

065139

JPRS-CRF-84-022

4 December 1984

China Report

RED FLAG

No. 19, 1 October 1984.

Reproduced From
Best Available Copy

19990813 099

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

DTIC QUALITY INSPECTED 3

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

0
87
A05

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

1/

4 December 1984

CHINA REPORT RED FLAG

No. 19, 1 October 1984

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

CONTENTS

Take China's Own Road in Building Socialism--Dedicated to the 35th Anniversary of the Founding of the PRC (pp 2-10) (RED FLAG Editorial Department).....	1
Uphold Reforms To Make the People Rich and Rejuvenate the Nation (pp 11-15) (Zhang Jingfu).....	15
Develop the Broadest Patriotic United Front (pp 16-18) (Yang Jingren).....	23
Hold Aloft the Banner of Independence, Peace, and Development While Advancing Triumphantly (pp 19-24) (Zhong Ji).....	28
Uphold and Speed Up Reform, Attain Better Economic Results (pp 25-28) (Lu Dong).....	38
Build Modern Socialist Agriculture With Chinese Characteristics (pp 29-34) (He Kang).....	45
Our Party Style Is Getting Better Day by Day (pp 35-37) (Zhu Poru).....	55
Celebrating the 35th Anniversary of the Founding of the PRC (p 37) (Qian Weichang).....	59

Congratulations on the Publication of the New Edition of the 'Complete Works of Lenin' (pp 38-40) (RED FLAG commentator).....	60
RED FLAG Holds an Awards Meeting for Outstanding Theoretical Articles (p 40) (Xiao Shen).....	65
Preface to the 'Selected Excellent Theoretical Articles From RED FLAG' (pp 41-43) (Xiong Fu).....	67
Contents of 'Selected Excellent Theoretical Articles From RED FLAG' (1979-1983) (p 43).....	71
The Dalian Shipyard Is Marching Forward Amid Reform (pp 44-46) (Zhao Dehui).....	73
Great Achievements in Economic and Social Development in the 35 Years Following the Founding of the PRC (Statistical Data, Part IX) (pp 47-48) (State Statistical Bureau).....	78
On 'Comparison' (inside back cover) (Li Zhiyuan).....	82

TAKE CHINA'S OWN ROAD IN BUILDING SOCIALISM--DEDICATED TO THE 35TH ANNIVERSARY
OF THE FOUNDING OF THE PRC

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 2-10

[Article by RED FLAG Editorial Department]

[Text] In the past 35 years, we have achieved remarkable successes in advancing along the socialist road. Although we experienced twists and turns and committed mistakes, from the comparison between success and failure and between victories and setbacks; and from the repeated cycles of practice, knowledge, more practice, and more knowledge, we have discovered the path for building socialism in light of China's realities. The party's line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee are the concentrated expression of the whole party and nation forging ahead along this path.

Comrade Deng Xiaoping pointed out: "To integrate the universal truth of Marxism with the concrete realities of China, to blaze a path of our own, and build socialism with Chinese characteristics--this is the basic conclusion we have reached in summing up long, historical experience." During the period of rehabilitation of the national economy, the First 5-Year Plan, and the 3-year readjustment in the early 1960's, because the line, principles, and policies relatively conformed to the principle of integrating the universal truth of Marxism with the realities of China, our work in all fields of endeavor was full of vitality and developed rapidly. However, when the line, principles, and policies deviated from this principle and when "leftist" mistakes occurred, particularly during the "Great Cultural Revolution," our success turned into setbacks and the favorable situation became an unfavorable one. Since the 3d Plenary Session of the 11th CPC Central Committee, because our party resumed the ideological line of seeking truth from facts, creatively and vividly integrated the universal truth of Marxism with China's realities once again, and adhered to and developed Mao Zedong Thought, the path "barred by hills and streams" again turned into a path "shaded by willows and radiant with flowers." The historical experience of the past 35 years has proved that we should adhere to Marxism and the socialist road on one hand, and insist on proceeding from China's realities and running things according to China's circumstances on the other. Provided the two are properly integrated, we will be able to take our own path and build socialism with Chinese characteristics.

I

Marxists hold that the fundamental task of socialism, which is the initial stage of communism, is to develop social productive forces. Only by energetically developing social productive forces can the state be strong and prosperous and the people live in happiness and can we build China into a powerful socialist country with a high degree of civilization and democracy. Only by energetically developing social productive forces can we constantly improve the people's material and cultural life and embody the superiority of the socialist system. Only by energetically developing social productive forces can we create a labor productivity much higher than the capitalist system and lay conditions for the transition to communism. Poverty is not socialism, still less communism. Marx regarded the equalitarian utopian communism based on poverty as "coarse communism." This is not our ideal at all.

It will be of particularly great significance to China to develop social productive forces at the socialist stage. In the preliberation days, China was predominated by small peasant economy and its social productive forces were relatively backward (in which the division of social labor and the level of mass production were relatively underdeveloped). This was our starting point. We cannot but use a short period of time to catch up with the level of productive forces attained by the capitalist countries in the development of several decades so as to lay a solid material and technological foundation for the socialist system. If we fail to develop the economy and productive forces and to properly solve the problems of all fields, it will be difficult to accomplish the task of building socialism in an all-round way. All people who are enthusiastic in developing the cause of socialism and communism should devote themselves to the promotion of social productive forces, to the four modernizations, and to the people's prosperity. Comrade Deng Xiaoping pointed out: "Briefly, the political line of our party at the present stage is to wholeheartedly carry out the four modernizations." Provided that no large-scale foreign intrusion may occur, it is necessary to insist on developing productive forces throughout the socialist stage and to firmly grasp this central link. This is the demand of history and the aspiration of the people. It will be just empty talk of Marxism if we fail to grasp the fundamental task of building the four modernizations and developing productive forces. Our mistakes in the past were that we deviated from this fundamental task in both theory and practice during a certain period. The main reason for committing the "leftist" mistakes was that we did not have a correct estimate of the development level of China's productive forces and did not attach importance to the decisive role of productive forces to production relations and to the solution of other social contradictions.

Lenin said that to establish socialism in a country where small farmers constitute the majority of the population, it will be necessary to adopt a series of special transitional methods. In a country like ours, it is impossible to rapidly realize communism or a developed and matured socialism. The resolution of the 6th Plenary Session of the 11th CPC Central Committee pointed out that our socialism is still at the initial stage. During this

stage, we must fight for realizing the four modernizations and for building a socialist country with a high degree of civilization and democracy. The party's line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee are entirely correct because they are based on the actual situation of China's socialism at the present stage and because they are the combination of the universal truth of Marxism with the concrete realities of China. Only by correctly understanding China's socialist stage and its characteristics can we profoundly realize the party's basic principles and policies formulated at the present stage and can we avoid going beyond the bounds of the present stage and doing things that can only be done at the higher stage of socialism and the stage of communism.

Since China's social productive forces are backward, should we choose the socialist road? Under the leadership of the Communist Party, China underwent the new democratic revolution and accomplished a transition from a semi-colonial and semifeudal society to a socialist society. This was an inevitability and not a mistake of history. With regard to the majority of people in China, if we take the capitalist road and implement the capitalist method of distribution, it would be impossible to extricate ourselves from poverty. Only by adhering to the socialist road and the socialist distribution principle can we reach a comparatively well-off level by the end of the century. Comrade Deng Xiaoping pointed out: "If China had taken the capitalist road instead of the socialist road, then less than 1 percent of the people would have become well-off and it would have been impossible to let more than 90 percent of the people become rich." China has already established a socialist economic, political, and cultural system, which is an undeniable fact. Although this system is not perfect and may have all kinds of defects, it is superior when compared with that of capitalism. What is more, our socialist system is still immature maturity and is full of vigor and vitality. The mistakes of the past are being straightened out and reform is constantly perfecting this system. Provided we continue to earnestly implement the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee and accelerate the development of social productive forces, we will certainly be able to successfully realize the grand objective by the end of the century.

II

In order to take our own road in building socialism, we must proceed from China's national conditions. Comrade Deng Xiaoping pointed out that to attain the four modernizations in China, it is necessary to be aware of the two essential characteristics, namely, a poor foundation and a large population with limited arable land. Comrade Chen Yun also pointed out: "We are carrying out construction in a country with a population of 1 billion, including 800 million peasants." This is the actual reality of our basic national conditions. A poor foundation refers to the fact that the industrial basis taken over from old China was poor and that we did not have enough grain to feed the people. Although we have achieved remarkable successes after 35 years' construction, the people's average income and our labor productivity are still relatively low. We still have a long way to go

to catch up with the scientific and technological level of the advanced countries. A poor foundation and a large population constitute a major contradiction. Under conditions where production is not yet developed, a large population leads to serious problems in education, employment, and feeding the people. A large population, particularly in rural areas, and limited arable land constitute another contradiction. This contradiction is a main factor which conditions the development of agriculture, industry, and the entire national economy. If we cannot put an end to the situation of using 80 percent of the nation's labor force just to solve the problem of feeding the population, it will be impossible to make the rural areas as well as the whole country prosperous.

The uneven development of the economy is also one of China's essential characteristics. For example, the following indicates the uneven economic development between different regions: The economy and culture of the coastal areas in eastern China is more developed than the inland, particularly those remote areas. In 1983, the total output value of Shanghai's industry amounted to 67.86 billion yuan, whereas that of the nine provinces and autonomous regions in the southwest and northwest totaled only 79.41 billion yuan. The total output value of Jiangsu's agriculture reached 25.55 billion yuan, whereas that of the five northwest provinces and autonomous regions totaled only 15.76 billion yuan. There is also a great disparity between the developed coastal areas and the inland and remote areas in technical equipment, mass production, operation and management, scientific and technological forces, and economic results. For example, the following shows the uneven economic development between different nationalities: Before liberation, some minority nationalities had a clan society characterized by slash-and-burn cultivation and some a slave or serf society, in which the level of productive forces was relatively low. Since liberation, although there has been great development in the economic and cultural building of the areas where the minority nationalities live in compact communities, the economic development in these areas still lags behind the areas where the Han nationality lives in compact communities. For example, the following shows the uneven development between industry and agriculture: Although China's agriculture has developed rapidly, the situation of agricultural development lagging behind industry has not been fundamentally changed. Both the technical structure (the proportion between the number of laborers and the amount of means of production) and labor productivity of agriculture are lower than industry. A great part of agricultural labor is mainly expressed in animal power, manpower, and manual operation. The extent of agricultural socialization and division of labor is relatively low and agriculture in most of the areas is still in a state of self-sufficiency or semi-self-sufficiency. For example, the following indicates the uneven development within industry: The labor productivity and level of automation and mechanization of the newly emerged trades is relatively high, whereas that of the old trades is backward. Large enterprises and some medium-sized enterprises possess more modern labor means, whereas most of the small enterprises lack modern means and rely mainly on manual labor. In addition, there are also the problems of energy shortage, backward communications and transport, and so on.

Due to the uneven development between different regions, departments, trades, and enterprises, the structure of China's social productive forces at the current stage presents a multilevel and complicated situation: Automation, mechanization, semimechanization, and manual operation exist simultaneously; machines of the latest technological revolution, machines of the era of electricity and steam engines, and human-operated or animal-drawn tools exist simultaneously; the division of labor of big machine industry and handicraft workshop, the division of labor of simple coordination, and the primitive natural division of labor exist simultaneously; large-scale mass production and the semi-self-sufficient and self-sufficient production with a relatively low socialized and commercialized level exist simultaneously; modern transport means such as airplanes, trains, ships, and vehicles simultaneously exist with ox or horse-drawn carriage, single wheel carts, and shoulder poles; and so forth. Viewed from either the whole nation or a region, department, and trade, such a complicated and multilevel structure of productive forces is the same. The only difference is the varying degree of unevenness.

In order to proceed from this reality of our country, we must not impose uniformity on everything, rush headlong into mass action, and follow one single model in developing productive forces, readjusting the production relations, reforming the part of the superstructure not corresponding to the economic basis, and doing other things. We cannot mechanically copy the experience and models of other countries in spite of the actual circumstances, nor can we copy the experience and models of other regions and units in China regardless of one's own realities. We must proceed in all cases from practice and must take measures suitable to the occasion and local conditions. In the past, we committed the mistakes of imposing uniformity on everything and following one single model and form while transforming the production relations and doing other work. From now on we must avoid repeating the same mistakes.

III

To develop social productive forces and build socialism with Chinese characteristics, we must insist on reform. Although our socialist system is superior, the relations between production relations and productive forces and between the superstructure and economic base in China at present correspond (on the whole) as well as contrast with each other. Some of the concrete links and forms of the production relations and the superstructure do not correspond with the development of the productive forces, which is explicitly manifested in the backward operation and management methods and economic management system that hamper the initiative of enterprises and laborers. In accordance with the principle of integrating the universal truth of Marxism with the realities of China and the principle of correctly treating foreign experience, on the premise of upholding the socialist road, and through the transformation and perfection of the socialist system itself, the purpose of the current reform is to establish the economic management system and operation and management method which are suited to China's national conditions, arouse the initiative of all fields, accelerate the development of social productive forces, and make the people prosperous as quickly as possible.

In recent years, we have achieved remarkable successes in rural reform and we have broken a new path of agricultural modernization and mass production through the gradual realization of division of labor and trades by implementing the system of contracted responsibilities with payment linked to output. The contracted responsibility system with remuneration linked to output practiced in China at present is not the restoration of the small peasant economy. The small peasant economy is the self-sufficient or semi-self-sufficient economy based on the private ownership of the means of production; whereas the system of contracted responsibilities with payment linked to output belongs to a specialized and socialized commodity economy based on the collective ownership of land. China's rural areas are now undergoing a great historical change, namely, from a unitary economy to diversified economy, from self-sufficient and semi-self-sufficient economy to a large-scale commodity economy, and from a traditional agriculture to a modernized agriculture. It goes without saying that the process of this change will occupy a considerably long period. The entire process will be one of constant emancipation and development of the production forces. In accordance with the spirit of the 1984 Central Document No 1, we must further stabilize and perfect the various forms of contracted responsibility system with payment linked to output, actively develop specialized households and various forms of economic associations, and help the peasants extend commodity production and exchange so that the rural labor force, technology, and funds can be combined through diversified forms of economies. Now China's rural areas are confronting a new change and readjustment of their production structure (mainly developing fodder and food processing industry and other town and township industries) and facing the growing exchange of farm and industrial goods and the increasing needs of science, technology, and culture. On the basis of satisfying their needs, we must develop new socialist relations between urban and rural areas. We must get rid of the ideas of being afraid of getting rich. One of the CPC Central Committee's guidelines for rural work is to let some areas and people become rich first. This conforms to the law of development of things. The rural population accounts for 80 percent of the country's population. If the peasants can become rich, the whole country will be stable. As getting rich in common does not mean getting rich simultaneously, the fact that some people get rich first through hard work will certainly not lead to polarization. It is necessary to exploit new sources of production. From now on, besides farming, breeding, and other diversified economies, a considerable number of peasants should be gradually transferred to industrial, mining, commercial, transport, and service trades. This is an inevitable trend. Only by vigorously developing social productive forces can the rural areas of the whole nation follow the road to common prosperity. This is the road for developing agriculture and realizing a socialized and modernized rural economy with Chinese characteristics.

Although the reform of the urban economic structure is more complicated, we have, through practice and experiment carried out in the past few years, defined the orientation and broken a new path. The problem at present is to speed up the reform of the urban economic structure. Both the starting point and purpose of the reform are to enliven the enterprises and to fully arouse the initiative of enterprises and workers. In the past, the state

exercised excessive and rigid management over enterprises and the enterprises actually became units subordinated to the administrative organs. They had no rights and responsibilities over their production and operation, which resulted in the practice of "eating from the same big pot" prevailing in the relations of the enterprises to the state and in those of the workers and staff members to their enterprises. Consequently, the enthusiasm, initiative, and creativity of enterprises and workers and staff members were seriously dampened. The purpose of the current reform is to smash these shackles and to enable the enterprises genuinely become economic entities engaged in commodity production and exchange which are relatively independent, which independently conduct operation and management and which assume sole responsibility for their profits and losses. As a matter of fact, the state should not exercise direct management over all enterprises owned by the whole people. This is because ownership and right of operation and management are inseparable on one hand and they also have differences on the other. The state can endow the enterprises with different forms and ranges of management rights. Only when the enterprises have independently carried out production and operation, linked up their income with the achievements of operation, and combined their responsibilities with rights and benefits can they have pressure, motivity, and vitality, give full play to their enthusiasm and initiative, constantly improve their operation and management, vigorously develop production, and attain better economic results. On the basis of unifying the interests of the state, collective, and laborers, enterprises should establish and perfect various forms of democratic management systems and economic responsibility systems which combine their responsibilities with rights and benefits, link their income with labor achievements, and implement the principle of distribution according to work so as to genuinely realize the principle of more pay for more work and reward for the diligent and punishment for the lazy, and to fully reflect the differences between mental and physical labor and between complicated and simple labor. The management methods exercised by the state over enterprises according to departmental and regional administrative system must also be reformed as they have created barriers between different regions and departments. It is necessary to organize production and circulation according to the needs of mass production, to expand horizontal economic connections, and to develop cooperation and competition between enterprises. Meanwhile, we must also establish an open and multichannel circulation system with fewer intermediate links and develop a unified socialist market. Instead of merely applying administrative means to manage the economy, we must mainly use economic levers, economic means, and economic legislation to guide the enterprises in carrying out production and circulation according to social needs. We must gradually separate government administration from enterprise management and simplify administrative procedures and delegate power so that the state organs can better serve the production and circulation of all trades and professions. It is necessary to give full play to the role of key cities and to establish transregional and multitrade economic associations centered on key cities and based on backbone enterprises so as to form an economic network of commodity production and exchange which is unified nationwide and not mutually separated, which is closely connected and not mutually blocked, and which is open and not rigid.

