases where a reduction in land price or free use of land is involved, such as municipal work, land for public welfare undertakings, land for government organs and army units as well as key industries of the SEZ, to which priority is given in support and development.

We believe that it is necessary to do a good job by flexibly applying these three ways. Perhaps negotiation applies to the bulk of the transactions at present. True, open auction will increase government revenues, but the difficulty involved in controlling land prices will be greater, as compared with calling for tender or negotiations. Moreover, the economic capacities of land-users vary, and it is not necessarily helpful to make auction the key. While implementing auction and calling for tender on a trial basis in the second half of 1987, we continued to lease two plots of land for industrial development and an office, with a 30-year, and a 50-year lease respectively, through negotiations. In 1988, five square kilometers are being developed as planned, of which two square kilometers will be supplied to land-users, and most of the land will be leased through negotiations.

2. On the time limit for the transfer of land-use rights.

At first, we considered Hong Kong's practice of sanctioning the 75-year ceiling on land leases to be favorable to attracting foreign investments. On second thought, we came to the conclusion that Shenzhen's economic development could not hold a candle to Hong Kong's, and its real estate prices could only be lower than Hong Kong's. Moreover, Shenzhen's real estate prices will certainly go up; the longer the lease, the less favorable it will be to the government. Through repeated studies, the time limit was set at 50 years. Such a practice is feasible. Because, 1) from the angle of depletion, generally it takes 40 years to go through the whole course, by then the value of the buildings on the land will have been reduced to naught; the recovery of the plot of land will not involve any loss to the landlord, or the land-user; and 2) roughly speaking, the effective years devoted to business in anybody's life span will not exceed 50 years. We did solicit the opinions of Hong Kong experts, and they agreed with our conclusion that a 50-year ceiling is suitable. The 50-year lease is mainly applied to land for residential purposes, while the land lease for other purposes may be shorter, depending on the individual conditions.

3. On fixing land prices.

Generally speaking, we are implementing a low-price policy for land for two reasons, first, to attract investments; and second, to be suitable to the economic capacities of the SEZ. Our focus in importing foreign capital is to develop industry. Therefore, land prices for industrial uses should be lower than those for residential purposes. There are various ways of fixing the price of land, and what we have adopted is the "residual method," namely, the price for a plot of land equals the value of housing properties minus the cost, average profits, taxes, and interests. We believe that this method is simple in operation, since it will not increase the enterprises' burden, because only the excess profits out of the land factor in developing the enterprise will go to the government, and it involves only the redistribution of the national income. It should not lead to a price

increase in real estate. On 1 December 1987, the Shenzhen Government auctioned the land-use rights of a 8,588 square meter plot of state-owned land, with a 50-year lease. Forty-four enterprises registered in Shenzhen (including nine in the category of "three kinds of foreign-funded enterprises") participated in bidding, finally, the Shenzhen SEZ real estate company acquired the land-use right of this plot of land with an offer of 5.25 million yuan. This company made the highest bid based on the calculation that houses built on this plot of land will be marketed at 950 yuan per square meter, with a 10 percent profit. Their calculation largely fell in line with ours.

4. How to handle land in the category of administrative allocation prior to reform.

Land in the category of administrative allocation prior to reform is as voluminous as it is complicated, and must be handled appropriately. Our implementation is "old policy for old land, new policy for new land," and the implementation of the old policy will gradually transit to the new. But how? The "Shenzhen SEZ Regulations on Land Management" stipulates: "The land-use contracts signed between land-using units and individuals with the city government and authorized departments prior to the promulgation of this document remain effective; however, they should register their land-use rights of state-owned land, while the city bureau for state-owned land management will determine the time limit for land use and the standards for land-use charges based on different trades and operational items." The practice of land-use without compensation falls into the category of old methods; however, making explicit the time limit of land use, and returning the land to the state is based on the requirements of the new policy. If those units concerned want to transfer their land-use rights with compensation, they must pay the prices for the land concerned. The "regulations" have also made explicit stipulations on that point.

Some Issues Awaiting In-Depth Exploration

The transfer of land-use rights with compensation, a new thing, has already shown its great vitality, while pounding at all old concepts, old structures, and old rules and regulations that are unsuitable and reveal a series of contradictions. Experiments have already posed many new questions as to how to spread reform smoothly in an all-around way. However, experiments were conducted within a limited time and space, it is rather difficult to clarify the internal relationship of every link and their interdependence as well as mutual restrictions with other things. The in-depth explorations of these issues are the pressing tasks of Shenzhen as well as relevant departments and experts throughout the nation.

1. On the broad reform of the transfer of land-use rights.

The structural reform of land management is systematic, requiring corresponding reform in the administrative departments in charge of capital construction, planning, housing management, finance, industry and commerce, and the law.

Regarding the capital construction procedures, in the past it was "first determining the building of a project before a plot of land is allocated" then determining the nature of the project, and now it is reversed. Therefore, relevant departments must undergo reform: First, the conditions of supply without a plan in land development must be changed, and land will be supplied based on the long-term and annual plans formulated by state-owned land management departments. Second, those who have acquired land-use rights through competition will go over the registration procedures at the planning department for their projects, while planning departments have no need to deliberate about the projects themselves. And third, planning departments will control the whole basket of capital construction investments and investment structures, with a certain flexibility to meet the changes in the real estate market.

To spread the transfer of land-use rights with compensation, it is necessary that first, planning be done ahead of schedule; second, it must be detailed; third, the work method must be changed; and fourth, its comprehensive coordination must be strengthened. Should planning lag behind, it would be impossible to conduct a land auction and call for tender. Should planning be too general, development enterprises would find it impossible to bid for the land. When the function of comprehensive coordination is strengthened, building units will not have to beg for favors everywhere, while greater efficiency will be achieved.

Implementation of the transfer of land-use rights means the opening of the land market. Hence, the surfacing of a new problem: Should the real estate market and land market be managed by housing departments and state-owned land management departments respectively? I believe the two markets should be combined under unified management. As is known to all, real estate marketing is accompanied by the transfer of land-use rights, and vice versa, the marketing and transfer of land-use rights are invariably for construction. Therefore, at the initial stage of the reform, we explicitly proposed: The real estate operation and management must be unified, buildings are subordinate to the land, and land management is in essence real estate management. Thus, clarifying the fact that land management will eventually bring about real estate management. The state-owned properties management department should have primary responsibility for the real estate market, while other departments should actively cooperate with it.

The implementation of the transfer of land-use rights requires banks to allow land-users to mortgage land-use rights. Most real estate development companies in the world rely on bank loans to carry out real estate development. In the volume of bank loans for real estate

development in Hong Kong, which is economically developed, is 31 percent. As the land-use right is acquired only after the land-user has spent a certain sum of money, the right itself stands for a certain amount of currency, and is practically an absolute right to properties. It is perfectly all right to obtain this kind of mortgage. In spreading the implementation of the transfer of land-use rights, it is unnecessary to require Chinese and foreign enterprises or individuals to acquire legal entities status in Shenzhen first (of course their credit-worthiness should be examined). Industrial and commercial administrative departments may allow their registration when they win the competition.