In order to promote rural and urban economic reform and to give impetus to the development of the productive forces, it is also necessary to reform the planned management system. Ours is a socialist country. Therefore, we should practice the planned economy instead of the market economy. It is the characteristic and superiority of the socialist system to maintain the major proportion and overall balance of the national economy through planning. However, our socialist economy is a planned commodity economy based on the public ownership. The state plans should be realized through commodity production and exchange, in turn, commodity production and exchange should be subordinate to the guidance and regulation of the state plans. The defect of our current planning system is exercising excessive and rigid management. Practice has proved that an all-embracing plan does not conform to China's realities. In the current reform, we must further implement the principle of the leading role of the planned economy and the supplementary role of market regulation. With the guarantee that the state has the economic lifelines and major aspects under its control, we must reduce the scope of mandatory planning and extend the scope of guidance planning and market regulation. Commodity production and exchange are developing in China at present. Both the means of production and livelihood produced by the collectively owned enterprises or state-owned enterprises are commodities. Under such conditions, China's planned economy should be a socialist economy observing the law of value which makes all enterprises full of vitality. Thus, we must conscientiously observe the law of value and ensure the fulfillment of the state plans by relying on the vitality of the enterprises so as to attain better economic results in the entire national economy. We cannot equate the role of the law of value with market regulation. Market regulation means spontaneous regulation according to the market needs by the law of value instead of planning, whereas the law of value has a vital bearing on the entire national economy, including mandatory and guidance planning, and does not merely play the spontaneous role in market regulation. For this reason, the state must, within the scope of mandatory and guidance planning, guide and manage the economic activities of the whole nation according to the law of value and by applying taxation, pricing, credit, and other means. In the past, we had colossal waste from capital construction and production to circulation and we achieved poor results, which was the consequence of not observing the law of value. In order to enliven enterprises, circulation, and the entire economy, we must attach great importance to the role of the law of value and should genuinely regard it as a great school for training cadres engaged in economic work.

The purpose of the reform of the economic structure carried out in urban and rural areas is to perfect and develop the socialist economy. In accordance with the provisions of the PRC Constitution, the socialist public ownership, namely, ownership by the whole people and collective ownership by the working people is the basis of China's socialist economic system and the state economy is the leading force in the national economy. We should not have any doubt in this respect. The history of the 35 years since the founding of the PRC has proved that ownership by the whole people corresponds with mass production and is the basic guarantee for developing social productive forces and upholding the socialist nature of China's economy. The state economy is the main source of China's revenue. Without the state economy which

constitutes the leading position, it would be impossible to carry out key construction projects and to ensure the steady development of the nation's economy. In order to accelerate the development of the social productive forces and to proceed from China's national conditions, it is necessary to adhere to the principle of diversified economies and reasonable disposition and coordinated development of the forms of operation. Within the scope of corresponding their respective productive forces, the state economy, collective economy, and individual economy each has its own superiority. Although they constitute a different position and play a different role, they are all indispensable. The development of public ownership should correspond to the level and demand of the development of the productive forces. In China at the present stage, the larger size and higher degree of public ownership does not mean perfection. Its development cannot be concentrated on a unitary form or based on rejecting other economic forms. While consolidating and developing the state economy, it is necessary to vigorously develop various forms of collective economy in the urban and rural areas and to actively support the restoration and development of various forms of individual economy. As the question of which will win, socialism or capitalism, has already been settled in China, the individual economy will be the necessary complement of the socialist economy and will exist for a long time to come. It is different from the individual economy linked with the semifeudal and semicolonial economy in China's history and also from the individual economy in the crossroads of socialism and capitalism prior to the basic accomplishment of the socialist transformation carried out after liberation. It does not tally with the facts if the current diversified economic forms are confused with the diversified economic composition, including capitalism, which existed before the three great transformations.

To speed up the development of China's productive forces, we must, on the basis of maintaining independence, equality, and mutual benefit, further open the door to the outside world. Historical experience tells us that we will accomplish nothing if we fail to stress the development of productive forces and we will fail to speed up the development of the productive forces if we carry out construction in isolation. At present, science and technology of the world is rapidly developing and new inventions are emerging one after another. However, China lacks funds for construction and its economy and technology are relatively backward. Under such circumstances, it is further necessary to actively enhance foreign economic relations, draw foreign investment, and import advanced science, technology, and management experience. Since the 3d Plenary Session of the 11th CPC Central Committee, we have achieved rapid progress in the open-door policy. Not long ago, the State Council decided to continue to run the four special economic zones well and at the same time to further open 14 coastal cities and Hainan Island to the outside world. To open to the outside world is China's long-term basic policy. We must accelerate the pace of importing advanced science, technology, and management experience and attracting foreign investment. Attracting foreign investment can serve as an important and useful complement to China's socialist construction. As China now has a solid socialist economic foundation, it will be impossible to undermine our socialist economic basis even if we attract hundreds of millions or billions of yuan of foreign investment. Although the open-door policy may bring in certain

negative factors, they will be minor to the positive results gained in speeding up the development of the productive forces. Provided we can keep sober-minded, take note of resisting the corruption of decadent bourgeois ideas, and attack serious criminal activities in the economic fields, we will be able to reduce the negative factors and prevent the harm caused therefrom.

Reform is a deepgoing revolution, which will be another great emancipation of China's social productive forces. As reform is a protracted task, it will pervade the entire process of the modernization program. Reform is also a complicated matter, which must be carried out under proper leadership and in a planned and gradual manner. In the course of reform, we must allow conducting experiments, starting from the beginning after committing mistakes, holding different views, and acquiring understanding early or late. It is necessary to carry forward the spirit of boldly instituting reforms and courageously blazing new trails, to actively forge ahead, and to combat the ideas of sticking to old ways. Meanwhile, it is necessary to adopt a prudent attitude and not regard any hesitation as a practice against reform. In order to promote reform with the current party rectification, it is essential to take note of straightening out the guiding ideology for reform in the course of party rectification. Only by accomplishing the tasks of unifying thinking, rectifying work style, strengthening discipline, and purifying organizations can we conduct party rectification well and do a good job of reform, open-door policy, and other work.

IV

While vigorously developing productive forces and building a solid socialist economy, we must also build and perfect a high degree of socialist democracy which corresponds to such an economic base. This is one of the fundamental tasks and objectives at the period of building all-round socialism. The economic basis of socialism can be consolidated only by building a political system with a high degree of democracy, realizing institutionalized and legalized democracy, extending democracy to political, economic, cultural, and social life, and legally and institutionally ensuring the rights of the people in being their own masters. As Comrade Deng Xiaoping said: "Without democracy, there would be no socialism or socialist modernization." Since the 3d Plenary Session of the 11th CPC Central Committee, our party has done a great deal of work to legalize and institutionalize democracy. However, the task is arduous and there is much to be done. First, it is necessary to further establish and perfect all kinds of democratic systems, to enact and perfect various laws, and to ensure and protect the rights of the people in being their own masters so as to guard against and punish the practices which violate socialist democracy, suppress people's democracy, and encroach upon the people's democratic rights. Second, it is necessary to vigorously conduct education on democracy and legal system, do well the building of democratic ideology and work style, help the organs of state power at various levels and the cadres enhance their sense of democracy and legal system, help the broad masses to strengthen their consciousness in being their own masters and to correctly exercise their democratic rights, and help the people firmly acquire the sense of running affairs according to the laws and constitution of the state.

The essence of socialist democracy is the people being their own masters. This is one of the specific indications of socialism. The extent of the people being their own masters is the degree attained in socialist democracy. The people's democratic dictatorship, namely, the proletarian dictatorship practiced in China shows that all power of the state goes to the people, the people are masters of the state, and the people enjoy the rights of administering state, economic, cultural, and social affairs. If the power of the state is wantonly exercised by any individual or social organization according to their interests and will, this should be called arbitrariness by individuals or a handful of people instead of the people being masters of their own affairs. If everyone acts according to his own will and opinion, it will only lead to anarchism, which will make it impossible for the people to become masters of their own affairs. As regards the so-called "extensive democracy" prevailing during the "Great Cultural Revolution," it is diametrically opposite to people being their own masters because it is but an evil practice of anarchism. The fact of people being their own masters can be realized mainly through an appropriate form of organization--the organs of state power. In China, the organs in which the people exercise state power are the NPC and the local people's congresses at various levels. This is China's basic political system. In order to elevate the extent of the people being their own masters and to build a high degree of socialist democracy, the most important point is to strengthen and perfect the system of people's congresses and to build well the people's regimes at all levels. To this end, we must, on one hand, strengthen and extend the authority of the people's congresses and their permanent organizations at all levels so that they can become authoritative people's regimes. In accordance with the provisions of the constitution and the law on regional autonomy, the minority nationality areas should persist in, and perfect the system of regional autonomy and fully ensure that the people's congresses of the autonomous regions are actually the organs exercising autonomy in which the local minority nationality people are masters of their own affairs. On the other hand, we must strengthen the democratic basis of the people's regimes, gradually realize direct democracy in the basic level regimes, gradually establish a democratic supervisory system from the bottom which can give full play to its role, gradually perfect the system of mass autonomy in the basic level social organizations and the system of democratic management in enterprises and institutions in the urban and rural areas, and so on. Meanwhile, it is necessary to adhere to the systems of patriotic united front and the CPPCC led by the party in which various democratic parties participate. Under the guidance of the principle of "long-term coexistence and mutual supervision" and "showing utter devotion to each other and sharing honor and disgrace," it is necessary to strengthen unity and cooperation between the Communist Party and various democratic parties and personages, to fully arouse the enthusiasm of various democratic parties and personages in serving the socialist construction and the cause of national reunification, and to give full play to their role of making suggestions and criticisms and exercising supervision over the people's regimes and their leading bodies at various levels. Only by adopting a series of such measures can we ensure that the people's regimes truly represent the people, carry out their will, and safeguard their interests.

To build a high degree of socialist democracy, it is also necessary to insist on the unity of democracy and dictatorship, namely, enforcing democracy among the people and dictatorship among a handful of enemies. Comrade Deng Xiaoping pointed out: "To develop socialist democracy, it does not mean that we should not exercise proletarian dictatorship over the forces which are hostile toward socialism." "If we fail to exercise dictatorship over them, there would be no socialist democracy." Although the exploiting class no longer exists in the form of a class, class struggle still exists within a certain scope. The serious criminal activities in the economic, political, cultural, social life, and other fields which harm socialism are the conspicuous manifestation of class struggle under the new historical conditions. With a clear head, we must neither exaggerate the criminal cases which may lead to mishandling, nor lower our guard. Based on facts and in accordance with the legal provisions, we must wield the weapon of law to exercise dictatorship over a handful of hostile elements who attempt to sabotage the socialist cause. Only in this way can we ensure the people's democratic rights, arouse the socialist enthusiasm of the masses of people, maintain the political situation characterized by stability and unity, keep normal social, labor, and work order, and build socialism with Chinese characteristics.

V

The 12th CPC National Congress has affirmed that socialist spiritual civilization centered on communist ideology is a distinctive characteristic of socialism. Meanwhile, it has scientifically expounded the correct relations between the building of material and spiritual civilization, holding that after the establishment of the socialist system, although the degree of material civilization is not relatively high, it is absolutely possible to build a high degree of socialist spiritual civilization on the basis of building material civilization. This has also been emphasized and implemented as a strategic principle for building socialism. This is a significant contribution to Marxism. To disregard the building of spiritual civilization is also a one-sided view just like disregarding the building of material civilization. We cannot expect that with abundant material wealth we will spontaneously get abundant spiritual wealth and lofty moral values. Only by strengthening the building of spiritual civilization, adhering to the four cardinal principles in all fields, persisting in the theoretical guidance of scientific socialism, upholding the ideological line of seeking truth from facts, and continuing to fight erroneous ideological tendencies can we guarantee the correct orientation of the building of material civilization. Only by enhancing the building of spiritual civilization and elevating the people's realm of thought and scientific and cultural level can we give impetus to the building of material civilization.

It is an important subject in the building of spiritual civilization, which constitutes a strategic position in the building of socialist modernization, to vigorously develop education, science, and culture, to accelerate the pace of cultural building, to raise the scientific and cultural level of the entire Chinese nation, and to satisfy the people's need for a lofty spiritual life. The CPC Central Committee has repeatedly stressed that education is

the basis and science and technology are the key to the realization of the four modernizations. Without modern science, technology, and management knowledge and without developed education, there would be no highly developed productive forces and it would be impossible to rapidly develop the socialist cause and to attain the strategic objective put forth by the 12th CPC National Congress. It is the communists who attach great importance to science and knowledge. We must continue to get rid of the erroneous ideas which look down upon science and technology, education and culture, and knowledge and intellectuals. We must pay attention to the implementation of policy on intellectuals, elevate their social position, improve their standard of living, and make rational use of talented people. It is necessary to attach importance to the exploitation of intellectual resources and to increase investment in this field, to fully exploit and make full use of China's human resources, to make efforts to improve the knowledge structure of the ranks of cadres and workers, and to raise their scientific, education, and management level. Under the guidance of "catering to the needs of modernization, the future, and the world," we must energetically develop scientific and educational cause. We must strengthen research and exploitation of basic science, applied science, and advanced science, develop domestic and international exchanges in science and technology, and reward inventions and creations so that science and technology can better serve the economic construction. It is necessary to do educational reform well, to transform the phenomenon of education being divorced from economic construction, to open all avenues for education, to mobilize all social forces, and adopt different forms to run various educational undertakings. In accordance with the requirements of developing morally, intellectually, physically, and elegantly and to meet the challenge of the worldwide new technological revolution, we must train all kinds of talented people for the building of socialist modernization. Meanwhile, we must also develop cultural and art undertakings correspondingly. In the spheres of science and literature and art, we must implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" and "make the past serve the present and foreign things serve China," encourage a Chinese art style, promote the unity of socialist and patriotic content and national form, and create socialist new culture with the characteristics of the Chinese nation.

The objective of doing ideological building well and vigorously strengthening ideological education centered on communist ideology is to elevate the people's spiritual realm of thought, to train socialist laborers who have lofty ideals, moral integrity, education, and a sense of discipline, and to establish socialist new relations between men and between man and society. Such ideological education determines the socialist nature of spiritual civilization and guarantees the orientation of material civilization and cultural building. Practice has proved that we will get nowhere if we regard ideological education as an omnipotent weapon and talk about ideological building by deviating from material benefits. We will also get nowhere if we merely act according to the principle of material benefits and ignore ideological education. Our party's principle is to combine ideological education with material benefits. We must put ideological and political work in a correct position, take note of applying it to reality, conduct

ideological and political work well in the course of reform, and at the same time reform ideological and political work so that it can run through economic work and all other fields. We must adopt different forms, methods, and means suitable to different people and conduct ideological education centered on communist ideology, which includes patriotism, collectivism, socialist humanitarianism, social morality, and professional ethics. The party's ideological building is the mainstay of spiritual civilization building of the whole society. It is necessary to conduct education on making dedication to the struggle of communism among party members, party member cadres, and activists and through their exemplary deeds, influence and bring along all the people and help them embark on the ideological path which leads from patriotism to communism. Young people are the future of the motherland and the hope of the communist cause. We must proceed from their special characteristics and train them into a generation of communist new people. We must continue to carry out the effective activities of five stresses, four beauties, and three loves, army-people jointly building spiritual civilization, and five good families and extensively conduct mass self-education. We must inspire the revolutionary spirit of all the people by conducting dynamic and effective ideological and political work, unite as one, and forge ahead.

We have adhered to socialism in the past 35 years and this road is entirely correct. Although China's arable land accounts for around 7 percent of the world's arable land, we have basically solved the problems of food and clothing of one-fourth of the world's population. China's output of grain and cotton ranks first in the world. On the basis of a poor industrial foundation, we have established an independent and relatively integrated industrial system. At present, the industrial output value of every 6.5 days is equivalent to the total industrial output value of the whole year in 1949. Out of every 10,000 people, 1,800 are receiving education from primary schools to universities and we have attained advanced world levels or have taken the lead in certain fields in science and technology. On the basis of developing production, the people's standard of living has improved remarkably and the life-span of the population has raised from the average age of 35 in the preliberation days to the current average age of 67.9. Under the guidance of the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, we have taken China's own road in building socialism in recent years and have achieved unexpectedly brilliant successes. Never before has the political and economic situation in China been as favorable as it is at present. The whole party and the people of all nationalities are full of vigor and are working with full confidence to attain the grand objective set by the 12th CPC National Congress. The whole party and nation have boundless confidence in the modernization program and in the future of the state and people.

Our grand objective must be attained!

Our grand objective can unquestionably be attained!

CSO: 4004/4

UPHOLD REFORMS TO MAKE THE PEOPLE RICH AND REJUVENATE THE NATION

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 11-15

[Article by Zhang Jingfu [1728 0513 1133]]

[Text] The PRC is 35 years old now.