In addition, it is necessary to set up organizations to render consultation services, arbitrate, conduct real estate transactions, and to make complete and perfect relevant laws.

2. On the enterprise's burden.

Under the old structure, the excess profits from land are included in the enterprise's managerial profits because of land use without compensation. Therefore, the excess profits from land recovered by the government will not increase the enterprises' financial burden. However, since the price system has not yet been ironed out, land value is not entirely included in product cost, and land allocation is irrational, with some enterprises occupying excessive land, one of the purposes of our structural reform in land management is to find a solution to these problems.

Shenzhen's land auction in 1987 brought in an average of 611 yuan per square meter, the ratio between the acreage and constructed floorspace was 1:1.7, thus the land price in terms of every square meter of constructed floorspace was 360 yuan, the land price plus infrastructure investments accounted for 55 percent of the market prices of residential buildings. In other words, the unit prices for residential buildings accounted for 45 percent of the market prices. That was basically similar to the actual formation of the current prices for commodity residential buildings. The land-use charges collected by the government were actually the excess profits originally belonging to enterprises in their development, but not their profits from normal operation. Hence, the enterprises' burden did not increase. These excess profits should have belonged to the government, now they are only returned to the rightful owner. This practice urges enterprises to improve their operation and management. To be economical and rational in land use and to give full play to the economic results of land is helpful to enterprises as well as the whole society. Regarding some enterprises that need support, we will implement the policy of allowing them a standardized, and fixed amount in reductions, exemptions, or delays in payment.

3. On land speculation.

Speculation is a universal phenomenon in a commodity economy. Since profits are allowed in real estate management, speculation is its inevitable twin. There is no need to intervene with, and restrict normal operational activities; as for those speculators who have taken advantage of the loopholes in reform, forcing up land prices, or charging excessive rents for land or houses, they must be firmly stopped. Shenzhen has stipulated that, the condition for the transfer of land-use rights is that apart from land-use payment, 25 percent of the total investment must be made. This will avoid pure land speculation. When land-use rights are transferred, we stipulate that a transfer fee be collected, and the excess profits of land-users from the increase in the land value other than management should go to the government. This is also a specific measure to prevent speculation. The enterprise's income tax rate in the SEZ is fixed at only 15 percent. This has made it even more necessary to collect charges for the transfer of land-use rights. How will land appreciation be determined before the land price assessment system is implemented? This can be done through analysis and calculation of real estate prices, with the rational profit for house marketing fixed at 15 percent. The excess profits will be regarded as land appreciation, while charges for the transfer of land-use rights will be collected based on a progressive tax rate. The yardstick of 15 percent may not be accurate, but part of the land appreciation will go to the government, and will, to a certain extent, restrict speculation. The second-level market for the transfer of land-use rights is the key to invigorating the entire real estate market. The plots of land which the land-using units or individuals have obtained from the government are not necessarily for their own use. If these plots of land are not allowed to be transferred horizontally with compensation, the first-level market will not thrive. Of course, the more open the second-level market is, the greater the need to strengthen control. As long as legislation is complete, and measures are effective, a condition in which the real estate market is not rigid while being kept under control, and is invigorated without landing in confusion is entirely possible.

4. On how to control land prices.

Land prices are a thermometer reflecting comprehensive social and economic conditions. With economic development, the increase in land prices is an inevitable trend. Hong Kong's prices of land other than that for industrial use went up by 42 times in the 2 decades between 1959 and 1979, land prices for commercial use went up by 130 times, land prices for residential use went up by 80 times. Regarding Shenzhen, because of economic readjustment a few years back, real estate development enterprises found it satisfactory when apartments could be marketed at 500 yuan per square meter. Now the economic situation has turned for the better; the same flats are unavailable even at 800 yuan or 1,000 yuan per square meter. The increase in real estate prices in Shenzhen is actually the increase in land prices.

To prevent land prices from going up and down drastically as in capitalist countries, we will supply land in a planned way, and practice monopoly and control over the first-level market. When a drastic increase in land prices is on the horizon, the government will supply more plots of land to keep land prices under control; vice versa, the government will tighten supply, and prevent land prices from falling. Besides, land prices will be kept under control through negotiations, calling for tender, and auctioning with flexibility, with different land-users.

'Let the World Know About the Long March'—In Praise of Salisbury's Persistent Spirit
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[Article by Qin Xinghan 4440 5281 3352 and Bu Aohai 0592 7663 3189 of the Military Museum and the PLA Publishing House]

In the two years or so since the book *The Long March—the Untold Story* by the famous U.S. writer Harrison Salisbury first appeared, it has been published in tens of countries in Europe, Asia and America. The Chinese translation of this book (translated by Guo Jiading [6665 1367 7844], Cheng Zhenqiu [4453 6966 3808] and Zhang Yuanyuan [1728 2266 6678] and published by the PLA Publishing House in 1986) has, in China, where the Long March took place and where the participants in the Long March lived, gone through rigorous examination and has been affirmed as being a book which "quite vividly approaches the true historical features of the Long March." It has been widely welcomed by young, middle-aged and old readers in the literary and historical circles and in the party, government and the military. Some Long March veteran fighters have called it "necessary reading for children in understanding and studying history" and many young people consider this one of their treasured books.

Why has a literary work, which was written by a foreigner, and which is a true record of an event in China's revolutionary history, achieved such success and even "gone ahead of Chinese works of the same type"? At the same time as people admire this work, they inevitably ask this question.

Undoubtedly, the author has profound artistic abilities. Some people also say that because the author is a foreigner, in writing about Chinese things, he has more creative freedom and is less subject to publishing restrictions. Also, on the subjective level, there are not so many restrictions. This is an important reason for the book's success. We believe however that there is more to it than this. From our contact with the author and from the great efforts he has put into his book, we feel that he was examining and thinking about the Long March in the great trend of the historical progress of the world and of mankind. He relates and compares the Long March to many important events in the modern history of the world and comes to the conclusion that "the Long March

is matchless in the history of human activities" and was "a great human epic which tested the will, courage and strength of the men and women of the Chinese Red Army." "It will become a monument to human steadfastness and fearlessness and will long be handed down in history." If we want to understand modern China, we need to understand her starting point and return to the Long March. These were the key years. China is now engaged in a new Long March—that of carrying out modernization. This is also a great event of world-wide significance and is related to the Long March. Thus, he vowed that he would "let the world know about the Long March" and believed that "reading the story of the Long March will enable people to again recognize that when man's spirit is aroused, its power is infinite." It should be said that the author's deep sense of history and sense of reality about the Long March was the starting point and source of strength in his writing of this book. The persistent spirit which was produced by this was a more important reason for this book being able to achieve great success.

Salisbury's persistent spirit in writing *The Long March* truly elicits admiration. Many people say that when he was writing the book, he showed a "Long March spirit" and such statements are not exaggerations. The writing of a major historical epic in general needs at least 3 to 5 years and more likely 8 to 10 years. However, Salisbury's *Long March* required, from the initial idea to completion, a full 48 years.

In 1938, Snow's *Red Star Over China* was published in the United States and it was thus that the 30-year old Salisbury first heard of the "Long March". He was "deeply moved by the noble goals and ambition to save the nation" of the Long March fighters and their leaders as well as "their hardships and spirit of sacrifice," and he felt "great emotion." From that time on, he remembered Snow's words "Some day, someone will write the full epic of this exciting expedition," and he developed a great interest in the Long March. In the latter part of World War II, when he was a military correspondent in Moscow, he found out many new things about the CPC, the Eighth Route Army and the liberated areas from Snow and Anna Louise Strong. This increased his desire to go to China and he predicted the victory of the CPC in China. He wanted to go and have a look at China's liberated areas but he could not get the approval of the country he was in. In 1949 New China was established and he again applied to visit China.

However because of the enemy relationship between the two countries, even though he applied for 2 years, the application was not approved. At that time he thought: "Who knows how the situation might change? Let's wait and see!" On the one hand he waited and on the other hand did all sorts of preparation. He could not enter China itself so he would observe it from abroad. Using the convenience afforded by his profession, beginning in Hong Kong, he proceeded to go to the southeast, then to the northwest and then to the northeast, completing a big circle around China's borders, on the basis of which he wrote *Around China*. He waited thus for 20 years. In 1972, following the beginning of the normalization of Sino-U.S. relations through 'ping-pong

diplomacy', Salisbury first set foot on Chinese soil. When Zhou Enlai met him, he said "You have been kept waiting a long time." Salisbury was not upset about that and he straightforwardly told Zhou Enlai that he wanted to write a book about the Long March. At that time, Snow had already died and Salisbury had determined to realize Snow's unfulfilled wish. Zhou Enlai did not provide a reply to the request. In the diplomatic arena, failure to answer means that one does not agree. Salisbury felt greatly puzzled by this and asked "Could my request have been wrong?" Later, he understood that that was the period of the "Cultural Revolution" and nearly all of the Long March veterans had suffered misfortune. It was impossible to even think of writing the truth about the Long March at that time.

As direct visits and interviews were impossible, he used indirect methods and from 1972 to 1980 he came to China on repeated occasions. He visited many places in the northeast, the northwest, Inner Mongolia, the southwest and even remote Tibet, travelling with the status of observer and journalist. Thereby he came to know much about China's situation and modern history materials. When his good friend Service arranged for them to go together to the Three Gorges on the Changjiang, he flatly said: "If I go, I want to follow the route of the Long March." He had, from all corners of the globe, gathered all the books and articles, written from different viewpoints, on the Long March in China. At the same time, he constantly paid attention to the changes in the situation in China. In 1983, he saw news that another U.S. journalist Hanson had entered China and had followed several sections of the route of the Long March. He was overjoyed and thus he launched another diplomatic offensive. He wrote a letter to everyone he knew in China, and also the ambassador in Washington, saying: "If Hanson can go, I should be able to go!" How pleasantly surprised him was that, perhaps before the letter had reached Washington, he received a telephone call from the Chinese Embassy telling him "China invites and welcomes you to travel along the route of the Long March." This news greatly excited Salisbury but caused his wife Charlotte to become worried. She had always supported his "long march," but when he was really about to achieve his aim, she was hesitant. She considered that her husband was now 75 years old and had a heart condition and that she herself was already 70. "A Long March? A 6,000 mile journey through China's poor and remote villages, following the path of the year-long Long March undertaken by the Red Army along rugged mountains paths between 1934 and 1935? Our children would say: 'You're joking'." "If we did not handle it well, it would mean our end, and a very uncomfortable end at that." However, she did know that her husband's determination would not waver and he would go even if he had to go by himself. She understood that the "Long March" was the most important trip in Salisbury's life and that "rather than risk letting him go alone, it would be better to accompany him and help and look after each other!" Thus, they cancelled plans for Italy, left other work and in the spring of the following year arrived again in China, to carry out the 25,000 li "Long March."

Salisbury's spirit of persistence was manifested in the whole process of the "Long March" visit and his writing. He often dispensed with modern transport and sometimes did not even ride a horse. He preferred going on foot, personally trekking the mountains and valleys and striding across valleys and through passes, so that he could experience the arduous experiences of the soldiers of the Red Army in those years. In crossing the Luding suspension bridge across the Gaoxuan River, even strong and robust people go weak at the knees and get dizzy. However, nursing an illness, he went across the whole bridge. When they reached the peak of Zheduoshan, a snow-capped mountain of over 4,000 meters, he jumped out of the car in order to feel the cold and lack of oxygen at that high altitude and to experience what it is like to be in the snow-capped peaks.

When travelling through the grasslands, he experienced the irregular and unpredictable weather with rain, winds, snow and hail and also wanted to experience the swampy mire which had been a trap for the soldiers. The most dangerous time was the 70-plus kilometer march from Tongan to the Jiaoping crossing on the Jinsha River and back again. Here the terrain is treacherous, the paths weave through the peaks and sometimes there is no path at all. Although it is a well-known crossing, and the Red Army fought an intense battle here, there had never been arrangements made for foreign guests to come here. When Salisbury heard this, he still said he must go there, saying that he wanted to be the first foreigner to go there. We were firm, but in the end had no option but to make the plans. The car was sent to the bottom of the mountain. Wearing a straw hat and carrying a staff, he walked up the mountain, crossing 1,000 meter peaks in order to see the site of the battle in those years, passing endless craggy stones and cliffs. Later, we forced him to take a rest on a stretcher, but soon after he wanted to ride, so that he could be clearer about the surrounding geography. After struggling back on to the horse, even he had to admit that he was a bit "stubborn." With apologies and without any arrogance, he said: "We of my generation have eaten bitter fruit from our stubbornness, but the advantages which have accrued from such stubbornness far exceed the bitterness which has resulted. It is precisely because of my stubbornness that I have been able to go to places where many other people have been unable to go." Unexpectedly, that evening his illness recurred, his chest was tight and he had difficulty breathing. We were extremely worried. His wife wiped away her tears and was concerned that her prediction about "an uncomfortable end" was close at hand. His good friend Service sighed: "A noble ideal will be shattered by this and will become a life-long regret." However the stubborn Salisbury did not say a word, just lay there quietly, as if "stubbornly" confronting his fate. He hoped that this was just a problem with his pacemaker and not a heart attack. However, a Chinese doctor with a doctorate and his own doctor in the United States were telephoned and they both diagnosed that due to his excessive tiredness and loss of water the heart was supplying insufficient blood, that the blood was lacking in oxygen and that there was nothing wrong with the pacemaker. Thus, he had no option but to listen to and follow the recuperation instructions. After a week of treatment and

recuperation, as soon as he had recovered, he rapidly crossed the Dadu River and continued north following the footprints of the Red Army.

This experience became the most valuable part of the author's visit. One evening when he was at a banquet, and he raised his glass in "a toast to the Red Army," he said: "Those two days were the most unforgettable part of this Long March. Only by walking such a route and only by suffering some difficulties was it possible to understand the greatness of the Red Army's Long March." His wife said that those two days seemed like 200 days.