In the long process of history, 35 years is a very short period. However, under the leadership of the CPC and the people's government, we have carried out the socialist revolution, completed the socialist transformation of the ownership of the means of production, established the socialist political and economic systems, and made great achievements in socialist construction. Great changes have taken place in our country compared with the initial post-liberation period. In terms of value, China's industrial fixed assets increased 42.5 times over in 1983 compared to 1949. In the coal, electricity, iron and steel, and textile industries, the productive capacity increased from a range of several to several dozen times. Moreover, some new industrial departments such as the automobile, tractor, airplane, electronics, petrochemical, and national defense industrial departments have been established along with an independent and relatively complete industrial system. In the field of agriculture and irrigation, about 170,000 kilometers of new dikes and 80,000 reservoirs have been built which are capable of resisting ordinary floods, and irrigated areas have increased from 240 million to 670 million mu. In the mechanization of agriculture, which has been developed from scratch, the average capacity of agricultural machinery has reached 245 million horsepower. In communications and transportation, the mileage of railways in operation has increased from 21,800 kilometers in the initial postliberation period to 51,600 kilometers, and that of highways increased from 80,700 kilometers to 915,000 kilometers. In the whole country, all counties except two can be reached by motor vehicles. An even greater development has been achieved in water transport, civil aviation, and pipeline transport. In the fields of science and technology, the number of natural scientists and technicians in the units owned by the whole people reached 6.85 million in 1983, an increase of 15.1 times over 1952, when there were only 425,000 scientists and technicians in these units. In output of the main industrial and agricultural products, compared with the highest records of the preliberation days, the output of steel has increased by 43.4 times, that of raw coal by 11.5 times, crude oil by 331 times, electricity generated by 58.6 times, machine tools by 22.4

times, grain by 2.6 times, and cotton by 5.5 times. The output of some products is among the highest in the world. By relying on our own strength and developing social production we have increased our social wealth and basically satisfied the needs of the 1 billion people in food and clothing. In short, since the founding of new China we have changed the semicolonial and semifeudal old China into a socialist country with the beginnings of prosperity. This is a result of the joint efforts of the people of all nationalities under the leadership of the party and the people's government, and is an initial expression of the superiority of the socialist system.

When we review our history, we find that we have followed an uneven path in our advance. Due to the mistakes in the guiding ideology, we faced two serious setbacks in our economic construction. Comrade Chen Yun pointed out: "The main mistake in our economic construction since the founding of the state is the mistake of 'leftism.' The general situation before 1957 was comparatively good, but after 1958, the 'leftist' influence became serious. This was the mistake in the main part of our work." The 10 years of turmoil of the "Great Cultural Revolution," in particular, caused great damage to our economic development. After the 3d Plenary Session of the 11th CPC Central Committee, which caused a great turn in our party's history since the founding of the state and shifted our work focus to the construction of socialist modernization, we were faced with a severe economic situation. At that time there was a serious disproportion in the national economy and a large number of urgent problems regarding the people's livelihood, which had been piled up for a long time, needed to be solved. Under such circumstances, whether China was capable of overcoming difficulties and rejuvenating itself became a focal question both at home and abroad. Now the whole world can see that through our efforts in just a few years, we have not only rapidly rehabilitated the national economy, which was seriously damaged, but have also blazed a new trail of healthy development. Comparing 1983 with 1978, the gross social output value increased by 48.1 percent, the total industrial and agricultural output value increased by 46.1 percent, the national income increased by 41.1 percent, and among the main industrial and agricultural output, steel increased by 25.9 percent, raw coal increased by 15.7 percent, generated electricity increased by 36.9 percent, grain increased by 27.1 percent, cotton increased by 114 percent, and oil-bearing crops increased by 102.2 percent. The people's standard of living has been greatly improved. Based on comparable prices, from 1979 to 1983, the average consumption of city residents increased at an annual rate of 7.2 percent. The per capita income of the peasant households increased by 14.7 percent, and that workers' households, which form part of the cost of living, increased by 7.4 percent. The situation has developed more quickly than we have expected. The current economic situation is undoubtedly one of the best since the founding of the state.

The main reason we have made great achievements on various fronts since the 3d Plenary Session of the 11th CPC Central Committee is that we have corrected the guiding ideology which had been thrown into disorder, emancipated the mind, realistically criticized the "leftist" mistakes under the guidance of the Marxist principle of "practice being the only criterion for truth," and summed up our past experiences and lessons. On this basis we

have worked out the correct line, policies, and principles, put forward a clear aim for the strategic development of our economy, and formulated a series of correct policies such as opening to the outside world and enlivening the domestic economy. In the economic field, we have achieved success in implementing the eight-pronged policy of readjusting, restructuring, consolidating, and improving.

However, although great achievements have been made over the past 35 years, generally speaking, our country is still rather backward. Especially compared with some developed countries, the level of our productive forces and the people's standard of living are still very low. For this reason, in his political report at the 12th CPC National Congress, Comrade Hu Yaobang called for quadrupling the total industrial and agricultural output value by the end of this century and enabling the people to become better off in their material and cultural lives. This is a desire eagerly wanted by the people throughout the country. The most fundamental task for socialism is to develop the productive forces, and the basic economic law of socialism is to satisfy to the greatest extent the increasing material and cultural needs of the whole society by constantly increasing and perfecting socialist production on the basis of highly developed technology. During his visit to Europe, Comrade Zhao Ziyang expounded the party's struggle objectives in simple language: It is necessary to "make the people rich and rejuvenate the nation." Socialism does not mean poverty and backwardness. When a country is poor and backward, it is impossible for it to eliminate the inequality that exists in its social life due to the insufficient development of the productive forces. Still less can it realize the lofty goal of communism. At present, our country is in a period of development from a lower level toward the comparatively well-off level. The people must become rich and the nation should be rejuvenated. This is not just a desire eagerly wanted by the people throughout the country, but also a glorious task history has entrusted to us. In order to fulfill this task it is necessary to further speed up the reform of the economic system, especially the reform of the economic system in the cities, on the basis of our achievements made in the past few years.

Generally speaking, the reform is entirely necessary in order to resolve the contradictions between production relations and the productive forces and between the superstructure and the economic base, which are not suited to each other. The productive forces are the most active and revolutionary factors in the mode of production, but production relations are relatively more stable. When the productive forces are developed to a certain extent, they will become unsuited to the existing production relations. The economic management system reflects production relations. It is also a reflection of the superstructure in the economic field. Under the socialist system, the reform of the irrational economic management system means the self-perfection of the socialist system. As the productive forces and the economic base are continuously changing and developing, the economic management system cannot remain unchanged. Instead, it should be often readjusted. Engels once predicted: "In my opinion, the so-called 'socialist society' is not something immutable, but, like all other social systems, should be regarded as something changeable and reformable." ("Collected Works of Marx and Engels,"

Vol 37, p 443) The reform of the economic management system we are now carrying out conforms to the objective law that production relations should be suited to the situation of the productive forces and reflects the advantages of the socialist system.

Important achievements have already been made in the reform in the countryside, which is now developing in depth. The reform of the economic system in the cities, which focuses on invigorating the enterprises, is also developing steadily. China's economic system will be a socialist economic system which is able to fully invigorate the enterprises. At present, a pressing task for us is to speed up the reform of the economic system in the cities. This is because: 1) As the reform of the economic system in the countryside is being carried out successfully and agricultural production is developing toward specialization, commercialization, and modernization, it is an urgent demand that the circulation channels between the cities and the countryside be dredged so as to open up more markets for the increase in agricultural products and to satisfy the increasing needs of the peasants for industrial products and science and technology. Under these circumstances, if the pace of reform of the economic system in the cities is not quickened and the leadership role of the cities in the national economy is not better brought into play, the continuous development of the rural economy will certainly be obstructed. 2) Although a series of experiments and investigations have been made over the past few years in the reform of the economic system in the cities and some achievements have been made, some main shortcomings of the economic system in the cities, which seriously obstruct the development of the productive forces, have not been eliminated. There are still great losses and waste in both production and circulation, and the potential of the cities' economies are far from being tapped. Only when resolute measures are taken to speed up the reform of the economic system in the cities can the good trend of economic development in the cities be maintained and conditions be created for a better and faster development of the entire national economy, and only thus can we promote our socialist economic construction to develop by leaps and bounds. 3) In our economic development, we are now faced with a new challenge from the new technical revolution which has emerged in various parts of the world. This also provides us with new favorable circumstances. We must prepare to meet this challenge. Thus, our economic system is required to become more capable of promoting the progress of technology, absorbing the modern techniques in the contemporary world and the achievements applicable in our country, and creating new productive forces. Therefore, it is a pressing task for us to speed up the reform of the economic system in the cities.

In his opening speech at the 12th CPC National Congress, Comrade Deng Xiaoping pointed out: "To integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own and build socialism with Chinese characteristics--this is the basic conclusion we have reached in summing up long, historical experience." This basic conclusion is also the general guiding ideology for our reform. The reason Marxism is correct and powerful is that it points out the orientation for our advance. As to what concrete path a country should follow, this should be decided in

accordance with the actual situation in that specific country. What kind of economic management system should we adopt in China? This must be decided in accordance with China's historical and contemporary and political and economic situations. Marxism does not bind people hand and foot. As long as our structural reform is conducive to building socialism with Chinese characteristics, to making our country prosperous and strong, and to making our people rich and happy, it conforms with Marxism. Building socialism with Chinese characteristics is the prerequisite for making the country prosperous and strong and making the people rich and happy. The so-called socialist path with Chinese characteristics can also be integrated into the socialist mode suitable for China's national situation. The mode of economic management is an extremely important question that greatly affects the speed of our economic development and has an important bearing on making the nation prosperous and strong and making the people rich and happy. We did not achieve a satisfactory economic development in the past. This is not because our socialist system is not superior, but because our mode of management is not good enough; consequently, the superiority of the socialist system could not be brought into full play. Socialism with Chinese characteristics should be such that the enterprises are full of vitality. In the reform of the economic management system, all the disadvantages that are not suitable for our national situation will be overcome so that the inherent superiority of the socialist system can be brought into full play at all times.

Our reform is aimed at mobilizing, to the greatest extent possible, the initiative of both the enterprises and laborers (the initiative of the enterprise managers must also be mobilized at the same time) and further enlivening the economy. During the initial postliberation period, that is, the period of rehabilitating the national economy, we accumulated very successful experiences. During the period of the First 5-Year Plan we had also many good experiences. However, after 1958, the "leftist" mistakes became more and more serious. To summarize, the main shortcomings in the economic system were overcentralization of management power, making no distinction between administrative and enterprise management, managing the economy mainly by means of administrative measures, the enterprises having no decisionmaking power, and serious egalitarianism in distribution. As a result, there appeared a situation of enterprises "eating from the same big pot" of the state and the workers and staff "eating from the same big pot" of the enterprise. The initiative, enthusiasm, and creativity of the enterprises and the broad masses of staff and workers were greatly suppressed, and our economic system became one lacking vitality and vigor. Our current reform is aimed at solving these problems.

Compared with the reform in the countryside, the reform of the economic system in the cities is more imperative and complicated. We must resolutely follow the principle of integrating the basic principles of Marxism with China's realities, which has always been advocated by our party, and the principle of taking a correct approach to foreign experiences. We must also conscientiously sum up our own experiences while learning from all the advanced management and operation methods in organizing socialized production in the contemporary world, so as to establish a socialist economic system that is suitable for our national situation and is full of vitality

and vigor. We must take a positive and prudent approach toward the reform and advance through exploration. Taking a positive approach means to encourage and support people in boldly blazing new trails. But taking a prudent approach does not mean hesitating to move forward. To use a common Chinese expression, it means to "grope one's way in the river by feeling the stones." All decisions, such as what is to be reformed in what order, should be made after investigation and study, and all major reforms should be carried out after making experiments. This is a method conforming to the Marxist theories of knowledge and practice. In this way we shall be able to avoid big mistakes in the reform and push forward the reform step by step and in a down-to-earth manner.

The people both at home and abroad have followed with interest the development of China's reform. Most of them hold that the reform is necessary, and that the reform carried out in the previous stage has been successful. However, a small number of people are apprehensive that the reform will lead to deviation from the socialist orientation. Our reply is that the reform does not deviate from the socialist orientation. On the contrary, it explores the way to build a socialist path with Chinese characteristics.

As everyone knows, socialism is the first stage of communism. During this stage the most fundamental task is to develop the productive forces. The superiority of socialism to capitalism is reflected by the higher speed and level of the development of the productive forces. Judging from this, one of our shortcomings since the founding of the state has been our neglect of the development of the productive forces; in other words, our economic management system has not been conducive to the quick development of the productive forces. We now deeply understand that the superiority of socialism should be reflected in the development of the productive forces and the improvement of the people's livelihood and by making the people rich and rejuvenating the nation. Through the reform we have now discarded the system of egalitarianism, which is characterized by "everybody eating from the same big pot," and allowed some districts and people to become rich before the others in order to help the whole people to become rich later. This completely conforms to the socialist principle of distribution according to work and to the objective law governing the development of things. The socialist society must enable all social members to achieve common prosperity and ensure them to gradually improve their material and cultural lives. By adopting the principle of distribution according to labor, there will be no wide gap between the rich and the poor under socialism. However, common prosperity never means that all members of the society can become rich at the same time and at the same speed. This is a one-sided view which has been proven to be harmful by the practice over the past 30-odd years.

The socialist system adopted by China at the present stage is incomparably superior to the capitalist system. Both the theory and practice of socialism are continuously developing. As is known, due to the continuous exposure of the shortcomings in the economic management system, all other socialist countries have successively put forward the task of economic reform. From this we can see that the question of reform is being considered or practiced in almost all socialist countries. Our reform is, in essence, a

self-transformation and self-perfection of the socialist system, which is aimed at strengthening and developing the socialist system so that its superiority can be brought into fuller play.

Some people are apprehensive that the development of commodity production in our country will possibly lead to capitalism. Our reply is negative. Commodity production is a kind of production centering on exchange. It appeared as early as a division of work and exchange appeared in human society, and it reflects different production relations in different areas of society. Under different social systems, commodity production is restricted by the specific social system it is attached to and serves in that social system. The development of commodity production on the basis of the public ownership system will further strengthen, rather than weaken, the socialist system. The practices both at home and abroad have fully proved this. We must admit that on the question of commodity production under socialism, we did hold a one-sided view in the past. According to the tentative ideas of Marx, socialism could only be established on the basis of highly developed capitalism, and under socialism there is not such a strong relationship between commodity and money. He did not foresee that the socialist revolution can succeed and socialism can be built in a country where capitalism has not yet been highly developed, or even in a country like ours, where capitalism has initially been developed and where the natural economy is still in a dominant position. Before the October Revolution, Lenin also advocated abolishing the relationship between commodity and money under socialism; however, this attempt was not successful in the practice after the October Revolution. Therefore, after the civil war ended, he courageously adopted the new economic policy. In his later years, although Stalin also recognized that between the two public ownership systems there existed a relationship between commodity production and exchange, his theories were not perfect. When dealing with the relations between the two public ownership systems he did not utilize well the relationship between commodity and money. This once greatly affected our ideology. We must follow the teachings of our revolutionary teachers and regard theories as a guide to our actions, rather than dogma. It is necessary to stress the "dialectics of life" and, on the basis of summing up our practice and experiences, gain a new understanding of commodity production and commodity exchange. Under the socialist conditions, the development of commodity production and exchange is the road we must follow in advancing from the traditional self-sufficient economy toward socialized mass production. It is also an extremely important subject for our reform of the socialist economic system.

What needs to be pointed out is that in building socialism we must also learn from the strong points of other countries. Capitalism has a history of several hundred years. In organizing socialized mass production, the capitalist countries have accumulated a series of experiences and have advanced science and technology. Thus, in order to do well in organizing socialized mass production under socialism, we have to conscientiously learn from the advanced science and technology of other countries and absorb some of their experiences in capitalist production, operations, and enterprise management, which are useful to us. Advanced science and

technology and management methods do not have class characters. The use of them will never lead to capitalism. As the economy of our country is not well developed and we are still in need of construction funds, we also have to absorb foreign capital. The socialist economy is the main body of our economy, and we have a profound socialist economic base. Even if several tens of billions in foreign capital are absorbed, our socialist economic base cannot be smashed. But if we do a good job in making use of foreign capital, it can supplement our socialist economy and can help to speed up the development of the socialist economy.

Practice is the criterion for truth. Similarly, whether the productive forces are developed is the criterion for our reform of the economic system. The reform in the past few years has resulted in the development of production and enlivening the economy. This fully shows that the orientation of the reform is correct and effective. However, we must also realize that our reform is just an initial attempt and exploration in many fields. A lot of work has yet to be done in order to complete the reform of the economic system in an all-round way. In many aspects of our reform, the phenomena such as lack of coordination, imperfection, and not taking concerted action still exist. Therefore, the tasks for our reform are still very arduous. Nevertheless, provided we act in accordance with the correct policies of the CPC Central Committee and insist on the reform, a vigorous development of the economy can be expected soon and the goal of making the people rich and rejuvenating the nation will surely be attained. We firmly believe that a prosperous, stronger, socialist China will appear and stand like a giant in the world.

CSO: 4004/4

DEVELOP THE BROADEST PATRIOTIC UNITED FRONT

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 16-18

[Article by Yang Jingren [2799 7234 0088]]

[Text] In the past 35 years since the founding of the country, just as on all the other fronts, great achievements have been made on the united front led by the CPC. The united front in our country has played an important part in the great struggle to realize the nationwide reunification of the country (with the exception of Taiwan and some other islands), in consolidating the people's democratic dictatorship and safeguarding the safety of the motherland, in completing the change from the new democracy to socialism in a planned way, and in establishing a brand-new socialist system. We adopted the method of peaceful redemption in carrying out the socialist transformation of the bourgeoisie, and succeeded in eliminating the capitalist class and transforming the persons belonging to this class into people who earn their living through labor; we have established and developed a new type of inter-party relationship with the cooperation of various parties and factions under the leadership of the CPC; we have realized great unity among the people of various nationalities in the country, and have formed and developed the socialist national relationship among the 50-odd nationalities on the basis of equality, unity, and mutual assistance. The broadest united front has been formed comprising the nation's workers, peasants, intellectuals, and all the patriotic forces, which is an important magic weapon and a fundamental guarantee in ensuring the continuous victory of the various socialist undertakings of our country.