Salisbury also maintained a determination to go to some backward and even completely run-down areas. His aim in this was to be able to write a real, objective report. The 24th chapter of the book talks about the Zhuokeji native office yamen, the site of an important meeting on the Red Army on the Long March. He let out a deep sigh: "Hell, that native office yamen is already half in ruins and has become a chicken roost and pig-sty, and the carving and decoration is nearly all gone." The author did not only talk about this in the book. Rather, after completing the visit and returning to Beijing, the author and his wife earnestly put their ideas to the then party general secretary Comrade Hu Yaobang. They proposed that the party central committee take charge of the matter and restore and protect this significant building, and not let it fall down. When they visited Yanan, the sacred site of the revolution and saw the changes in the appearance of the city, although they were very happy to be there, they noted: "Several decades ago, Yanan was still a small city dedicated to Mao Zedong and the history of the Red Army. Today it is a bustling, unappealing industrial city. This is not good at all." They believed that "all these industries could be moved to other places, so that Yanan can become a real Red Army museum." The feasibility of these proposals will not be discussed here, but the warm love of the author and his wife for the Red Army and the Chinese Revolution came from the bottom of their hearts and was fully shown through their words!

Salisbury was persistent in digging as many facts as possible out of those people he interviewed, and also all the anecdotes they had. Before he set out, some people said that as the Long March had occurred 50 years ago and more than half of the Long March leaders were already dead, it was too late for a foreigner to go looking for interviews. However, Salisbury firmly believed that: "I will certainly be able to find more and newer materials than Snow was able to find."

In order to achieve this aim, in his interviews he asked very detailed questions and sought out the roots of the matter. As he himself said: "I asked the Chinese all the difficult questions I could think of and time and again I verified historical materials until I had the facts straight."

He had done much preparation and many years of research for the Long March visits and interviews and had in hand many foreign materials on the Long March. Some of these were true, others were false, some were right and others were wrong. What new threads were there? He wanted to come to China to verify them, to seek the truth. These items in question included minor matters such as whether the Red Army, on reaching Maotai, used Maotai wine to wash their feet, and whether Li De [Otto Braun], through his fondness for drink, actually remained drunk for 7 days; and major matters, such as differences and struggles in the leadership strata of the CPC prior to the Long March, including whether at the time of the Ningdu Meeting, Zhou Enlai had really disagreed with Mao Zedong's punishment of dismissal. As to the first question, he first asked in Maotai, but was not satisfied and sought the answer in many places. He finally got an explanation which cleared up his doubts from Comrade Wu Xiuquan, who was the interpreter for Li De in those days. As to the latter question, he carried out long discussions with those people he interviewed. It was only after a leading central committee comrade showed him the relevant text from the original records of the Ningdu Meeting that he was convinced and wrote: "When the Ningdu Meeting began, Zhou Enlai was not at the meeting. It was only when it was proposed that he be allowed to take up the post of political commissar of the First Front Army that he was called back from the front." He also recorded the original text of the meeting's report: "Because Comrade Zhou Enlai has insisted that Comrade Mao should take on responsibility for the fighting ... Comrade Mao's request for temporary sick leave has been finally approved; and at the necessary time, he should go to the front." This is a note to the main text. There were some other similar questions and he received satisfactory answers to all of them.

Some major components in Salisbury's persistent enquiry was why the Red Army went on the Long March and where the secret in the success of the Long March lay. On the external reasons, he did not need to ask much about the situation of the enemy at the time, Jiang Jieshi. The focus of his digging was the earliest origins of the decision of the CPC Red Army leaders to proceed on the Long March. He investigated how Li De had come to China, and how, after entering the Soviet area, he became overlord, and other such questions. Thereby he was able to become clear about the failure of the Red Army in opposing the "encirclement and suppression" campaigns and the switch to the Long March. And Mao Zedong's efforts at that time revealed the secret by which the Long March changed from a failure to final victory. He also saw the mistakes Mao Zedong made after the founding of New China, especially in his later years, causing China to sink into great difficulties, and how Deng Xiaoping, the "little chap who can never be knocked out," has put China on a completely new road. Thereby, he firmly links together the Long March of those days and the reality of today's China and then asserts that the CPC, which went through the arduous difficulties of the Long March, will indeed overcome all the difficulties on the new Long March and again realize success. In the foreword to the Chinese edition, he declares: "The conclusions and explanations of the Long March are my own." "The author is responsible for

the viewpoints and conclusions put forward in this book." However, the full materials and tight logic provided in the book confirm the correctness of the conclusions he arrives at.

The spring of China's reform and opening up has already arrived and will long remain. It not only welcomes foreign writers, but even more embraces Chinese writers. By adopting Salisbury's determination in persistent seeking, it will not be difficult for China to produce its own epic works.

Fishing Without Lowering a Line

HK2809130188 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 p 41

[Picture by Xu Jin 1776 6651 and poem by Li Xia 2621 0007]



[Text] It seems funny but it really is not,

That fishermen are not really interested in the fish.

The skill of fishing lies above the water—

The idea is to keep your rivals tied up.

I know very well that I am no good,

But you should not show off too much.

If I cannot do it one way I can always try some means else.

I do not even have to pretend I know the game.

Why is it that I can gain so much?

Well, the reason is that no one bothers to check the results.

Roundup on Discussion Meeting on Reform of the Ideological Management Structure in Our Country
*HK2209070188 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 42-43*

[Article by Chen Huaipeng 7115 2037 7720 and Qian Xiaochuan 6926 1420 1557]

[Text] Recently, the political theory department of QIUSHI, the Chinese youth research society for socialist reforms, the editorial committee of "Series on Transforming Cultural Concepts," the research society on the history of socialist thoughts, the theoretical department of GUANGMING RIBAO, and the Marxist-Leninist thought institute of the Beijing Teachers' College jointly held a seminar on reforming the ideological management structure of China. It was participated in by more than 50 theoretical workers from propaganda, education, press, and publication circles. They held a heated debate on the current problems concerning and ways of reforming China's ideological management structure. Their main points are summed up as the following. I. On Ideological Contents

The participating comrades proceeded from different points of view and expounded their ideas on ideological contents. They were mainly: (1) Ideology can be divided into macroscopic and microscopic levels. Macroscopically, it includes thoughts, culture and so forth; whereas microscopically, it is limited to principles of thoughts, propaganda, education and so on. (2) Ideology refers to the common understanding, that is, the unified understanding, of society. It is the ideological concept and theoretical system that stimulate, mobilize and inspire members of every social strata to devote themselves to a common cause. Besides, it maintains coalescence among various social strata. (3) The so-called ideology mainly includes three parts: the first one is the ideological system, which mainly includes the world outlook and methodology which provide people tools for understanding the world; the second one is the system of value, which gives people the value standards or the measure of value for judging whether an event or matter is good or bad; and the third one is the system of action, which through the formulation of policies, turns thinking into actions. Ideology is different from political thoughts. While a political thought is a kind of ideology in this context, it may be just another kind of political thought. For instance, Marxism is an ideology among socialist countries and at the same time simply a political thought in European and American countries. (4) There is the software part (ideological theory and the system of concepts about value) and the hardware part (system, norms and facilities) in the realm of ideology. (5) The realm of ideological is divided into three aspects, namely the contents, system and methods. Contents here refers to a particular system of thinking instructed by others, which is often linked to a particular social class. System here refers to a set of management organizations, as well as rules and regulations, established for the sake of helping a particular ideological contents influence the

whole society. Method here refers to these organizations as well as the techniques, operations and means of implementing the rules and regulations.

Some comrades held that the ideology of society should not be divided though its political thoughts and academic thoughts were undoubtedly diversified. Some held that the existence of diversification in the nature and human society were an objective fact. Being a manifestation of its objective existence, ideological should of course be another diversified system. Each community, class, nation and so on may have its own ideology. Therefore, ideology can objectively be diversified and varied. Comrades sharing the same view held that the phenomenon of diversification of ideology conformed to China's actual situation and showed the direction of development. In the wake of intensifying the development of reforms and opening up, our economy, marked by varied forms of ownership, has developed social communities vested with different interests. For a long time in future, we shall maintain the capitalist system in Hong Kong, Macao as well as the reunified Taiwan. Such diversified socio-economic structure will inevitably manifested by a diversification of ideology, which will exist for a long time during the preliminary stage of socialism. Diversification is by no means the multi-nuclei development or parallel development. It refers to development in the form of mutual collusion, penetration and competition by diversified forms of ideology, in which there must be an ideology that plays a leading role and forms the common understanding of society. In the past, we neglected the objective rules of development in the form of competition among diversified forms of ideology. As we upheld the practice of "advocating proletarians and eliminating capitalism," and strived to monopolize the ideology by means of administrative means. Consequently, our efforts ended to no avail, and the initiative of various areas was hampered.

II. Problems in China's Ideological Management Structure

The participating comrades held that China's ideological management structure was derived from the propaganda and education management structures dating back to the times of revolutionary wars. They played a significant role in the past. For instance, we should take a positive attitude toward them as they promptly mobilized the masses to devote themselves to the country's construction, and promptly implemented the intentions of the party. Meanwhile, we should thoroughly understand that China's ideological management structure conforms to its traditional planned economy and product economy, as well as the corresponding and excessively centralized political structure. In the wake of intensifying China's reforms and opening up, there have been great changes in the social conditions, so that ideological work is facing many new problems. The ideological management structure that was adopted in the past no longer conforms to

the current needs. Hence, contradictions in respect of this area become more prominent, and are specifically manifested in the following areas:

(1) Under the conditions of reforms and opening up, new problems brought about by changes in socio-political, economic, cultural environments and other kinds of environment contradict with the old practice of solving problems by means of public opinion and propaganda.

(2) The fact that things gone out of control is caused by dislocation of the dual structure (the institutional structure and the system for supervising thinking and speech).

(3) The two-tier management mode (to exercise management by means of mass media and a number of specialized political workers and cadres) contradicts with the living style of a diversified socio-economy.

(4) The development and technological progress made by the world's mass media, as well as the improvement of human factors, make it impossible to control the public opinion and block the passage of information.

(5) The ideological management method marked by closed administrative style contradicts with the objective requirement for establishing a cultural information market. In the past, there was a phenomenon in the ideological field in which the distribution of information and resources was based upon people's job ranking. However, the development of commodity economy requires the change of cultural information into commodities and the establishment of a cultural information market. This thus contradicts with the original practice of distributing information on the basis of authority.

(6) In the past, it was common that ideological propaganda was used to mobilize the resources of society and to launch "mass campaign." The resources of society have now also become a product available on the market. No ideological propaganda can now affect the situation or control the society.

(7) The outdated modes of propaganda and education contradicts the new ways of thinking and new forms of action. In the past, propaganda and education basically ran parallel with people's new ways of thinking and new forms of action. In the wake of reforms and opening up, however, new ways of thinking keep pouring in. People have broken through the traditional way of thinking and can make their own judgements. The outdated practices of propaganda and education are no longer as effective as they were. They sometimes produce some opposite results that may even cause rebellious thoughts.

(8) As the ideological work was monopolized by the party, it was shrouded with mystery and despised rules and supervision, which contradicts with the practice of promoting political democracy and the legal system.

(9) The guiding ideology of the ideological work contracts with the conditions for reforms and opening up. In the past, the ideological field was treated as a "unified land" of Marxism-Leninism. The present co-existence of diversified types of ideology has posed serious threat to the Marxism-Leninism.

(10) Proceeding from the practical side, the ideological work is marked by "too many and too few," which means it "breaks" many areas and "establishes" few, and there are many belated criticisms but little preparation work.

III. Proposals and Suggestions on Reforming the Ideological Management Structure

The participating comrades put forward the following specific proposals and suggestions on reforming the ideological management structure.

(1) We must change our concepts. First, we must evaluate anew the status and role of ideology in our social life. Previously, we tackled problems about the world in the sequence of ideology, social system, and common problems faced by human beings around the world. In fact, the correct order should be the reverse. At the same time, we must understand that the functions of ideology are limited rather than unlimited. Second, we must re-establish the guiding ideology for the ideological work. We should not pin our hopes on standardizing and molding the ideology of a society or even the world by using the ideology of a particular social community and through administrative means. We must acknowledge that ideology, be in an international environment or in China, has many levels and is varied. The ideological work must break through the closed situation, and there should be exchanges in the political, ideological, cultural and other areas of the world. We must introduce the concept of competition into the ideological management work, and adopt the principle of "developing through competition, survival of the fittest, seeking common ground while reserving differences, making up each other's deficiencies, and pursuing brisk ideology and culture of society." Third, we must eliminate the contents of Marxism which we advocated in the past. To do this we must first distinguish the contents of Marxism-Leninism which remain valuable from those which no longer have any practical use. Second, we must distinguish those genuine contents of Marxism-Leninism from the "additional" and misinterpreted ones.

(2) We must take an open attitude. The ideological management work must be subject to the principle of taking an open attitude. We must not adopt the so-called summary and internal materials as leaders of our ideological work, which often quoted out of context or even cooked up charges. To make the originally open ideological work be shrouded by mystery does not help us mobilize the initiative of various areas, or encourage

people to speak, particularly to speak the truth. Moreover, it poses a block between the party and the state leaders on the one side and the masses on the other.

(3) We must carry out democratization. The diversification of ideology requires the democratization of ideological management structure. We must earnestly implement the "double hundred" policy, so that our mass media and means of public opinion will truly become the people's forum, allowing the masses to express their views, and so that we can seek common ground amidst diversification and develop a common understanding of society. We must revoke the rights to originate, interpret and judge which allow the monopolization of ideological issues by anybody.

(4) We must promote legalization and standardization. In order to get rid of the practice that the personal wishes of leaders are the focus of changes, we must achieve legalization and take it as a protection, so that the ideological work will be conducted within the legal scope. For this reason, we must grasp firmly the legislation about press and publication and so on, and strictly enforce the laws. We must establish mechanisms that can correctly judge the public opinion. Our mechanism of public polls must be scientific and standardized, and should be guaranteed in the form of legislation, so that our decisions on the ideological field really conform to people's wishes and are based on the people's mental development trend.