Setbacks and mistakes also occurred on our path of progress. After 1957 as a result of the "leftist" mistakes in the guiding ideology of the party, the struggle against the rightists and the struggle against local nationalism were both seriously expanded. In September 1962, after the 10th Plenary Session of the 8th CPC Central Committee, there was some repudiation in the United Front Work Department under the CPC Central Committee of the so-called "capitulationism" and "revisionism" in the united front work and in the nationality work, which turned things upside down in terms of theory and policy and confused the ideology. And during the period of the "Cultural Revolution," the Lin Biao and Jiang Qing counterrevolutionary cliques made use of the "leftist" mistakes of the party to push the "leftist" practices to the extreme, and they grossly persecuted the nonparty personnel,

the intellectuals, and the national minorities, and wantonly violated the policies toward the united front and the nationality work, thereby causing disastrous destruction to the united front work and the nationality work.

The 3d Plenary Session of the 11th CPC Central Committee was a great historic turning point in the annals of the party. The CPC Central Committee scientifically analyzed the radical change regarding the conditions of various classes in the country, and resolutely realized the shift of the focal point in the work of the party, which enabled our country to enter a new historical period with the building of socialist modernization as the core. Consequently, our united front work also entered a new period of historical development. The CPC Central Committee removed the labels of "capitulationism" and "revisionism" from the united front work departments of the country, relieved the cadres engaged in the united front, nationality, and religion work of the spiritual fetters which were arbitrarily imposed on them, and, in accordance with the new historical conditions, formulated a complete set of line, principles and policies for the united front work of our country. In the past few years, after great efforts have been exerted in bringing order out of chaos and in implementing various policies toward the united front, a great historical change has been realized in our united front work. It has developed into the broadest patriotic united front which is composed of all the socialist laborers, patriots upholding socialism, and patriots upholding the reunification of the motherland, including Taiwan compatriots, Hong Kong and Macao compatriots, and Overseas Chinese--a united front with vitality and prosperity.

In the new historical period, the united front shoulders a glorious and arduous task. Its fundamental task is to unite with those forces that can be united to the greatest extent, mobilize all positive factors, develop and strengthen the great unity and the great reunification of the Chinese nation, and strive to realize the grand goal of quadrupling the total annual output value of industry and agriculture by the end of this century, to build a society with a high level of socialist material civilization and spiritual civilization, and to accomplish the three great tasks in the 1980's and the 1990's.

In order to realize the above-mentioned arduous historical tasks victoriously, we must consolidate and develop the patriotic united front under the leadership of the CPC. Patriotism is the political basis for the broadest unity in the united front, and patriotism or otherwise is the greatest political demarcation. We hold that those who are patriotic are of one family, whether they rally to the common cause early or late. Whoever upholds and promotes the reunification of the motherland does beneficial work to the nation, and we will welcome them and advance hand in hand with them. On the mainland of our motherland, the socialist system has been solidly established. With regard to Taiwan and Hong Kong and Macao, we adopt the principle of "one country, two systems," that is, two different social systems are allowed to coexist in the same country, with the aim of solving the problem of peaceful reunification of the motherland. This principle is in conformity with the fundamental interests of the Chinese nation, is based on reality, and is correct and rational. It has won the approval and

appreciation of more and more people both at home and abroad. On the premise of being patriotic, it is of especially important significance and based on realistic conditions to expand and strengthen the united front with the Hong Kong and Macao compatriots, Taiwan compatriots, Overseas Chinese, and all patriotic personnel. Both the historical and the realistic experiences have demonstrated that the broader the united front, the better, and not the reverse. With regard to all people who are patriotic and are for the reunification of the motherland, no matter whether they are for capitalism or for socialism, we should strive to unite with them and to seek common things while reserving differences, so as to make our joint efforts in realizing the reunification of the motherland and in revitalizing China.

The implementation of policy is still an important work in the patriotic united front. Whether this work can be done well or not has a direct bearing on the relationship between the party and the government and the people, on whether or not the patriotic united front can be consolidated and developed, on the prestige of the party and the government as well as the political influence at home and abroad, and on whether or not the party style and social trends can be fundamentally improved. Cadres, the leading cadres in particular, at various levels must attach great importance to and fully understand the importance and urgency of this work ideologically, overcome various obstacles and interferences, mainly the "leftist" ideological influence, and keep in line with the central authorities politically and in practical actions, so as to arrive at a satisfactory solution of the problem of implementing the policies. Comrade Hu Yaobang pointed out: "Grasping this work needs the greatest practical spirit and the greatest daring and resolution." The leading comrades at various levels should act in accordance with this spirit, dare to handle cases, and mobilize the forces both inside and outside the party to carry out supervision and inspection, so as to settle the problems in this regard one after another. The implementation of the policies involves the handling of unhealthy trends of some party members, which should be conscientiously solved during the current party rectification. The Secretariat of the CPC Central Committee has decided that various regions and departments should regard the implementation of various policies of the party as one of the important contents in the current simultaneous rectification and correction of defects, and this work must be firmly grasped and carried out conscientiously.

Seriously adhering to "long-term coexistence and mutual supervision" and "being loyal-hearted and sharing weal and woe" and strengthening the cooperation with various democratic parties, nonparty democratic personnel, national minority personages, and patriotic personnel in the religious circles are basic principles in our patriotic united front work in the new period. In her speech at the Second Session of the Sixth National CPPCC, Comrade Deng Yingchao emphasized the implementation of the fine tradition and style of political consultation, democratic supervision, cooperation and joint efforts, making more friends, and self-education, which complements and makes concrete the principle of "long-term coexistence and mutual supervision" and "being loyal-hearted and sharing weal and woe," and is of important guiding significance in the current united front work.

In order to adhere to "long-term coexistence and mutual supervision" and "being loyal-hearted and sharing weal and woe," it is necessary to further strengthen the sincere cooperation with various democratic parties, non-party democratic personnel, and other patriotic personages, to respect the status of various democratic parties in terms of political freedom, independent organization, and being equal before the law, which are within the scope of the constitution, and support their efforts in developing work independently and bringing into play activeness and creativity. It is necessary to further develop socialist democracy, to carry out mutual supervision with various democratic parties and nonparty democratic personnel on the basis of the four basic principles, and to earnestly listen to their criticism, opinions, and proposals.

In order to adhere to "long-term coexistence and mutual supervision" and "being loyal-hearted and sharing weal and woe," it is necessary to render support and help to various democratic parties, nonparty personnel, and other patriotic personnel in their efforts to make fresh contributions to the building of the socialist modernization. In recent years, the CPPCC, various democratic parties, and the relevant mass organizations have made outstanding achievements in the building of the socialist material civilization and spiritual civilization. In particular, a new path which serves the needs of the society and which provides consultation services in the fields of economy, science and technology, and culture and education has been opened up. There are a great variety of forms in providing consultation services, and the path becomes broader and broader. It caters ideally to the comprehensive requirements of intellectual exploitation and proliferation by society, facilitates the integration of intellectual resources with the needs of society, and provides an opportunity for the democratic parties and the intellectuals associated with them to give play to their potential and to fully display their talents. This work has bright prospects for further development, and we should warmly encourage and support the work so that it can develop still more healthily.

We are now in a new era of revitalizing our economy and welcoming the new technological revolution. But in order to develop social productive forces and quicken the pace of building our socialist modernization, reforms are being carried out in all fields. In the united front, all of us should study consistently and adhere to the fine tradition of self-education and self-transformation; we should learn new knowledge and new skills so as to continuously enrich our knowledge; and we should study the principles and policies of the party and the government, and learn the new ideas and things which emerge from among the masses, so as to change the old ideas and customs which are out of keeping with the building of the socialist modernization. Only through this can we keep pace with the times and make greater contributions to the socialist cause. In developing studies and self-education among the democratic parties, it is necessary to implement the principle of voluntariness, promote the integration of theory with practice, encourage emancipation of the mind and free discussion, and practice the "three selfs" (raising, analyzing, and solving problems by oneself) and the "three don'ts" (don't pick on people, don't put political labels on people, and don't wield big sticks). So long as we can uphold the correct

principles and methods and strengthen ideological and political work, the united front will be further consolidated and developed on the basis of socialism and patriotism.

The united front is an important magic weapon for the Chinese revolution, and it is also an important magic weapon in the new period for the people of various nationalities to unite and fight together, to build the motherland, and to reunite the motherland. Because of the influence of the "leftist" ideology and the defects in propaganda and education work, the significance of the united front work is not well understood by persons in the party and in society. Also, there are some erroneous views in this respect and various kinds of ideological obstacles still exist in the course of implementing various policies toward the united front work. Therefore, it is very necessary to conduct universal and intensive propaganda and education concerning the theory and policies in the work of united front. Comrade Hu Yaobang once pointed out that it was necessary to regard the strengthening of the education on theory and policies toward the united front as the primary task in opening up a new situation in the united front work. Under the new historical conditions, we must correctly understand the content, significance, and function of the united front, and carry out propaganda and education on the basis of combining the theory and principles of Marxism-Leninism-Mao Zedong Thought and the historical experiences of our party with today's new historical conditions and the principles and tasks of the party in the new period. The united front is a branch of science, and is a component part in the theory of scientific socialism. Last year, the Secretariat of the CPC Central Committee approved and relayed the report of the United Front Work Department of the CPC Central Committee on convening a forum dealing with the theory of the united front. Since then, the theoretical and research work concerning the united front has been significantly developed, and theoretical ranks have gradually been built up in various localities, which is quite a gratifying phenomenon. A comparatively large national forum on the theory of the united front will be held this year, and it is planned to set up a national research society on the theory of the united front. With the development of theoretical research on the united front, it is certain that the level of propaganda and education work will be greatly enhanced, and a contingent of propaganda and education personnel with higher quality will be trained.

The united front in the new period is confronted with a new situation and new tasks. Many new things and new problems need our exploration and our explanation from the angle of theory. We should further emancipate our minds, conduct investigations and studies intensively, study new conditions, sum up new experiences, and solve new problems. We should, with the spirit of daring to reform and break new ground, further consolidate and expand the patriotic united front, and make greater contributions to the great cause of the reunification of the motherland and the building of the socialist modernization.

HOLD ALOFT THE BANNER OF INDEPENDENCE, PEACE, AND DEVELOPMENT WHILE
ADVANCING TRIUMPHANTLY

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 19-24

[Article by Zhong Ji [6988 7162]]

[Text] In the 35 years following the birth of the PRC, the international situation has undergone great developmental changes. The struggle to gain and maintain political independence by the Third World countries and to speed up economic development has formed an irresistible mighty torrent of history. The issue of war and peace has become a matter of life and death for all human beings. Facing this fact, the new China has upheld on diplomatic affairs the standpoint of opposing imperialism, hegemonism, and colonialism. In addition, it has held aloft the banner of independence, peace, and development while advancing triumphantly.

We resolutely maintain our own independence and sovereignty. We also greatly support the struggle of other oppressed countries and nations to gain and maintain their independence and sovereignty. On international affairs, we have pursued the principle of independence and having the initiative in our own hands.

We ardently hope that countries the world over will coexist peacefully. On the basis of the five principles of peaceful coexistence, we have strived to establish and develop relations with various countries. We have opposed all acts that undermine the five principles of peaceful coexistence. We urge the easing of the tense international situation, and advocate disarmament.

We must strive to achieve a favorable international environment for the peaceful construction of our motherland. We hope to actively develop equal and mutually beneficial economic and technical cooperation between China and foreign countries, as well as among the countries the world over, so as to achieve joint development and prosperity.

Over the past 35 years, the new China has made unremitting efforts in the above-mentioned three areas of diplomatic affairs. It has safeguarded the fundamental interests of Chinese people, as well as peoples of the world, and has made contributions to the lofty undertaking of promoting world peace and advancement for mankind.

I

In the years immediately after the founding of the PRC, the primary task of China's foreign policy was to consolidate the independence of the newly born country and to lay a foundation for realizing peaceful coexistence with other countries the world over.

The people of China won a great victory of national democratic revolution only after waging an arduous and intense struggle against the U.S.-backed KMT regime. Soon after the birth of new China, the United States threatened our security from Korea, Taiwan and Indochina. To remove this threat was a severe test for new China. Facts have shown that we could stand this test because we dared to wage struggle and were good at it.

The Chinese People's Volunteers, together with the Korean People's Army, pushed the U.S. forces, which had encroached on its borders, from the Yalu River back to the 38th Parallel and forced the United States, through the heated "Panmunjom negotiations," to sign a ceasefire agreement that marked the first war which the United States had not won in its history. That acute test of strength in the Korean battlefield made the whole world realize that the new China was not to be bullied. This greatly helped the newly born PRC stand firm in international society. We also strongly supported various peoples of Indochina in their struggle for independence. Furthermore, we crushed the conspiracy of the United States, which was an attempt to prolong the colonial war of France in various countries of Indochina, as well as to obstruct the 1954 Geneva Conference on solving the Indochina question. On the basis of respecting the right of independence of various Indochinese countries, we concluded an agreement on restoring peace in Indochina. By attending the 1954 Geneva Conference, the new China for the first time appeared on the world stage as one of the five major nations. In addition, we effectively revealed before international opinion the U.S. moves violating China's sovereignty and creating tension on the Taiwan question. We also took some necessary military actions in the Taiwan Strait region, so that the United States could not but temporarily restrain itself and begin holding talks with China. The struggle on the above-mentioned fronts had shown China's determination to maintain its own independence and sovereignty even under circumstances in which the new China did not have a firm foothold and had to engage in full-scale reconstruction. In the meantime, it was also concerned about the destiny of other oppressed countries. Therefore, they became the first group of examples of the new China's conduct of diplomatic affairs, which integrated patriotism with internationalism.

In those early years, under the historical conditions then prevailing, China signed a treaty of friendship, alliance and mutual assistance with the Soviet Union, and established close relations with socialist countries. We still value the support and aid the Soviet Union gave us at the time. But even then, we stressed that we must not be dependent on, or follow blindly the Soviet Union; we must follow our own path.

To consolidate our independence, we paid special attention to establishing friendly relations with neighboring countries. Within a very short period, we exchanged ambassadors with such neighboring countries as India, Burma, Pakistan, Afghanistan, and Nepal. At the end of 1953, when receiving an Indian delegation, Premier Zhou Enlai put forward five points of mutual respect for territorial integrity and sovereignty, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence as the principles for handling the relations between China and India. When visiting India and Burma in June 1954, Premier Zhou further pointed out in the respective joint declarations with the Indian prime minister, and then the Burmese prime minister: The five principles of peaceful coexistence should not only be treated as the standard for guiding the relations between the two countries, but would hopefully become applicable to various countries of the world, as well as to general international relations. In April 1955, Premier Zhou led a delegation to attend the historically significant Asian-African Conference held in Bandung, Indonesia. With the joint efforts of various countries' representatives, China's delegation drew up the "Manifesto on Promoting Peace and Cooperation in the World," and formulated the 10 principles of the Bandung Conference. This was an extension and development of the five principles of peaceful coexistence. Following the Polish and Hungarian incidents in 1956, the Chinese Government issued a statement on 1 November stressing that the mutual relations of socialist countries should be established in a better way on the basis of the five principles of peaceful coexistence. In other words, the five principles of peaceful coexistence should not only be applicable to countries that have different social systems, but also to countries that share the same social system.

Soon after the founding of the state, China greatly advocated the five principles of peaceful coexistence, and constantly developed them. This not only reflected the sincere wish of this newly born country to peacefully coexist with various countries of the world, but also reflected the strong demand of various peoples, particularly those of the Third World countries, of "developing amid independence and peace." The history of international relations over the past 30 years has fully shown the profound significance and strong vitality of the five principles of peaceful coexistence. So long as we observe these five principles, countries which have different social systems can still become good friends and good neighbors. Otherwise, even countries that share the same social system would confront, or even conflict, with each other.

II

The realities of the international world faced by China from the late 1950's to the late 1960's brought us both difficulties and encouragement. At that time, there was a new situation in which both the United States and the Soviet Union exerted pressure on China, while the independence movement of Asian, African, and Latin American nations entered a new upsurge. Salient features of China's foreign policy during this period were to hold out firmly against the pressure of the two superpowers and to stress the unity and cooperation between the Chinese people and the people of oppressed countries.

Starting in the late 1950's, because of the Soviet Union's chauvinistic attitude toward China, Sino-Soviet relations worsened. When China refused Soviet demands detrimental to China's sovereignty, the Soviet Union adopted a series of high-handed measures, which even developed in the late 1960's into border conflicts and Soviet military threats. But at that time, China and the United States still held completely antithetical viewpoints. This situation was another severe test for the people of China. The Chinese people, however, were neither afraid of it nor daunted by it. Through this test, the new China showed more clearly the spirit of independence and having the initiative in its own hands, and its diplomacy showed its character of defying brute force.

During the same period, 50 countries in Asia, Africa, Latin America and Oceania gained independence. Meanwhile, the people of various Indochinese countries began their brave struggle of opposing the United States for national salvation; and the people of Angola, Mozambique, and Namibia began their unswerving wars of independence. The people of Palestine also began their armed struggle to restore their national rights. In the course of their gaining and maintaining independence, China provided support to these oppressed countries and oppressed nationals without exception. In particular, we greatly supported people who were forced to take up arms, and who waged a struggle for independence despite great disparity in strength. During the period when the people of Vietnam opposed the United States for national salvation, China provided not only enormous amount of supplies but also the blood and lives of many children of China. When the provisional government of the Democratic Republic of Algeria came to a critical moment in 1958 in the war of independence, China immediately gave it recognition. It is just because of this that many leaders of Third World countries regard China as their "tested friend."