(5) We must implement the principle of separating party supervision from government administration. The same applies to the ideological management structure. The party must concentrate its efforts on its own ideological management, and do well in ideological work among party members. For those non-party people, we should win them over through propaganda on the basis of equality rather than by means of administrative instructions. The party must improve its persuasive power and establish its leading role in the ideological field by boosting its fighting capacity and its prestige among the masses.

(6) We must get rid of the practice of doing everything by administrative means. Leaders should not manage simply by administrative means or taking themselves as the "referee." To be a clever ideological leader, one must be good at using his correct thinking to persuade others.

Reading *Bloody Battles of Luoxiao* With Pleasure
HK2809113988 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 44-45

[Article by Xia Yan 1115 5888]

[Text] First of all, allow me to congratulate Comrade Xiao Ke [3135 0344] on the publication of his novel *Bloody Battles of Luoxiao*. I have bad eyesight and seldom read long novels. But when I was given this book and finished reading the first chapter, I could not stop. I

spent a day and a half reading the whole novel, then went over the important chapters again. I fully agree with the views expressed in an article published in RENMIN RIBAO a few days ago. It is an unusual book. What makes it so unusual is that a battle-tested general could write such a marvelous novel. Besides, this novel was published half a century after it was completed. Of course very few people knew that this book was the subject of internal criticism twice before it was finally published. The *Bloody Battles of Luoxiao* we now see was revised by the author after the "Cultural Revolution" on the basis of the "manuscript for criticism." We have come across quite a few literary works on the military theme, but not many which present such a truthful picture of the "counter-encirclement" campaign in the Central Soviet Area. This book is about the history from the fifth "counter-encirclement" campaign to the eve of liberation. Over the past decades, quite a number of literary and art works have been produced on military themes during the period of agrarian revolution, on the "counter-encirclement" campaigns and on the Long March. However, my impression is that most of them are about the two opposing sides pitched in battle and fighting against each other and very few of them depict the life and ideological struggles of the Worker-Peasant Army. Even when they do write about the battle alignment, the two sides are depicted as blocks of steel. Red is red and white is white. Most of the descriptions are about real fights, and rarely do you find character descriptions. Each and every member of the Red Army is a hero, while each and every member of the White Army is a weakling. This novel is different. It writes about all kinds of people within the Red Army, from column commanders, political commissars and political directors to ordinary soldiers, a 12-year-old orderly, scouts, medics and cooks. These are lifelike characters with individual personalities, something we rarely found in the military literature of the past. The novel depicts a hero like the column commander Guo Chusong, as well as a weak and wavering character like Political Commissar Du Chonghui. It describes the Red Army as indomitable and heroic, but it also writes about the two setbacks suffered by the Red Army under the guidance of the erroneous line. It describes the rebellion staged by the battalion commander Hong Zaichou as well as Du Chonghui's desertion. Such accounts were rarely seen in novels on military themes in the past.

The most outstanding feature of this novel is that it is both truthful and trustworthy. The Worker-Peasant Red Army was a people's army constituted mainly by Chinese peasants of the 1920s and 1930s. They wanted revolution, but as peasants who grew up in the old society and as human beings, they could not turn into Bolsheviks overnight. Cadres like Political Director Huang Yechun do have the feelings which are felt by all young people and women, and they are not free from the influence of old ideas. The reunion scene between Huang Yechun and his ex-wife Liu Yuying was a very moving one. Most touching of all was the scene in which he was forced to kill his horse to feed his men when provisions

ran out. The reader would really be moved to tears. The scene toward the end when Column Staff Officer Feng Jinwen was taken away by the Security Bureau and his fiancée went to see him was never before found in military literature in the past. The novel is subtly written, but it shows the personalities of the characters. In the past, good persons were depicted as a hundred percent good while the bad persons were depicted as absolutely bad. In this novel, the deserter Political Commissar Du is not presented as a thoroughly bad character. The fact that he left his pistol and important documents behind shows that he might return to his unit. This novel portrays many people with personality, including negative characters like the local rascal Zhang Baiwan and the renegade Hong Zaichou and positive characters like the barber He Yunsheng and the scout Zhang Shangou. In particular there is the medic Gu Anhua. He is superbly portrayed as an intellectual who is brave and quick-witted and willing to sacrifice himself for others.

This is a coherent novel, but many of its chapters can stand on their own as independent stories. Episodes like how He Yunsheng cheated the enemy and obtained important information from them after his arrest; the repeated struggles against Zhang Baiwan; and how Zhang Shangou disguised himself as a "playboy," sneaked into the District Office and brought the enemy under control were all superbly written.

For various reasons, many blank spots in the history of our party and our army have been left unfilled since the founding of the People's Republic. Although these have not been described in detail in *Bloody Battles of Luoxiao*, it gives us some ideas. The author touched on the difficulties under Wang Ming's erroneous line, the failure of the fifth "counter-encirclement" campaign due to errors in the line of leadership, and the start of the 25,000-li Long March. Although he did not go into details, the reader was still very impressed. For example, the northern expedition of the Luoxiao Column described in the opening chapter coincided with the "Fujian Incident" of the 19th Route Army. Did the Luoxian Column march north in support of the "Fujian Incident"? The novel says nothing about this. The fact that the Commander and Political Commissar of the column knew nothing about this shows the indecisiveness on the part of the leaders. This is something rarely found in military literature of the past. I remember my discussion with Comrade Xiao Ke on the struggle against the A-B Group (Anti-Bolshevik Group) in 1983. At that time Comrade Xiao Ke had shown me a copy of his written speech. Of course it is difficult to write about matters of this nature. Nonetheless, in *Bloody Battles of Luoxiao* I could still find some traces, such as the sudden arrest of Feng Jinwen by the Security Bureau. That was why I said that subjects like this can only be written and written well by people with actual fighting experience. I share the views expressed by many comrades that since Comrade Xiao Ke is still so physically fit and has retired to the second line, he should write sequels to this book.

I have read Harrison Salisbury's *The New Long March*. Many of the accounts were based on materials provided by us and on interviews with cadres who had taken part in the Long March. He also wrote about things which were unknown even to us. However, as a foreigner he could at best write as a friendly observer. He could not have experienced what the author of *Bloody Battles of Luoxiao* had gone through himself.

Not long ago, I heard Comrade Wei Wei's [7614 1550] novel *Red Streamer Around the Earth* when it was broadcast on the radio. I understand that the ratings were very good. I hope that this novel will also be broadcast on the radio so that more people can understand the hardships in the formative years of the Army and the arduous efforts made by the revolutionaries of the older generation in building the country.

Notice on Mailing Address

HK2209073588 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 45

[Text] Since the founding of the magazine, many individuals and units have been sending their mail to us care of the CPC Central Party School, or wrote the address as "QIUSHI Magazine, CPC Central Party School." As our address is at No. 2 Shatanbeijie and that of CPC Central Party School is in Haidian District, this thus adds burden to the postal work and makes the mail arrive late. Thus, in order to facilitate transmission and make things convenient, please send direct mail to "QIUSHI Magazine, No 2 Shatanbeijie, Beijing" (post code 100727).

Engaging In and Identifying Fraud

HK2809132988 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 46-47

[Article by Chen Shuyu 7115 3359 3254]

[Text] A famous writer recently wrote an article criticizing the decline in the quality of a particular well-known brand of wine. The director of the producing factory made a noise in response complaining of injustice and noting that there were at least 20 types of inferior quality wine being passed off as that well-known brand. A particular hair restorer with good results had been selling quickly on the international market and was considered an excellent product. However, recently, several patients advised that it was not effective and also had side effects. The factory which produced this product and its inventor had to take out advertisements to, on the one hand, provide usage instructions and, on the other hand, to solemnly declare that counterfeits of this medicine had appeared and that customers should be careful to distinguish fakes when purchasing the product. A few days ago, the television news broadcast an item of news that a peasant had used fake chemical fertilizer, causing all his crops to wither. Such a scene would have been hard to bear.

However, news reports are not necessarily entirely reliable on all details. There have also been many cases where on the spot reportage has been unfactual in its basic points, giving rise to disputes and even litigation. Even news photographs, which should faithfully record objective things, have been known to mix in many fabricated things. For example, there was a news photograph showing a modern woman carrying forward the revolutionary tradition by using her breast milk to succour wounded members of the border forces. After the photograph was published, it was discovered that the woman was actually a very full-breasted model and that the touching scene of healing the wounded and saving the dying was completely staged.

In engaging in natural science research, of course one should proceed from the existing facts. Thus, the English biologist Huxley demanded that scientists, like young students, should respectfully "sit in front of the facts." The Soviet Union's biologist Pavlov pointed out that "facts are a scientist's air." However, in the last few decades, incidents of fabrication have repeatedly occurred. According to an investigation by the British magazine *New Scientist*, completely fabricated experimental data constitutes 7 percent of all such data, while intentionally misinterpreted data constitutes another 2 percent.

In the political and social science fields, incidents of fabrication have continued from ancient times until now, both in China and abroad. On 6 April 1927, the Fengtian warlord Zhang Zuolin secretly ordered the armed police to carry out an investigation of the embassy of the Soviet Union in China, and arrest Li Dazhao and other revolutionaries. After the event, the proof of the Soviet Union's "conspiracy"—the "Directive to the Military Attache in China"—was made public, and they accused the Third International of instigating the members of the Communist Party of China to engineer the "Nanjing Massacre." This became a trump card in the anti-Soviet, anti-Communist counter-current at that time. Fifty years later, some foreign historians believed it to be genuine and some countries still have this "Directive" in their diplomatic archives. Now it has been found that this "Directive" had, through Zhang Zuo-lin's instigation and a secret plan by the Fengtian faction officials, been faked by a White Russian journalist named Mi-ta-lie-fu [4717 1044 0441 1133]. In recent years Mao Zedong's statement about "meeting Lu Xun" and Zhou Enlai's statement that Zhou Zuoren allying himself with the enemy during the War of Resistance was "the result of the KMT and the CPC having separately carried out discussions with him," have, through wide-ranging investigations by people specially organized by relevant departments, been shown to have been purely fabricated. Those who fabricated these statements have been punished.

When we analyze the above-mentioned various types of fraud, we see that they are in general for achieving a name, seeking profit or realizing a particular political

goal. If there is no profit to be made, no name to be gained or no political aims to be achieved, in general people will not rack their brains for ways to engage in fraud. The reason the various counterfeit products can take people in is that they make use of people's desire for new and strange things and their weak point of being trusting. The usual practices of counterfeiters can be summed up as "mixing the fake with the real." People cannot engage in fraud without a basis for defrauding. Those who engage in fraud usually use real products to make people lower their guard and then, at the critical point, mix in the fake goods. While sharp-eyed people are able to see the problem, most people are easily taken in.

Since ancient times, our country has had a fine tradition of distinguishing the false and refuting errors. In "Account of Art and Literature," in HAN SHU, fake works of literature are noted as being "fraudulent" or "suspected of being fraudulent." The "Congjing Mulu" which was compiled by the monk Fa Jing in the Sui Dynasty established a category of "suspected forgeries." The "Dahe Bianbang Lue" by Li Deyu of the Tang Dynasty aimed at distinguishing which of the loyal and worthy ministers from the Zhou to the Tang Dynasty had been falsely slandered. Unfortunately, this work is lost to us. Under the Song dynasty, doubts about things recorded in the past were most strongly expressed. Sima Guang put forward points of doubt about "Mencius," Ouyang Xiu put forward points of doubt in respect of "I Ching-Shiyi," Zhu Xi put forward doubts about "Zhou Li" and Zheng Qiao put forward doubts about "Shi Yu." These were the precursors of the latter discrimination of forgeries studies. During the reigns of Qianlong and Jiaqing of the Qing Dynasty, the study of discrimination of forgeries entered its period of greatest splendour. Then, after the May Fourth Movement, there appeared in China the "ancient history discrimination school."

Since the founding of the PRC, our country's historical research has realized internationally-recognized achievements. This has been especially so in the modern economic history of China. Also, many new fields of research have been opened up. However, under the influence of the "Leftist" line, the stressing of distinguishing false historical materials did not receive the attention it should have. On the contrary, the practices of choosing facts to prove some ready-made conclusions, or smothering material which did not accord with some subjective idea, gave rise in a certain degree to chaos in and a shortage of historical materials. Further, during the years of havoc under the "gang of four" a large amount of fake historical materials appeared under the cloak of "historical research serving politics." The pernicious influence of this phenomenon has still not been cleared away.

At present, the commercial circles are, through various media, widely disseminating to customers knowledge about how to differentiate genuine and fake products. Some countries have also established "false information

analysis centers" and have adopted measures to supervise the quality of the products of scientific research. They are engaged in a fight against the greatest enemy of modern scientific research—forgery. Because of the rise in "an enthusiasm for reappraising history" and the use of computers to store, check and find information, there is an even greater need for the distinguishing of forgery in the social sciences. If incorrect and contentious facts are used as a base, we will not be able to stand on a new high point of history and correctly sum up historical experiences. If we do not first prepare reliable materials and classification procedures, the computers will reproduce incorrect conclusions, making initially complex questions even more complex.

People can easily recognize the harm of fake products and thereby guard against them. However, regarding false actions in the social sciences, it is easy for people to see these as "voices of authority" and take a tolerant attitude towards them. Also, it must be borne in mind that inaccurate materials can be used by people with ulterior motives and fake historical materials can harm people's reputations and even end in people's death. Before liberation, there was an article which wrongly noted that Qiu Jiuru's pen name "Yunsheng" was Qu Qiubai's pen name. Further, the long poem "The Chinese Traitor's Confession" which had been written by Yunsheng, was criticized by Lu Xun. During the "ten years of calamity," some people submitted to the writer's organization, which was controlled by the "gang of four," the "Report on Yunsheng, That Is Qu Qiubai, Who Was Criticized by Lu Xun." This provided more fuel to the flames being fanned by the "criticize Qu Qiubai" counter-current at that time.