We furthered friendly relations with Third World countries that had already gained independence. In the early 1960's, we signed border treaties or agreements, through peaceful negotiations as well as mutual understanding and accommodation, with Burma, Nepal, Mongolia, Pakistan, and Afghanistan, thereby solving the border problems left over from history. This is another clear example showing that China pursues the good-neighbor policy. Unfortunately, border incidents occurred between India and China. But China still attached importance to the long-term friendship between peoples of China and India, and exercised extreme restraint. At the end of 1963 and the beginning of 1964, Premier Zhou visited 13 Afro-Asian countries and declared the five principles of mutual relations between China and African, as well as Arab, countries. That is, we supported their struggle to gain and maintain their independence, their neutral nonalignment policy, their aspirations of achieving reunification and unity through their own choice, and their way of solving disputes among themselves through peaceful negotiations. In addition, we advocated that their sovereignty should be respected by all countries the world over, and opposed any invasion and intervention by any party. These five principles were a specific application of the five principles of peaceful coexistence and the 10 principles of the Bandung Conference. Actually, we had formulated a clear policy for the relations between China and all Third World countries.

During this visit, Premier Zhou also put forward eight principles on China's foreign aid. He pointed out: We do not regard this aid as one-sided but mutual. We strictly respect the sovereignty of countries which receive the aid; and such aid is unconditional and without any special privileges attached. The aim of providing aid is not to bring the countries which receive it to depend on China, but to help them take the road of self-reliance and independent development. These principles fully reflect the essence of mutual assistance of economic and technical cooperation between China and other developing countries.

During China's "Cultural Revolution," because of the influence of leftist thinking, some people did some things which were unfavorable to the friendly relations between China and some Third World countries. But whenever Chairman Mao and Premier Zhou discovered them, they immediately took action to rectify them, and quickly gained the forgiveness of these countries. This has also shown the profoundness of the friendship between China and the broad Third World countries.

III

During the 1970's, the international situation changed. The military balance between the two superpowers tipped toward the Soviet Union. The Soviet Union not only strengthened its chauvinistic attitude but, with its rapidly expanded military power, it also stretched its arms into every corner of the world. In the global contention between the United States and the Soviet Union, there was a situation in which the Soviet Union was in the offensive position while the United States was in the defensive position. We must emphatically point out: The Soviet Union has not only strengthened its military deployment in the Sino-Soviet and Sino-Mongolian border areas, it also supports the Vietnamese invasion of Kampuchea and has sent its own troops to occupy Afghanistan, another neighboring country of China. If we say that the United States posed threats to China in three directions in the early years after the founding of the state, now the Soviet Union does the same thing.

In the face of an aggressive Soviet offensive, and realizing that its hostile policy toward China in the past did not bring the expected results but that China had become a force to be reckoned with on the world stage, the United States finally changed its policy toward China. Following Dr Kissinger's China visit in 1971 to make arrangements, President Nixon visited China in early 1972. He frankly told Chairman Mao that he came to China in the interests of the United States. In the 1972 Shanghai communique, the U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States does not challenge that position. By the end of 1978, President Carter finally accepted China's "three principles on establishing diplomatic relations," and decided to terminate "diplomatic relations" with Taiwan. He also decided to withdraw all military forces as well as military installations from Taiwan, while abrogating the "joint defense treaty" signed with Taiwan. In the Sino-U.S. "communique on establishing diplomatic relations," the U.S. Government has clearly acknowledged

that "the PRC Government is the only legitimate government of China," that there is "only one China" and that "Taiwan is a part of China." With each country having its own international influence, the significance of establishing diplomatic relations between China and the United States goes far beyond the scope of bilateral relations. This has exerted positive influence on the peace and stability of the world, particularly in the Asian region.

After Dr Kissinger knocked on China's door, the United States' long attempt to isolate China from international affairs and the practice of excluding China ended in complete failure. In October 1971, the 26th UN General Assembly adopted the resolution of "restoring all rights of the PRC, and acknowledging that the representative of its government is the solely legal representative." Then came the new upsurge of establishing diplomatic relations between China and foreign countries. There were two characteristics in this upsurge: First, China not only established diplomatic relations with many developing countries in Asian and African regions, it also established diplomatic relations with some developing countries in Latin America, such as Mexico and Argentina. Second, China also established diplomatic relations with many developed Western countries, including Japan. By the end of 1972, China had established diplomatic relations with all major developed Western countries, except the United States. In the late 1970's, as many as 120 countries had established diplomatic relations with China.

The great development of China's diplomatic relations in the 1970's gave us a broader stage for carrying out activities with foreign countries. In the light of the actual international situation, we clearly pointed out to the people of the world the serious threat posed by hegemonism on world peace and the security of various countries. In addition, along with these countries, we resolutely struggled against various forms of hegemonism. We resolutely sided with those Third World countries and their people who directly suffered from large or small-scale hegemonism. We also continued to support their struggle to gain and maintain national independence, as well as to restore national rights.

Taking into consideration that the national independence movement, which was thriving following the end of World War II, had developed from the political realm into the economic one in a profound way, China, in the 1970's, began actively participating in the Third World's struggle to break away from the old international economic order and establish a new one. When the sixth special UN meeting on studying raw material and development was held in 1974, Comrade Deng Xiaoping personally led the Chinese delegation to attend. China closely cooperated with the "Group of 77" and passed the declaration on "Establishing New International Economic Order" and the "Program of Action," thereby taking an important step for putting an end to the situation of North-South relations in which "the poor are oppressed by the rich," and for establishing the principle of fair, reasonable, equal, and mutual benefit.

IV

In the 1980's, the international situation has become more tense and turbulent. Since President Reagan was elected to the White House, the United States has accelerated the pace of arms expansion, and taken an offensive position in some regions. Confrontation between the two superpowers has intensified, and the situation of contention has come to a stalemate. On the other hand, the world's economy, particularly the economies of many Third World countries, is very unstable and deteriorating. Under these circumstances, the major problems of maintaining peace and promoting development have become more prominent.

In China, the emphasis of all work following the 3d Plenary Session of the 11th CPC Central Committee has been shifted to striving for the early realization of the four modernizations. For this reason, more than ever before we need beneficial external conditions for the peaceful construction of our country.

In connection with the new situation and new requirements in recent years, we have carried out necessary and prompt readjustment in our foreign policy, so that it can conform to the reality in a better way, and can serve more effectively the basic interests of the people of China as well as those of the world.

Diplomatically, we act more independently than ever. On international questions and incidents, we decide our policy in accordance with the rights and wrongs of the matter. General Secretary Hu Yaobang brilliantly pointed out: The independence of China means that we do not attach ourselves to any major power or any group of countries. We do not submit to pressure from any of the major powers, nor shall we ally with any of them. He further pointed out: From our point of view, there are two disadvantages when allying with the major powers. First, it may hinder, or at least affect us making friends extensively with other countries. Second, it will hinder us from resisting any possible impermissible behavior that the other party may have, or we may even be used to oppose some other friendly countries.

We maintain more firmly than ever our policy of antihegemonism, and safeguarding world peace. We oppose without exception any action of hegemonism that undermines the independence and sovereignty of other countries, no matter where it happens, from which country it comes, or which country it has in mind. We actively participate with the international community in the struggle for disarmament. This is because the arms race, particularly the ever-escalating nuclear arms race between the two superpowers, increases the risk of another outbreak of major war. We hope the two superpowers will stop deploying new missiles and resume nuclear talks, so as to reach an agreement on large-scale disarmament, which is beneficial both to Europe and world peace. We look forward to the easing of tension between the Soviet Union and the United States, between the East and the West, and between the Warsaw Pact and NATO.

On the basis of the five principles of peaceful coexistence, we have made further efforts to establish and develop diplomatic relations with various countries in the world. We have further strengthened our relations with Third World countries. While cementing our friendship with Korea, Romania and Yugoslavia, we have also improved relations with some other socialist countries. Under the promotion of mutual visits between the state leaders, our relations with some developed capitalist countries, such as Japan, Western European countries, Canada, Australia and New Zealand have rapidly developed. The formulation of four principles of Sino-Japanese relations, the establishment of the "21st Century Committee for Sino-Japanese Friendship," and the visit of 3,000 Japanese youths to China by invitation has opened up prospects for carrying forward the friendship between Chinese and Japanese people generation after generation. This has showed that so long as both parties make concerted efforts, two countries that have different social systems, different levels of development, and have even experienced a period of misfortune in their history of relations can certainly establish good relationship.

Although we are against their hegemonism, we are not against improvement of relations with the Soviet Union and the United States. Of course, we should not give up our standpoint of opposing hegemonism just because of improving relations with these countries. The Sino-U.S. relations have a fairly high level of development in many areas. We hope obstacles in regard to the Taiwan question can be eliminated so that Sino-American relations can undergo steady and prolonged development. Recently, Sino-Soviet economic and cultural exchanges have made new progress. Through discussion, we hope obstacles in regard to the normalization of relations between the two countries can be eliminated, so that we can stride forward in the area of reestablishing and maintaining good neighborly relations.

In the 1980's, we are paying greater attention to economic and technical cooperation with foreign countries. We are determined to implement our policy of opening to the outside world, and aim at speeding up our modernization program through importing foreign capital and technology, by expanding foreign trade, and by strengthening cooperation in manpower. China's four special economic zones have scored good results in expanding economic and technical cooperation with foreign countries. The recent decision on opening 14 coastal ports and cities, as well as Hainan Island is to apply to these places some policies and measures which are being effectively carried out in the special economic zones. In addition, we have decided to provide more preferential treatment to foreign businessmen who come to invest in and run enterprises. Our foreign economic policy of opening to the outside world is aimed at various types of countries, both the capitalist countries and the socialist countries, and both the developed countries and the developing countries. Recently, our economic and technical cooperation with developed countries has rapidly increased. Meanwhile, we are also paying close attention to developing in a better way economic and technical cooperation with the Third World countries. When visiting 11 African countries from the end of 1982 to early 1983, Premier Zhao Ziyang put forward four principles of strengthening economic and technical cooperation between China and the Third World countries. They are equality and mutual benefit,

striving for practical results, carrying out cooperation in various forms, and joint development. Moreover, we are determined to further consolidate in the economic realm the profound friendship between China and the Third World countries.

China is not only concerned about its economic development but also that of the world, particularly the Third World. After entering the 1980's, we have laid particular stress on strengthening mutual cooperation with the developing countries, while continuing to struggle together with the Third World countries to establish a new international economic order. In October 1981, Premier Zhao personally attended the "International Conference on Cooperation and Development" held in Cancun, Mexico. He supported the proposition of "cooperation instead of confrontation" in North-South relations. But he pointed out that such cooperation must be based on the foundation of constantly reforming unfair and unequal international economic relations. Furthermore, China repeatedly pointed out the importance of "South-South cooperation." This can both improve the economic strength and the capability of self-reliance of the Third World countries, and help heighten the status of these countries in the North-South talks, so as to break through the old international economic order and establish a new one.

The three major tasks facing the Chinese people are speeding up socialist modernization, combating hegemonism to safeguard world peace, as well as the struggle to unify our great motherland. Through the Sino-British talks, both parties have initialed an agreement on the resumption of Chinese exercise of sovereignty over Hong Kong in 1997. In the course of solving the Hong Kong question, we have resolutely safeguarded China's territorial integrity and sovereignty, while taking fully into account the actual situation of Hong Kong as well as the interests of various areas. In accordance with the guiding ideology of "one country, two systems," we have put forward a series of special policies, which have profound significance in eventually accomplishing China's great cause of reunification. In order to reunify Taiwan, we are continuing to struggle on the diplomatic front against the U.S. practice of intervening in China's internal affairs. In the "17 August communique" jointly issued by China and the United States in 1982, the United States has promised to gradually decrease, and eventually cease arms sales to Taiwan. Furthermore, the "Shanghai communique," and the "communique on establishing diplomatic relations," as well as the "17 August communique" have reflected the gradual progress made by China in the struggle of maintaining China's sovereignty and territorial integrity on the Taiwan question. We must struggle through to the end on this issue.

On the occasion of celebrating the 35th anniversary of the founding of the PRC, we are full of pride and enthusiasm when reviewing the new China's foreign affairs. Despite changes of situation, arduous tasks and a tortuous road, the people of China have safeguarded their independence and pride, as well as improving their status in international society. We have achieved the needed favorable international environment for peaceful construction, and have played our proper role in the undertakings of national independence, world peace, and joint development, which are the common concern of the people of the world. As early as before the founding of the state, Chairman

Mao pointed out: The Chinese nation has the ability to stand among the nations of the world. This has been shown by the facts in the past 35 years. After the founding of the state, Chairman Mao further said: With a population that accounts for one-fourth of that of the world, China should make rather great contributions to mankind. The people of China will continue to make greater efforts toward this goal.

CSO: 4004/4

UPHOLD AND SPEED UP REFORM, ATTAIN BETTER ECONOMIC RESULTS

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 25-28

[Article by Lu Dong [0712 2639]]

[Text] In the 35 years since the founding of the PRC, great achievements that have attracted world attention have marked our industrial construction efforts. Given party leadership and the hard struggle of people of all nationalities throughout the country, we have built an independent and relatively complete industrial system from a base "poverty and blankness" left over from the old China, laying a relatively strong material foundation for the realization of the main tasks and general targets defined at the 12th NPC and establishing a position on which we can rely in pressing forward. From 1950 to 1983, our total industrial output value showed a 56-fold increase, or an average annual increase of 12.6 percent. The percentage of total industrial output value in total social output value rose to 55.1 percent in 1983 from 25.1 percent in 1949. Output of certain major industrial products has ranked among the highest in the world. Many new industries have developed from scratch, and from a small to a large scale. In the vast areas in the interior part of China and in areas of minority nationalities, a large number of new industrial bases have been set up changing the state of the old China with its fragmentary and incomplete mix of industries and its distribution of industries chiefly confined to coast areas. In 1983, the whole country had a total of 393,000 industrial enterprises. Industrial enterprises owned by the whole people had fixed assets with an original value of 537.9 billion yuan, 43 times the fixed industrial assets accumulated by old China in about a century. Now, the technical level of our industry shows quite a big gap compared with the advanced world level. But we have after all, through our own efforts, achieved a series of breakthroughs in advanced technology and reaped plenty of significant results. Our industrial development in 35 years has completed a course that has generally taken up to 100 years for industrially developed countries to travel. This points to the superiority of the socialist system.

In the past 35 years, the achievements scored in our industrial construction have been tremendous, but the road followed has been tortuous. Due to "leftist" mistakes in regard to guiding ideology and the resulting inattention to actual prevailing conditions and neglect of objective economic laws, many faults and errors entered the picture. The 10 years of turmoil of the

"Great Cultural Revolution," in particular, caused tremendous losses to our national economy. With the downfall of the "gang of four," our state entered a new historical stage. The 3d Plenary Session of the 11th CPC Central Committee basically smashed the heavy bonds of "leftist" mistakes that had long existed, set straight the party's guiding ideology, and brought about a strategic shift of emphasis in the whole party's work. Meanwhile, the guideline of readjustment, restructuring, consolidation and improvement has been carried out. The policy of opening up to the world and enlivening the domestic economy has been upheld. This has put our industry on the road of steady and healthy development. Now our heavy and light industries have increasingly been brought into balance. Production technology is showing continuous advances. Priority construction projects are being gradually undertaken. Given a continuous improvement in economic results, the whole industrial production effort has maintained a relatively quick pace of development. A favorable situation rarely witnessed since the founding of the PRC has appeared. The development situation has filled the people of the whole country with confidence in the future.

Summing up the historical experiences in the past 35 years and especially what has been practiced since the 3d Plenary Session of the 11th CPC Central Committee, we can see that to turn our country into a modern and powerful socialist one, we must take the actual conditions of our country into consideration, follow a socialist road of industrial development with Chinese features, uphold and speed up reform, and shift the emphasis of all our work to the orbit centering on the improvement of economic results.

1. Improving Economic Results Is the Fundamental Starting Point in Organizing Industrial Production

The correct handling of the relations between speed and results has all along been a conspicuous problem in industrial production. The establishment of the socialist system has closely linked industrial production with the continuous satisfaction of ever growing social needs and provided tremendous possibilities for the development of our national economy in a quick, plentiful, satisfactory and economical manner. We must not only strive for the highest possible speed attainable but also fight for the maximum results obtainable, achieving unity between speed and results and making the country and the people rich as quickly as possible. This is dictated by the fundamental socialist economic laws and the law of planned and proportionate development of the national economy. In the past, under the guidance of "leftist" thinking, speed was often separated from results in one-sided pursuit of speed to the neglect of results and with no regard to the objectives of socialist production, the quality and variety of products and comparisons between input and output. The result was that despite the fast growth of the speed of industrial production, the actual benefits reaped by the people were scanty. Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has clearly stipulated that in considering all economic problems, we must base our starting point on improved economic results and pave a new road that allows a relatively realistic speed, relatively satisfactory economic results, and more actual benefits for the people. This represents a fundamental change in the ideology guiding

our industrial production and has produced an ever great impact on actual work.

In the past few years, to change a state of high speed and poor results that had long existed, and to achieve unity of speed and results, we first stressed solving the problem of providing the appropriate salable products for the market in industrial production. We called for organizing production according to social needs and putting quality first. This brought about a simultaneous increase in industrial output value and income from sales. Then, we further concentrated on the effort to turn losses into profits, stressing the greatest possible savings in the use of manpower and material and financial resources and bringing about a simultaneous increase in industrial output value and taxes and profits realized. Since the beginning of this year, to create a new situation in improving economic results and to achieve the quickest possible fundamental turn for the better in the state's financial and economic position, we further took the three factors--industrial output value, taxes and profits realized and taxes and profits turned over to the state--as objectives of struggle, bringing about an unprecedentedly favorable situation in industrial production, in regard to the speed of growth, economic results, proportionate relations, and so forth.