Due to a sudden worsening of his cancer, Zhou Enlai underwent another operation on 20 September 1975. Before the operation, he asked for a transcript of the recording of his special report on the so-called "Wu Hao notice" which had been fabricated by the KMT, a report which he had made to the Central Committee Report Meeting on the Criticism of Lin Biao and the Rectification of Party Style in June 1972. He used a trembling hand to sign it and then loudly said: "I have been loyal to the party and loyal to the people! I am not a capitulationist!"

Whenever I meet difficulties or obstacles when carrying out work involving the distinguishing of fake historical materials, there appears before my eyes the image of Zhou Enlai's hand trembling as he wrote....

Exhaustion and Vitality of Literary Criticism
HK2809124388 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 5, 1 Sep 88 pp 47-48

[Article by Huang Guozhu 7806 0948 2691]

[Text] As more and more literary creations have lost their "sensational effect," it looks like literary criticism has exhausted its usefulness. Some literary critics have lost heart

and stopped writing altogether; others have turned to writing reportage and become "involved" with enterprises and economic entities; still others have simply given up writing for business and plunged into reform in the sphere of "circulation." When they occasionally see each other, they have lost their common topic and zest. In the past they used to talk about such and such a renowned writer having just written a new book, the latest quests in the literary arena, so and so has again put forward an astounding slogan, who is good and who is bad. Now these topics can no longer stir up a heated discussion and give cause for excitement. Incisive and penetrating criticisms are now rare. The "new method fever," "genres fever," "macroscopic discussion fever," and "system fever" which rose one after another several years ago have slowly cooled down. Everyone appears to be listless.

There might have been a thousand, even ten thousand objective reasons for this phenomenon, but the emergence of such a phenomenon is something very disappointing. Is it true that we are living at a time when theoretical criticism can no longer exist, when critics will have nothing to do?

Regardless of the status of our work in the social organism, we cannot choose the time in which we live. We should not shirk responsibility for our lack of responsibility by blaming the times for not providing us with the necessary conditions. I am inclined to subscribe to the view that there can be good criticism even when there are no good works. We may even say that a decline in the standards of creation will provide a good opportunity for theoretical explorations from a different angle. Can we not reflect on the reasons for the decline in creative standards? Should we not, with the current social background where, in a situation of reform and opening up, the commodity economy is becoming increasingly developed, seriously explore the forms which literature and art should and can have? Should we not carefully analyze the evolution in the mentalities of authors of various genres in the new period? Should we not make a greater effort to find out about the changes in the aesthetic attitudes of the reading public and the phenomena and patterns of the constantly changing cultural consumer market? ... In short, I think that there are many topics for criticism and many things which can be done. But I do not believe that the tendency toward mass mediocrity, which the commodity economy subsequent to the reforms will inevitably bring with it, will mean the decline of literary creation and literary criticism.

Where then lies the vitality of literary criticism? I believe that it should still be sought in the reality of life. After the smashing of the "Gang of Four" and after casting away simple and vulgar sociological criticism, "the plurality of criticism" has been something which we have long hoped to attain. While leaving aside for the moment the question of to what degree this has been realized, there is a key question which everyone seems to have overlooked, and that is, what is the aim of this "plurality". Is it merely to achieve a dazzling situation of "zeal and excitement" where everyone

holds their own views? Is there any higher and more practical benefit apart from this? If we remain unclear about this question, even if we achieve real "plurality" what significance will it have?

In creation there is the issue of the "reader's market" and criticism is no exception to this. That is to say, our criticism should not be too far divorced from the "focus" of the reader's aesthetic appreciation. If we dare to face up to our own reality, we probably cannot deny that for quite a time Qiong Yao [8825 3852] has monopolized the young people's romantic literature market, while Jin Yong [6855 1661] and Liang Yusheng [2733 5038 3932] have occupied major positions in the popular literature market. However, there has been almost no criticism or comments on these writers and their works. Our critics have basically given up their position and missed the golden opportunity to demonstrate their worth. Why should we remain silent while the readers are discussing these writers and their stories with great interest? And why do we discuss with great interest things which readers do not care about? It has been a proven fact that if critics do not pay attention to the "criticism market" and accept the demands of objectivity, one can hardly say that they are going to have bright future prospects.

For a long time, it seems that we have been subject to the restrictions of the unwritten law that the value of the target of criticism determines the value of the criticism. Criticism of a "high order" simply would not bother with a creative piece of a "low order." Not only is "popular literature" denied a place in the halls of critical study, but even writings which record actual events and reportage which are well loved and received by the readers have rarely caught the eyes of our critics. Even rarer are studies which show insight. Everyone concentrates on the creation of exploratory literature which the readers show no interest in, on the achievements made by such and such a writer in his imitation of contemporary world literature. We cannot call this a normal phenomenon. Actually, is not Garcia Marquez's *One Hundred Years of Solitude* a work of "popular literature" in his own country? Is it not true that existentialism and structuralism are considered "popular philosophy" in some countries? If our critics do not cast away this absurd sense of "aloofness," regard the interests and "favorites" of the readers as an important part of their work, they will not be able to extricate themselves from their predicament.

Of course, what critics have to face is mainly the literary phenomenon that reflects the trends of the times. What is fashionable may not necessarily be something of value, and what is coldly received may not necessarily be worthless. The making of all-round, objective and scientific criticism and analysis of creative phenomenon is precisely the function of a critic. Recently I read an article by Wang Xiaoming [3769 2556 2494] in Issue No 4, 1988, of WENXUE PINGLUN, entitled "The Unbelievable and Something We Do Not Want to Believe," in which the author made an unique analysis of the creative works of some of the "root-searching" writers. From their experience in life, Wang looked for discrepancies between their creative writings and their pronouncements and pointed out their "hypocrisy" and the emptiness of their "slogans." His criticism gave the readers a new perspective. The evaluation of the "root-searching" writers being a big topic, everyone is entitled to his own views. What I mean is that since criticism is something scientific and to the point, it should be taken as some cool-headed advice and sincere exchange of views even if it is not to be regarded as some sort of "guidance" to creation. Critics should maintain their solemn dignity and scientific attitude and cherish a sacred sense of mission even if the writers regard their criticism with indifference or as worthless. What hope will they have if they give up their role?

There used to be different ways of looking at criticism some years ago. In my opinion, the ultimate objective of criticism is to make contributions. Looking back over the accomplishments of literary criticism, we cannot deny its contributions in terms of theory, however insignificant they are. We have constantly changed the standards on which our criticism is based. To put it more harshly, they have been dominated by works of translation and there has seldom been any contributions to socialist literary theories with Chinese characteristics. In the systematic and penetrating study of Marxist literary theories, our work falls short of Marxists of the West. I am not trying to demean us, I am just anxious for some accomplishments and contributions. Perhaps the fact that many of our critics are at a loss as to what to do and different concepts of value are rapidly changing and colliding in the spiritual realm is an indication that philosophies, aesthetics and literary theories of the future are taking shape. What better time can we find in which to brace ourselves, rack our brains and make an earnest effort to create a system of socialist literary and art theories?