It should be noted that despite an improvement in the economic results of industrial production, quite serious losses and wastage still mark the process of production. A small number of industrial enterprises in particular, with their low technical level and their backwardness in management and administration, have been far from fully tapped in their production potential. To bring about a continuous and steady growth of industrial production given a continuous improvement in economic results, we must continuously uphold the spirit of the National Economic Work Conference, adopting a method of systematic engineering and realistically carrying out comprehensive remedial measures on three fronts. The first is an improvement in the quality of enterprises. This is the basis of the whole effort. The second is the strengthening of management of businesses to realize a rational enterprise organizational structure. The third calls for properly handling macroeconomic management, strengthening efforts toward a comprehensive balance, smoothing out economic relations, upholding an open-door policy, promoting economic results, and studying and formulating effective economic policies, thus not only maintaining a steady growth of industrial production in the days to come but also maintaining reserve energy for economic development--creating economic conditions for a revitalized economy. These three fronts are interrelated and conditional on each other. So long as we direct persistent and vigorous efforts toward these ends, we can surely bring about a steady growth of our industrial production on the basis of continuously improved economic results.

2. Energetic Promotion of Technical Progress Is a Road That Must Be Traveled in Industrial Modernization

A revitalized economy depends on scientific and technical advances. This is a fundamental guideline for our country's realization of modernization. To narrow the gap between the technical level of our industry and that of

developed countries and meet the challenge of the new technical revolution in the world, the important thing is that we must carry out technical transformation of existing enterprises in a planned and systematic manner, with priorities in mind, and base our industrial production on advanced technology. This is a major issue bearing on the success or failure of our modernization effort.

After 35 years of construction efforts, our industrial system has basically shown development. But many old enterprises and old bases face a serious task of technical transformation and equipment upgrading. For some time to come, given limited state funds, except for individual priority construction projects that need to be started, we must resolve to do a good job carrying out the technical transformation of existing enterprises, restoring and rebuilding them, and resolutely carrying out the guideline of giving more attention to transformation than to setting up new projects. In the past 5 years, the iron-steel industry has chiefly relied on the technical transformation of existing enterprises to increase the steel production capacity by 10 million tons. Meanwhile, given a sharp drop in energy consumption, the quality of products has shown a marked improvement. Experience shows that technical transformation is a method involving little investment, more output, and quick results. As far as the current conditions of our country are concerned, the building of a new large or medium-sized project generally takes a period of around 10 years. In this time, there is only input and no output. On the other hand, given technical transformation, existing enterprises can generally turn out products in 2 or 3 years and yield results. A comparison shows that the period required for the technical transformation of existing enterprises is much shorter, that there are much quicker returns on the capital invested, and that the returns on investment are much better. In future, the country will shift the emphasis in investment to the technical transformation of existing enterprises. All those existing enterprises that can be technically transformed and expanded to increase the production capacity must be excluded from plans for the building of new plants. This is undoubtedly a major policy decision compatible with the actual conditions of our country. To smoothly carry out this major task, we must sum up historical experiences, study new work methods, and find a new path that allows little input and plentiful and quick output, bringing about a benign cycle of technical transformation. In light of the features of different areas and the conditions of different trades and enterprises, we must formulate certain concrete policies, stimulating enterprise enthusiasm for speeding up technical transformation and technical progress.

To speed up technical progress, we must start from a high level and must insist on opening up to the world, energetically importing technology, and paying attention to applying advanced world technical research results. We must make the most of two types of resources, domestic and foreign, and build up two markets, domestic and foreign. We must learn two sets of skills about how to organize domestic construction efforts and develop economic relations with foreign countries. Any idea or plan must be based on the needs of the state. It is unrealistic to start all over again in every field. We must avail ourselves of the open-door policy to draw on others' strengths to make up for our own weaknesses, thus stimulating economic development.

To speed up technical transformation, we must also do away with all outdated and irrational rules and regulations in our existing management system that interfere with technical progress. We must practice the system of management modeled after the fashion of everything being linked up like "one dragon." We must take products as the head of the dragon and organize work in a varied and flexible manner--work involving technical development, technical transformation, technical importation, technical management, technical innovation, raw and other materials, components, substances and additives required in production, technological coordination, scientific research, design, production, set standards, measurement, patent rights, information, inquiry, and so forth--in light of the built-in links between these fields. This will enable science and technology to translate more quickly into effective measures to realize higher productivity.

3. Enlivening Enterprises Is a Central Link in Industrial Reform

Since the 3d Plenary Session of the 11th CPC Central Committee, we have made many-sided explorations and experiments in reforming the industrial management system and have achieved definite results. Since the beginning of this year the CPC Central Committee and the State Council have once again given instructions that in economic work we must put emphasis on taking good care of two major issues--the reform of the system and the opening up of the country to the world. They have put forth a string of policies and measures to accelerate economic reform. Especially since the implementation of the State Council's "Tentative Regulations on Further Enlarging Decisionmaking Power for State Industries and Enterprises" and since the further opening up of 14 coastal cities, the situation has undergone tremendous changes. We should make the most of the current favorable situation to push reform forward in a continuous advance.

The fundamental task in the historical period of socialism is to develop productivity and ceaselessly improve the material and cultural life of the people. Reform is aimed at overcoming defects in the existing economic management system and ways of operation or administration and removing obstacles in the development of productivity. The core of the reform of the industrial system calls for turning an enterprise into a dynamic and lively economic cell. Various urban economic systems must turn on this central link of enlivening enterprise. Now, we already have about 400,000 industrial enterprises. Whether or not they are filled with vitality--this has a great bearing on the strengthening of the state's economy, the smooth process of modernization and an improvement in the people's living standard. The various defects in our existing economic management system find concentrated expression in government administration and enterprise management not being separated, enterprises being excessively controlled and too rigid, the position of enterprises as relatively independent commodity producers not being recognized, and the deserving decisionmaking power of enterprises over management matters and operation not being recognized; to say nothing of the lines of business involving different enterprises and economic links between different areas, everything being arranged by the upper-level administrative department in charge in regard to what an enterprise produces, how much is produced, where the products should be sold and even an

enterprise's own simple reproduction. If such a management system is not reformed, an enterprise cannot be vitalized. The state organization's economic management should be chiefly through national economic plans and economic, administrative, and legal means, guiding the development of enterprises' economic activities in a direction favorable to the whole economic situation. An enterprise's everyday operation and management activities should be handled on its own under the guidance of state plans, policies, and decrees. An enterprise should have the right to select flexible and varied means to run operations, the right to arrange its own supply and sales activities, the right to possession and disposition of its own funds, the right to decide on its own employment system and wage-bonus system, and other rights. Only in this way can there be competition and organized integration between enterprises. And only thus can a responsibility system combining responsibility, authority, and profits really be established in an enterprise.

A switchover from nonseparation between government administration and enterprise management to separation between government administration and enterprise management--this is a fundamental reform of our economic management system. We must bring enterprises new life and vitality stimulating the thriving growth and prosperity of the whole economic undertaking. Industrial management departments at all levels that are in charge must make a transition from the proper management of the enterprises under them to the proper management of the whole trade and take proper care of general and specific policies, overall planning, a comprehensive balance, the organization of cooperative efforts, and the business of supervision. Enterprises must be gradually oriented downward to reach the cities where they are situated. After an enterprise is directed downward, it is not just a case of the city government directly controlling its production and operation activities. Instead the central city is taken as its basis. Through economic, administrative, and legal means, attention is paid to enterprise reorganization and integration, specialized coordination, organization of the circulation of commodities and funds, the proper handling of science and technology, and the building of cultural, educational, and other public facilities.

Apart from the separation between government administration and enterprise management in the industrial reform, we must also carry out a series of reforms in regard to planning, pricing, labor, commodities, and so forth. These will involve the economic relations between various sectors, the readjustment of economic interests, and also complicated factors and tough tasks. Based on the arrangements by the CPC Central Committee and the State Council, we must assume a resolute attitude and take proper care of various reforms in a planned and systematic manner.

4. To Train and Establish a Large Army of Economic Management Cadres Is an Organizational Guarantee for Industrial Modernization

To improve economic results, to stimulate technical progress, and to reform the economic system--all these urgently call for training and establishing a large army of economic management cadres. Whether or not the cause of modernization can proceed smoothly depends to a very large degree on whether or not this problem can be correctly solved.

At present, the quality of our economic management cadres falls far short of the demands of the objective situation. After 2 years of enterprise reorganization work, the leading groups of some enterprises have been reorganized and strengthened. The leading groups of some enterprises are also being reorganized. An immediate problem is to place those well-educated, younger, innovative and ideologically active cadres in enterprise leading groups as quickly as possible. All cadres are facing a serious job of restudy. On the basis of reorganizing and strengthening enterprise leading groups, we must organize cadres to acquire modern technical knowledge and modern management knowledge and help raise their capacity for organization, supervision, coordination and decisionmaking. To speed up the training of economic management work cadres by various means and along various lines has become an urgent task that calls for immediate attention.

The state stipulates that factory and company managers must be subjected to a unified test and withdrawn from office if they fail to pass it. This is a major measure to strengthen the building of enterprise leading groups. It is also a major step to reform the cadre system. We must properly take care of training prior to a unified test for factory and company managers and organize them to systematically study socialist economic theories and modern management knowledge. For managers of large and medium-sized backbone enterprises throughout the country, we must also give training in electronic computer knowledge and strive to provide training once every 3 years on a rotating basis. For the party committee secretaries and general party branch secretaries of enterprises at and above the county level and responsible persons of political work departments, we must strive to give general training once before 1987 on a rotating basis. Meanwhile, we must treat the training of elite middle-aged and young reserve cadres on a rotating basis and the strengthening of the building of the third echelon as an urgent business, organize reserve cadres of large and medium-sized backbone enterprises to receive specialized studies in economic management cadre colleges and cadre special training classes of institutes of higher learning, and take the academic achievements as an important basis for examination and promotion.

We must pay close and proper attention to the building of economic management cadre colleges and schools. At present, the economic management cadre colleges and schools and training centers of various areas and departments are mostly in their initial stage of operation. Conditions for operation are relatively poor and great difficulties are encountered. We must take effective measures to help them grow and develop more quickly. We must pay proper attention to the building of the leading groups and teaching teams of colleges and schools. Through such means as assignment, transfer on a selective basis, recruitment through advertisement, and so forth, we must solve the problem of teacher shortage. We must also direct intensified efforts toward the creation of teaching materials. Hackneyed teaching materials are hardly the right stuff for the training of qualified personnel. We must strive to finish as quickly as possible the editing, writing, and publication of teaching materials for 2-year special college classes for the training of industrial enterprise managers, factory managers, and reserve cadres.

BUILD MODERN SOCIALIST AGRICULTURE WITH CHINESE CHARACTERISTICS

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 29-34

[Article by He Kang [0149 1660]]

[Text]

I

The great People's Republic of China has already seen 35 years of glorious history. Over these 35 years, under the leadership of the CPC, China's agriculture has achieved enormous successes and this has been noted throughout the world.

In 1983 the gross national agricultural production value was 312.1 billion yuan, a four-fold increase over 1949 (calculated on the basis of comparable prices) and this represents an average annual increase of some 4.8 percent, a higher speed of increase than the world average during the same period. Total grain output reached 387.28 million tons, an increase of 2.4 times over 1949. In the case of cotton and oil crops, output reached 4.637 million tons and 10.55 million tons respectively, increases of 9.4 times and 3.1 times over 1949. The output of other economic crops, such as sugar, tea, fruit, varieties of hemp, and tobacco also increased by several times or several tens of times. The forest cover rate has also increased, from 8.6 percent since the early years after liberation to 12 percent. Afforested cultivable land stood at some 13 million hectares. Gross output of pork, beef, and mutton reached 14.02 million tons, an increase of 5.4 times over 1949. Output of aquatic products reached 5.46 million tons, an increase of 11.1 times over 1949, of which output in fresh-water breeding already occupies a dominant world position. Rural and small-town industry has developed speedily and output value has reached some 75.71 billion yuan, making up one-ninth of the gross industrial output value in China and thus transforming it into a major pillar in the rural economy.

The development of the rural economy has resulted in a large increase in the income of the peasants and there have been clear improvements in the standard of their material and cultural lives. According to random investigations carried out on a national scale, the average annual per-capita net income among the rural population in 1983 was 310 yuan, an increase of 1.3 times over 1978. Peasants' food, conditions related to consumption of goods, clothing, and living conditions have all markedly improved. Some regions

and some peasants have got rich first as a result of hard work. Television sets, tape recorders, washing machines, and other durable consumer items are all gradually entering peasant households. In the majority of areas, once the problems of having enough to eat have been solved, some of the peasants have begun to develop toward standards of living of comparative comfort.

The above facts illustrate that China's agriculture is entering a new period of development.

The transformation from a self-sufficient and semi-self-sufficient economy to large-scale commodity production is an important indication of China's agriculture's entry into the period of development. In the recent 5 years there was a fast development of commodity production in the rural areas. In 1983 the social economic by-products reached 126.5 billion yuan, and after taking into account factors relating to price changes, this represents an increase of 53.5 percent over 1978, and an average annual increase of 9 percent. The commodity rate of agricultural by-products has increased from 35.6 percent in 1978 to 40.5 percent. There have been large-scale increases in the commodity rates of grain, cotton, meat, oils, eggs, poultry, aquatic products, sugar, tea, hemp, fruit, tobacco, and silkworms. As rural commodity production has developed, the peasants' purchasing power, in terms of industrial products, has also clearly increased. In 1983 commodity retail sales in the countryside reached 167 billion yuan, an increase of 85.96 billion yuan over 1978, making up 66.6 percent of commodity retail sales increases during the same period. This has effectively promoted the development of industry and of the entire national economy.

The transformation from traditional agriculture to modernized agriculture is another important indication of the entry of Chinese agriculture into a new period of development. Over the last 30-odd years an enormous amount of work has been done in the basic construction of China's agriculture and considerable achievements have been made. In 1983 the amount of efficiently irrigated land throughout the entire country totaled some 44.64 million hectares, an increase of 1.2 times over 1952. Gross mechanical power in the rural areas has increased from 250,000 horsepower in 1952 to 245.03 million horsepower in 1983, and in 1983 there were 841,000 large and medium-sized tractors, 2.75 million small and walking tractors, and 275,000 rural heavy-duty trucks in use, and 34.1 percent of all cultivable land was machine-cultivated. Grain, cotton, and oil processing has achieved mechanization or semimechanization. Rural electricity reached 43.52 billion kilowatt-hours, an increase of some 800 times over the 50 million kilowatt-hours of 1952. Total fertilizer usage (calculated according to effective proportions) increased from 78,000 tons in 1952 to 16.598 million tons. In addition, there have also been considerable successes in agricultural scientific research, education, and technological propagation and this has established important conditions for promoting the shift from traditional agriculture to modernized agriculture.

The emergence of these two shifts in Chinese agriculture presages major developments in the rural productive forces in the future.

II

The achievements made over the last 30-odd years in Chinese agriculture amply illustrate that the socialist system has a strong vitality and that only through socialism can the Chinese peasants shake off poverty and take the road to prosperity. However, since we lacked sufficient experience, we made serious errors in our work and the road we have taken has been a tortuous one. From 1949 to 1957 Chinese agriculture experienced a period of smooth restoration and development. After the completion of the land reform, the party and the government lost no time in leading the peasants along the road to mutual help and cooperation and thus successfully completed the socialist transformation of the small peasant economy, and this in turn promoted a restoration and development of the rural productive forces. During this period the annual average increase in gross agricultural output was 8 percent. From 1958 to 1965 Chinese agriculture saw a period of serious distortions, followed once again by restoration and development. As a result of "leftist" errors, the inappropriate initiation of the "Great Leap Forward" and the movement to set up people's communes, and natural disasters at the time, the rural economy suffered seriously. It was only in 1965, as a result of readjustments, that there was a gradual restoration and development in agriculture. During this period the annual average increase in gross agricultural output value was only 1.2 percent. From 1966 to 1976 was the period of the "Cultural Revolution," and thus agricultural development, which had only just resumed in 1965, was once again struck hard. Only thanks to the resistance of the masses and the cadres against Lin Biao's and the "gang of four's" attempts to go against historical trends and resistance against movements such as "in agriculture, learn from Dazhai," as well as increases in the usage of fertilizers, pesticides, farm machinery, and electricity in the rural areas, and capital construction in irrigation, was Chinese agriculture able to maintain a certain amount of development. In 1977 and 1978, after the smashing of the "gang of four," there were some improvements in the rural economy, but since the influence of "leftism" had not been eradicated, agricultural development did not reach the levels it should have done. The 3d Plenary Session of the 11th CPC Central Committee meant that Chinese agricultural development began an historic about-turn. From 1979 to 1983 the average annual increase in gross agricultural output value was 7.9 percent, far exceeding any of the averages during the previous 30 years, and thus a new and unprecedented situation emerged in Chinese agriculture.

Why have there been such tremendous achievements in Chinese agriculture since the 3d Plenary Session of the 11th CPC Central Committee? The basic reason lies in the party Central Committee's maintenance of the ideological line of seeking truth from facts and the correction of former "leftist" errors in the guiding ideology in agriculture. In addition, work was aimed at developing the rural productive forces and a series of measures were adopted to relax rural economic policies, develop rural commodity production, and enliven the rural economy. These measures mainly included: comprehensive implementation of diversified forms of contracted responsibilities systems with payment linked to output, centered around household contracts; restoration and expansion of management autonomy for rural cooperative economic groups, readjustments to the rural industrial structure, with

measures suited to local conditions; large-scale increases in the purchase prices of agricultural sideline products, active clearing of rural channels of circulation, large-scale strengthening of agricultural technological reforms; allowing some regions and some peasants to get rich first, and so on. All of these readjustment and reform measures proved themselves effective and they successfully eradicated certain obstacles in some of the links in rural production relations and in the deployment of the productive forces and this greatly promoted the development of the rural productive forces.

The tortuous road of development in Chinese agriculture has meant that in our investigations we have come to understand that: Whenever any guiding ideology, line, principle, or policy for agriculture corresponds with the objective reality of the rural areas and the demands of the peasants, rural economic construction will move forward and develop, otherwise there will be stagnation or even regression. According to the practice of the last 35 years, and in particular the last 5 years, we should absorb and note well the following important experiences and lessons: 1) As far as guiding ideology in the development of the rural economy is concerned, we must eradicate "leftist" intervention and the fetters of small-producer habits and trends, further emancipate our thinking, seek truth from facts, and carry out active and stable economic readjustments and reforms in many different areas, constantly opening up and developing a new situation in agriculture. 2) Readjustments and changes to the production relations must correspond to the level of development of the productive forces. The basic aim of socialist revolution and construction is to massively develop the social productive forces and to satisfy to the greatest possible extent the constantly increasing material and cultural needs of the people. Any aspects of the existing production relations which are not beneficial to the development of the productive forces must be readjusted and reformed, so that there is constant perfection and so that the social productive forces will develop. 3) The commodity economy still exists in a socialist society. We must without fail uphold the principle of the planned economy as central and regulation by the market mechanism as secondary, and make conscious use of the law of value and economic levers, developing agricultural commodity production on a large scale. 4) The development of rural commodity production requires a corresponding and suitable industrial structure and industrial policies. We must thoroughly implement the principle of "not letting up on grain production and actively developing diversified management," and, on the basis of natural laws, suiting policies to local conditions, and organizing a rational distribution of agricultural production, we must ensure comprehensive development of agriculture, forestry, fishery, and animal husbandry, as well as rural industrial sideline industries. We must implement economic integration between the urban and rural areas and move toward specialization and socialization. 5) A powerful material and technological foundation is a necessary precondition for socialist modernized agriculture. We must uphold the principle of making agriculture the foundation and we must strengthen industrial support of agriculture, implementing agricultural technological reforms on a large scale and constantly improving the level of the rural productive forces. 6) Labor represents the most lively factor in the productive forces and thus the peasants must be handled correctly. At their present stage, the Chinese peasants have now become new-style socialist

peasants. In drawing up and implementing all rural economic policies, we must respect the autonomy of the cooperative economic groups and the peasants and we must handle correctly the interests of the state, the collective, and the individual, and ensure that the masses of peasants quickly get rich on the basis of developing production.

The experiences of agricultural development in China, when summarized, are that we must start out from the reality of China, we must uphold reforms, and we must construct a socialist modernized agriculture with Chinese characteristics. A socialist modernized agriculture with Chinese characteristics must first of all be basically characterized by a socialist economy, and this means upholding the principle of public ownership of the basic means of production and the principles of distribution according to labor and planned guidance. Second, this kind of agriculture must have the general characteristics of modernized agriculture throughout the rest of the world, in other words, it must make extensive use of modern science and technology, the means of production offered by modern industry, and scientific methods of management. Third, this socialist agriculture must have specifically Chinese characteristics. These are mainly the implementation of integrated unified and decentralized management, the coordinated development of planting, breeding, and processing, and comprehensive agricultural, commercial, and industrial management, as far as the industrial structure of agriculture is concerned. As far as the planning system is concerned, the planned economy must be central and regulation by the market mechanism secondary. As far as technological reforms are concerned, we must make full use of all agricultural natural resources and we must focus on raising per-unit yield and product quality, while also implementing intensive management, and so on. Over recent years the readjustments and reforms carried out in China's agriculture have in actual fact been the first glorious attempt to construct a socialist modernized agriculture with Chinese characteristics.

III

According to the strategic targets of the 12th CPC National Congress, initial plans are that gross national agricultural production value should be increased by 180 percent by the end of this century. If rural and small-town enterprises are included and we strive to quadruple output, that means an increase of 300 percent. By the year 2000, gross national grain output will reach about 500 million tons and the average per-capita net income of peasants will be around 800 yuan, while we will make efforts to get it as high as 1,000 yuan or more. This is an enormous and arduous strategic target. Thus reforms must revolve around quadrupling and making the peasants rich, so that the reforms promote quadrupling and prosperity among the peasants, and in these reforms we must seek and construct a socialist modernized agriculture with Chinese characteristics.

1. We must continue to implement reforms in the style of management and we must develop the rural cooperative economy. One of the major reasons for the speedy development of agriculture over the last few years has been the implementation of reforms in the management style of the rural cooperative economy and, as a result of universal implementation of diversified forms of

the system of contracted responsibilities with payment linked to output, we have solved the problem of "eating from the same big pot," and thus developmental vitality has been instilled into the rural economy.

Today the system of contracted responsibilities with payment linked to output which concentrates on household contracts has become the major form of management in the rural cooperative economy. In the future the focus should be shifted to stabilizing, perfecting, and continuing propagation of the system of contracted responsibilities with payment linked to output. This stabilizing requires the adoption of suitable measures such as extending land contract periods and reasonable compensation for investments in land. It also means eliminating factors which are not beneficial to the stabilization of the system of contracted responsibilities, encouraging the peasants to increase their investments, implementing intensive management, encouraging a gradual movement toward concentrated expertise in planting the land, and the development of suitable scales of management. Perfecting involves mainly working in accordance with the principle of integration of centralization and decentralization, developing a multilevel, diversified pre-, mid-, and post-production service system, and strengthening the mechanism of unified management. Propagating means not only implementing the system of contracted responsibilities in areas such as planting but also introducing the system into all other areas and actively propagating the system of contracted responsibilities with payment linked to output or the system of management contracted responsibilities. Naturally the concrete form of responsibility system cannot be identical everywhere. State-run agricultural enterprises should also actively promote household (fishery and animal husbandry) farms, while upholding the system of public ownership of the basic means of production, and thus they should gradually develop two-tiered management, involving an integration of unity and decentralization, and as a result more effectively give expression to the superiority of the publicly owned economy and the enthusiasm of working individuals.

At the same time as stabilizing, perfecting, and propagating the system of contracted responsibilities with payment linked to output we must develop diversified forms of rural cooperative economy according to circumstances. Generally speaking, regional cooperative economic groups based on public ownership of land should be set up as quickly as possible. Diversified forms of specialized cooperative economic groups centered around specialized contracts and specialized joint ventures must all strictly adhere to the desires of the peasants and, on this basis, develop gradually. The form of these cooperative economies, their content, and the extent to which the means of production within them are publicly owned can vary according to circumstances, so that each one may retain its own individual characteristics. Whatever this form of cooperation it must involve voluntary participation and mutual benefit, it must accept the guidance of state planning, and it must implement democratic management and uphold the principles of distribution according to labor, shared retention, and accumulation, and as long as they fulfill these requirements, they are cooperative economies of a socialist nature. Just as Comrade Hu Yaobang said in his report to the 12th CPC National Congress: "We must promote diversified forms of economic combinations which truly adhere to the principles of benefiting production and of

voluntary participation and mutual benefit. It can be predicted that in the not too distant future prosperous trends will develop in China's countryside in which measures are suited to local conditions, in which measures for advanced production may be implemented on a large scale, and in which a diversified and more perfect cooperative economy will develop."

2. We must carry out far-reaching reforms in the industrial structure and ensure comprehensive development of the rural economy. Over the last few years another important experience in rural economic development in China has been the gradual readjustments and reforms in the industrial structure and the implementation of comprehensive agricultural, industrial, and commercial management. The result has been that unitary management and an irrational structure, which for so long characterized Chinese agriculture, has gradually begun to change and improve. However, the various natural and economic resources in the countryside are still not being fully and rationally used, and development among various industries and regions is very unbalanced, while the structure inside various industries is also rather irrational. Thus we must continue to carry out far-reaching readjustments and reforms in the structure of rural industries.

There must be major shifts in our guiding ideology in order that readjustments and reforms in the structure of rural industries can be smoothly implemented. We need new ideology, new concepts, and new methods. Recently, while on an investigation tour of eight counties in Hebei Province, Comrade Hu Yaobang said that rural production must at the very least involve eight things, namely, planting, breeding, mining, processing, commercial services, transportation, small-scale energy construction, and building. The many industries included within rural industries can be divided into three levels, one the level of planting, the second the level of agriculture, forestry, fishery, animal husbandry, and sideline industries, and the third the level of rural economy. All levels must strictly adhere to natural laws and economic laws and must pay attention to suiting measures to local conditions, comprehensive utilization, ecological balance, and a benign cycle.

At the planting level we must ensure that equal attention is given to grain crops, economic crops, and fodder crops. We must maintain a definite level of steady growth in grain production. Economic crops must develop in a planned way, and correspond to market demand and consumer demand, and in all cases product varieties and quality must be improved while output is increased. The planting area of fodder crops must be gradually increased and it must make up a definite proportion of all planting areas.

At the level of agriculture, forestry, fishery, sideline industries, and animal husbandry there should be full and rational utilization of all natural resources, and forestry, fishery, and animal husbandry must be developed more quickly. The departments of agriculture, animal husbandry, and fishery must actively coordinate with the forestry departments and mass tree-planting activities should be maintained to protect and expand tree coverage and cultivable land. In some areas a low level of grain surplus has begun to develop, but in general, the level of China's grain consumption is still fairly low, while the breeding industry is still very weak and we must pay

particular attention to shifting grain toward fodder. In areas where conditions allow it, fodder crops should be developed and grazing grass should be planted, the breeding industry should be developed quickly, and output of meat, milk, eggs, and fish should be increased as quickly as possible, and thus the eating habits of the people may be improved. The internal structure of the animal husbandry industry also requires adjustments and we must pay attention to develop low fat, high protein animal food products such as beef, mutton, rabbit, and poultry. In the fishing industry the emphasis should be on developing fresh-water and marine breeding by organizing the state, collectives, and individuals working together and we should, as quickly as possible, change the situation in urban areas in which it is difficult to get fish to eat.

At the level of the rural economy we should implement an integration of urban and rural economies and composite development of agriculture, industry, and commerce. Without agriculture there can be no stability, without industry no prosperity, and without commerce no enlivening, and thus we must place equal emphasis on all three. We must fundamentally change the situation in which peasants only carry out agricultural work and must change it as quickly as possible and, instead of only supplying grain and raw materials, they should at the same time carry out agriculture, industry, commerce, building, transportation, service industries, and so on. At present small-town and rural enterprises must develop the fodder industry and food industry in particular and gradually make use of modernized processing equipment and in this way improve the depth of processing and its economic results. We must pay attention to altering the "bureaucratic" handling of the peasants' interests, and thus ensure that small-town and rural enterprises really are economic bodies run by the peasants. We must actively support peasant household enterprises and joint household enterprises. Communications and transportation represent an important factor in the development of the rural economy and in regions where conditions allow it we can carry out projects run by the people and subsidized by the state, thus gradually developing rural roads and water transportation. On the basis of comprehensive development of the rural economy, we must speed up construction of small towns so that they become the political, economic, and cultural centers of the countryside and form the basis of a network of urban and rural links.

3. We must continue reforms in the circulation system and management system and we must develop rural commodity production. China's rural economy is a commodity economy under the guidance of state planning and the economic system which it demands should be characterized by flexibility and adaptability. Many aspects of China's rural circulation system and management system still do not correspond with the demands of commodity economic development and thus further reforms are necessary. In our reforms we must organically integrate the development of the commodity economy with state planning guidance and gradually build up a lively and rich system.

Macroeconomically we must exercise control and microeconomically we must enliven things. This is an important principle in guiding reforms in the economic system. Today in China it is still necessary for the state to issue certain directives concerning the unified purchase or batch purchase

of grain, cotton, oils, fresh pork, tobacco, and other important agricultural sideline products, since this helps guarantee the basic requirements of the people's lives as well as coordinated development of the national economy. As rural commodity production develops we should in future gradually expand the proportion of guidance plans and market adjustments and make adjustments mainly by means of the market mechanism and economic levers, making greater use of such economic levers as prices, taxation, credit, interest rates, and economic contracts. At present we should concentrate on smoothing out price relations and getting rid of obstacles created as a result of irrational price relations which hinder the development of rural commodity production. There are still many problems within the rural commodity circulation system and we should continue to smooth out the various channels of commodity circulation, expanding commodity exchange between urban and rural areas and between different regions. We should encourage the peasants to go into towns and cities and open up shops to sell agricultural sideline products and thus solve problems, such as difficulties in buying and selling, which exist within the development of rural commodity production, and at the same time enliven both urban and rural economies. In supply and marketing cooperatives we should continue to simplify administration and expand powers and work more toward enlivening the rural economy and supporting commodity production and in doing so ensure that cooperative commercial organizations are established which are truly run by the peasants. Rural credit centers should also continue to improve in this direction.

We must pay attention to the problem of consumption and actively open up agricultural sideline product sales markets and similar markets for other processed goods. Like production, exchange, and distribution, consumption also represents an important link in economic development. Without a lively and constantly increasing sales market, rural commodity production cannot reach rapid and sustained development. At present we should encourage the mass of city dwellers to change from being low-level consumers to being high-level consumers and we must research and solve the various problems hindering this shift. Retail sales of rural consumer products represents more than half of all national retail sales of consumer products and thus we should work hard to open up even further this market, which has such an enormous potential. Not only must we guide production, exchange, and distribution, we must also guide consumption, so that consumption promotes the development of rural commodity production.

One of the most important parts of the reforms in the rural management system is to ensure as fast a shift as possible in all levels of agricultural, animal husbandry, and fishing departments toward a path more suited to the development of commodity production. In addition we should change the former situation, in which for many years only production was attended to and circulation was ignored. We should shift from pure administrative management to a service-oriented system and we should coordinate relevant departments to actively organize a variety of services for the peasants prior to, during, and after production. We should also implement technology, information, and policy guidance and thus promote the development of agriculture toward specialization, socialization, and intensification.

4. We must speed up implementation of agricultural technological reforms and constantly improve economic results. At present agricultural production in China depends mainly on manual operation and the ability to handle and combat natural disasters is not high and falls far short of the demands of socialist modernized agriculture. Speeding up agricultural technological reforms, improving conditions for agricultural production, and improving the standard of agricultural science and technology is still an urgent and arduous task facing us today.

In implementing agricultural technological reforms we must also pay attention to improving economic results. We cannot simply copy indiscriminately all advanced foreign technology and equipment, rather we should import selectively on the basis of differing characteristics in different areas in China and according to varying requirements and capabilities. As far as the country as a whole is concerned, mechanization, semimechanization, and manual tools should all be given equal importance, and manpower, animal power, and electrical power should also all be used together. We should integrate engineering and biological measures and we should integrate modern science and technology and good traditional technology. As far as each individual region and work unit is concerned, we should start from reality and make selective use of the most urgently required technology and equipment and thereby achieve the best economic results. China has a large population and little cultivable land and it lacks energy resources, and thus it must make full use of mountain areas, plains, river valleys, and all natural resources, and we must pay attention to improving per-unit yield. This, then, should be the starting point for agricultural technological reforms. Through these technological reforms we should strive for using rather small amounts of land and suitable investments, and obtaining the greatest possible yields. We must pay attention to agricultural education, scientific research, and the propagation of technology, and we must step up the development and utilization of trained personnel and technology itself. At the same time as developing education in colleges and universities, we should also make great efforts to develop vocational training for peasants and the training of peasant cadres. We must encourage agricultural technological personnel to circulate among the border regions and the grassroots, and thus improve the scientific and technological standards and management standards of all the agricultural ranks.

In order to improve economic results in agricultural technological reforms, we must also carry out reforms in the methods of capital construction investments in agriculture. All projects which have repayment capabilities must practice the system of repayable loans, so as to encourage those who use the funds to concern themselves with the results of their investments. At the same time we must overcome the tendency to solely rely on state investments and we should adopt methods which together the state, the collective, and the individual and which involve an integration of domestic and overseas funds and in this way alleviate and solve the problems of insufficient funds, thus guaranteeing the smooth implementation of agricultural technological reforms.

OUR PARTY STYLE IS GETTING BETTER DAY BY DAY

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 35-37

[Article by Zhu Poru [2612 0130 0320]]

[Text] On the occasion of the glorious festivities of the 35th anniversary of the establishment of the PRC, I am extremely joyful to see that since the 3d Plenary Session of the 11th CPC Central Committee and following the restoration of order from chaos and party rectification, our party's superior tradition and style have been restored and displayed, that the relations between the party and the populace have become closer, and that the party's prestige has increased day by day. This is our party's glory and is also the good fortune and hope of the state and the people.

I have been brought up under the party's affectionate guidance. At the time of the birth of the PRC, I was still young. The fragrance of the good party style and social atmosphere in the initial period of the establishment of the republic decided for me the road I should take from then on. The 10 years' disturbances of the "Great Cultural Revolution" caused great disaster to our party. The party's superior traditions and style were downtrodden, and the spirit of Lei Feng was in reality negated. Confronted with this state of affairs, people become down-hearted and pessimistic. But I felt that as a Communist Party member, facing such a kind of phenomena it would be much better, instead of feeling depressed and laying the blame on other people, to add fuel to our fire-place, so to speak, to keep other people warm, consciously to help the people to solve their difficulties, and strive to restore the good party style and social atmosphere by means of our own actions. Resisting outside pressure, I resolutely learned from Lei Feng and determined to follow his road to the end. After my doings have been made known to other people, the party and the people bestowed on me a great honor. Amid the applause and cries of commendation, apart from feeling not quite deserving, I strongly felt that the applause and commendation were certainly not meant for myself only but were also intended to express the hot wishes of the vast masses of people for good party style and social atmosphere.

In order that the party style and social atmosphere may basically turn for the better, the 2d Plenary Session of the 12th CPC Central Committee decided on an all-round party rectification, determined to rely on the party's own strength to overcome our own dark side, rectify our own errors, and ensure

that in a new historical period the party will be able to achieve new and greater successes. This illustrates that our party has confidence and has hopes for the future. Since the development of party rectification work, the party organs of many units have been carrying on simultaneously rectification and correction of defects, some have corrected defects before rectification, and new people and new doings have appeared continuously. Concurrently with greatly propagating these positive factors, the party has also in time publicly revealed and sternly dealt with acts of bureaucratism which represent irresponsibility to the party and to the people and with typical cases and typical people using power to seek private gains. This has exerted strong pressure on the incorrect style and atmosphere. From all these facts we can see that in order to realize the basically turning for the better of the party style, the party Central Committee has made an extremely firm determination. Its attitude is clear and its measures are forceful. As the saying goes, being earnest can handle everything. Only if our whole party is really seriously concerned and takes an earnest attitude can the problem of party style certainly be solved well.

However, certain comrades still lack sufficient confidence in doing a good job of party rectification and making the party style turn for the better. Since last year, I have exchanged views with many comrades on this problem. I feel that to have full confidence in the party style basically getting better, first of all our method of looking at the problem must be correct and we must be adept in looking at the essence, the main stream, and the development. Since the 3d Plenary Session of the 11th CPC Central Committee, comrades of the whole party have made great efforts to strengthen and improve the party's leadership, change the party style, and improve the party's fighting power. Our present party Central Committee is a determined and strong structure which is closely linked to the masses and is full of vitality. Actual practice has shown that the road, guideline, and policies formulated by the party have been correct and have won the hearty support of the extensive masses of people. Naturally, there is still a dark side to our party. In my opinion, first, it is necessary to make clear whether this dark side is in the lead or is only secondary; and whether it is daily expanding or daily dwindling. Facts have shown that the general trend of our party style is getting better. We cannot, just because the party still has certain unhealthy factors, lose our confidence. I have explained this point to certain young people with an illustration as follows: I, Zhu Poru, have certain defects. You people also have certain defects. If we exaggerate the defects, then it does not correspond with reality and you will certainly feel displeased. This illustration should apply to the party as well. We must indeed adopt the attitude of seeking truth from facts. At all times, we should distinguish between the whole and the part and between the main stream and the branch streams. We should not exaggerate the dark side. We cannot, just because certain party members are in the wrong, blame the party as a whole and paint it wholly dark. Nor should we, without making due analysis, ascribe the defects of certain party members and certain unavoidable errors to the party style being incorrect. In this regard, I wish to cite a letter from a certain student studying abroad which has given me much enlightenment. He wrote: Deep in the hearts of us students studying abroad, only our socialist motherland has green hills and clear waters, forever

brightened by the glorious sunshine. He expressed his firm belief that our party could certainly lead our people to a bright future. Hence, we must take a correct stand and look at problems with unlimited warmth toward the party and the people's enterprises. Making a comparison is the best way to understand problems. Let us compare people who work strictly according to the party's demands with people whose party style is incorrect; let us compare the present conditions with conditions before the 3d Plenary Session of the 11th CPC Central Committee; and let us compare China's conditions with the conditions of many foreign countries. In so doing, the conclusion drawn will be comparatively objective and just and will increase our confidence.

Some comrades frequently take the turning for the better or the party style and social atmosphere as other people's affairs and take it as concerning only the leadership organs and leadership cadres. They put themselves outside the circle. This does not conform with what the party demands of each and every party member. Each party member and each social constituent is always propagating a certain style, either good or bad. Therefore, everybody has the responsibility to rectify the party style and the social atmosphere and this applies all the more to Communist Party members. Not to put oneself inside the circle but to stand on the sideline and grumble is a clear illustration of not being responsible to the party. Since we are grieved at the incorrect style or atmosphere, then why don't we take action ourselves? If we Communist Party members can start with ourselves first, display the superior traditions of being the first to bear hardships and the last to enjoy comforts, putting other people before ourselves, being always ready to help other people, using our own actions to show that not all people are selfish and that the Communist Party serves the people wholeheartedly, then people will all the more trust and respect our party. Indeed, if we act according to good examples, then very soon the party style and social atmosphere will get better. At the same time, we must dare to struggle against incorrect style and against things injurious to the party enterprise and to the people's interests. In this regard, we must show the spirit of the woodpecker. Woodpeckers are doctors of the forests; they devour insects that eat wood and work diligently to protect our forests. Our party may be considered as a "big forest" and incorrect style as being insects or borers which damage this "big forest." We should copy the example of the woodpeckers protecting the forest and protect the health of our party organism, engaging in the struggle to make the party style basically turn for the better. In party rectification, each and every party member among us should give a thought on whether he is displaying the woodpecker's spirit or playing the role of the borer. Working as a "woodpecker" and struggling against incorrect style may offend certain people and we may have to pay a definite price and make certain sacrifices. Nevertheless, for the sake of the party's mighty enterprise, it is necessary for us to display a high degree of the spirit of self-sacrifice. If "woodpeckers" of this kind increase in number, then this type of "borer," like the incorrect style, can hardly survive.

In the last analysis, to have full confidence in the party style basically getting better, it is necessary to strengthen one's own belief in communism and to highly trust the party. Looking back at the past trodden road, I have a deep understanding and this is that at heart I have a warm craving

for, and belief in, as stated in the song "The Internationale," "the ultimate realization of the Internationale." Hence, irrespective of any difficulty or setback, and despite what other people may say, we ourselves should set our objective on taking from beginning to end Lei Feng's road and consciously stand at the front ranks of rectifying the party style and transforming the social atmosphere. At present, certain people still lack confidence in the party style basically getting better, even going to the extent of following the stream and performing acts contrary to a party member's good name. If we look into the cause, it may be found that it is all concerned with the problem of faith, which is one of the most serious and evil consequences of the "Great Cultural Revolution." Therefore, the course of our party rectification, and the course of our prosecuting struggle for realizing the turning for the better of the party style, is necessarily the course of carrying out penetrating education in communist ideology. It will be necessary to study and learn anew and to acquire a clear knowledge of the objective laws of historical development. We must see, on the one hand, the inevitability of historical development, and, on the other hand, the difficult and tortuous nature of the realization of communism and stay unbending in the struggle for realizing our lofty ideals. I shall never forget the education I received on visiting last year the congress assembly hall of the First NPC. At the time when our party had only several tens of Communist Party members, it already dared to look down upon a powerful enemy and was fully confident of the eventual success of the revolutionary enterprise. Now that our party has already tens of millions of party members and has become a thoroughly steeled Marxist political party, could there still be any difficulty which it cannot overcome? If only we can have unshakable faith, determinedly act in accordance with the party's teachings, make full use of this great opportunity of party rectification, and utilize healthy factors to overcome unhealthy factors, then very soon we can bring about the basically turning for the better of the party style and follow up with the great development of our country's modernization program. In the past, I did for the party and the people all that I should do. From now on, I shall continue to do so and follow the progress of our time to march boldly forward.

CSO: 4004/5

CELEBRATING THE 35TH ANNIVERSARY OF THE FOUNDING OF THE PRC

Beijing RED FLAG in Chinese No 19, 1 Oct 84 p 37

[Poem to the tune of "Nian Nu Jiao" by Qian Weichang [6929 0251 7022]]

[Text] This joyous festival of the National Day has given us incomparable happiness. The past 35 years have passed in the twinkling of an eye. People of the whole country, united in their struggles, have removed all obstacles and scored immense successes. A small individual like myself shares the same fate with the state. Today I have regained the youth and vigor of a life of scientific achievements. Though approaching the evening of life, my heart is still young. I shall certainly redouble my efforts and offer to the state my remaining strength. Looking at the future of the motherland's four modernizations, it is like a rising sun and the beauty of the moon. My heart throbs in excitement and I can hardly control myself. As stated by ancient people, poems can best express the feelings. Hence, I am composing this poem in celebration of the anniversary of the motherland:

Hearing the cock's crow,
I look at the east and find streams of bright rays flow.
Red sunshine covers the great earth,
Sweeps away the remaining mist and snow.
The auspicious gathering of the "3d Plenary Session,"
All agreed on the "four modernizations,"
Promising to work together in heart and soul.
In the rise of China,
Removal of all impediments shall be our goal.

Continue to climb the high peaks we shall,
Study hard and work to set examples,
Create and open up new roads.
Fear not steep banks and high cliffs,
Our purpose is to serve the people.
We shall cross the high seas and call the dragons,*
Go after the stars and visit the moon,
In celebration of the 35th National Day.
Long live the Divine Land,
May the highly raised array of red banners flutter forever!

*Meaning conduct research on waves and energy sources.

CONGRATULATIONS ON THE PUBLICATION OF THE NEW EDITION OF THE 'COMPLETE WORKS OF LENIN'

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 38-40

[Article by RED FLAG commentator]

[Text] In accordance with the decisions of the party Central Committee, the first to fourth volumes of the second edition of the "Complete Works of Lenin" was published on the occasion of the 35th anniversary of the founding of new China. The edition was published by the CPC Central Committee Editorial Office for the Works of Marx, Lenin, and Stalin. In order to meet the demands of socialist construction in China, Lenin's works written after 1917 will be published next year, ahead of schedule and further volumes will be published after that. This is a major event in the party's ideological and political work and theoretical construction work, and it deserves warm congratulations.

Lenin and the Russian Bolshevik Party integrated the universal truths of Marxism with new developments in world trends during the time of imperialism and the concrete situation in Russia at that time, and the result was that the first victory in the socialist revolution occurred in an economically and culturally backward country. In addition, theoretical assessments were made of the experiences in the Russian socialist revolution and socialist construction and thus Leninism developed. Leninism is the continuation and development of Marxism and it has made major contributions to Marxism in the three areas of philosophy, political economics, and scientific socialism. Our party is right now integrating the universal truths of Marxism-Leninism with the actual situation in China and only in this way are we achieving great victories in our revolutionary struggle and our construction undertakings. At present, the most basic guarantee for ensuring that we achieve the historical tasks of this era is still to unswervingly uphold this principle. When the new edition of the "Complete Works of Lenin" begins to come out, it will help us study Marxism-Leninism better and it will help us implement this principle even better.

The second edition of the "Complete Works of Lenin" has a total of some 60 volumes and in all it comprises some 26 million Chinese characters. Compared to the first edition, the second edition has an extra 21 volumes and the total length has increased some 60 percent. The second Chinese edition of

the "Complete Works of Lenin" is based on the fifth Soviet edition of the "Complete Works of Lenin" edited in the Soviet Union, and it has added to it many new documents which were later discovered by the Soviet Union and which have now been translated into Chinese, and as a result it will be the most complete publication of the documents and writings of Lenin. The new edition has changed and corrected many mistranslations which occurred in the old edition and thus the new translation is far more accurate and fluent and this means that the translation will remain stable for quite some time to come. The new edition includes a preface which provides an introduction to the historical background and contents of each volume, as well as translation annotations, chronological tables, name indexes, document indexes, and a great deal of valuable materials.

In general, the new edition of the "Complete Works of Lenin" is a publication with a very new appearance, in terms of the number of documents included in it, the editorial handling, the layout of the reference materials, and the binding and design. It has provided us with even better conditions and a more reliable and fuller basis on which to research Marxism-Leninism, carry out theoretical propaganda, and theoretical education.

Lenin was a great Marxist theorist and revolutionary. Leninism is a scientific system of thought with unlimited vitality. The source of its vitality lies in its integration of theory and reality. This characteristic runs through all of Lenin's theoretical activities and practical activities. Even when he was very young this characteristic had already manifested itself in him. In the article entitled "What Are 'Friends of the People' and How They Attack Social Democrats" in Volume 1 of the "Complete Works of Lenin," Lenin says that at the present level of knowledge, no revolutionary theories other than Marxist ones can be used and that Russian socialists must use the valuable methods of Marxist theories to carry out concrete research into the history and reality of Russia and provide answers for some pressing questions relating to the Russian proletariat. The third volume of the "Complete Works of Lenin" entitled "The Development of Russian Capitalism" is a model piece of writing in which Lenin makes use of Marxist economic theories and scientific methodology to research and answer socioeconomic problems in Russia at that time. In this piece of work, Lenin writes that revolutionary Marxists always want to be thorough Marxists and that to be so, one must develop the basic principles of Marxism on the basis of changing conditions and the characteristics of each individual country and that one must continue to research Marxist dialectical materialism and political economic theories. Lenin was steadfastly opposed to the idea that Marxism was outdated, and he clearly announced: "We must base ourselves absolutely on the theories of Marx because it was he who transformed socialism from a vacuous idea into a science for the first time and laid down firm foundations for this science, outlining the course to which we should adhere in our continued development and detailed research of this science." At the same time he also stressed that we must handle Marxism creatively. He wrote: "We can on no account regard Marxist theory as an unchanging and mysteriously invincible thing. On the contrary, we should develop this science and make it progress in every single aspect." He also went on to say that what Marxist theory provided was merely general guiding principles and that these

principles differed in their actual application and use in different countries. Lenin's accurate handling of Marxism and his scientific position in using Marxism to solve actual problems in socialist revolution and construction runs through all of his works. In our handling of Lenin's theories we should imitate Lenin in his handling of Marxist theories and we should not regard it as ossified dogma but rather as a scientific methodology and an active guide.

Lenin's theories on socialist construction represent something which is not found in Marxist theories. In particular, Lenin provided us with new theoretical contributions pertaining to party construction, the construction of political power, economic construction, science and culture, foreign relations, and international movements during the period of socialism. These contributions represent a considerable part of Lenin's theories. As a result of historical changes, socialism did not succeed in capitalist countries with advanced productive forces, as envisaged by Marx and Engels, rather it gained victory in economically and culturally backward Russia. Lenin made use of Marxist dialectical materialism to analyze the situation in Russia and in his probes into ways of constructing socialism in Russia he solved a great number of questions and came up with some marvellous ideas concerning socialist construction. For example, he said that after the proletarian class had seized political power, its most important and most fundamental interest was to improve the productive forces. As far as economic construction was concerned, regional enthusiasm, initiative, and creativity should be put to use at the same time as strengthening centralized leadership. As far as the management of enterprises was concerned, he proposed the implementation of the system of one-man leadership and the setting up of effective vocational leadership while at the same time bringing the workers into participation in management work. He suggested that private economies should be permitted to exist within certain limits so as to promote commodity production and circulation. He suggested the implementation of state capitalism and rental policies and the use of foreign capital and domestic private capital to restore and develop industry. He proposed studying and importing advanced overseas science and technology and management experiences, and he stressed the use of scientific and technological experts to improve the cultural, scientific, and educational standards of the people. He proposed developing socialist democracy and perfecting the socialist legal system. He also proposed reforming the socialist political system, the implementation of strict economy, reductions in numbers on official bodies and organizations, improvements in work efficiency, and measures to overcome bureaucracy and tendencies to drag out work projects. Today it is certain that further study and review of these ideas is of great significance to us in terms of guiding us and helping us to learn from the experiences of others.

When we study Lenin's works the most important thing is for us to understand and grasp his methods of using Marxist world views to analyze questions and solve them. Lenin had total faith in the masses and he paid considerable attention to the practice of the masses. He said several times that socialism could not be built by orders coming from above to the lower levels and that the scientific works of Marx and Engels could not provide ready-made

answers for the various problems surrounding the Russian socialist cause and that flourishing and creative socialism is created by the masses. As a result he always based himself on the practical experiences of the millions of masses and always made prompt theoretical assessments of the experiences and lessons learned in economic construction, probing the way for the construction of socialism in Russia. In the "Complete Works of Lenin," in addition to several very famous philosophical pieces, the vast majority of the writing is made up of articles and works in which Lenin made use of materialist dialectics to analyze and solve actual problems in revolution and construction. Lenin always stressed that revolutionary dialectics was the basic theoretical foundation of Marxism. He was skilled at understanding and perceiving things in accordance with their original appearance, at grasping things from the universal links among things, and considering things in terms of their movement, developmental changes, and interrelationships. He took practice to be the standard for truth and he used this standard to test and handle problems related to all principles and policies. He believed that concrete analysis of concrete problems represents the living spirit of Marxism and he was opposed to the use of general and abstract formulae in the place of concrete analysis. He stressed research into the concrete characteristics of things. It can be said that in all of Lenin's works, the ideological light of material dialectics shines through. From the additional works in the new edition of the "Complete Works of Lenin" we can see even more fully how Lenin used Marxist world views and methodology in his complex revolutionary struggle and construction and how as a result he moved toward victory. In studying Lenin's works we must grasp this essential thing and we must grasp the spirit and not simply limit ourselves to drawing this or that concrete conclusion under specific conditions. World views and methodology embody the most important universal significance and as soon as we have grasped them we climb higher and take on everything, and as a result grasp the essential nature and laws of life and practice.

Our party was born as a result of the influence of the Russian October Revolution and with communist international help, led by Lenin. Lenin's theories have always been an active guide in our revolution and construction. They have had an enormous influence on the construction of our party, the formation of Mao Zedong Thought, and the victories of new democracy and socialist revolution, and it has taught and nurtured several generations of cadres in our party. However, in the past we did sometimes misunderstand or tend to dogmatize some of the theories and concepts of the works of Marx and Lenin. During the "Cultural Revolution" Marxism-Leninism was once again distorted, split and twisted by Lin Biao, Jiang Qing and their counter-revolutionary clique. Our party smashed the "gang of four" and once again restored the scientific aspects of Marxism-Leninism and made the call to the entire party to once again study Marxism-Leninism and improve the standard of Marxist-Leninist theory and policies among cadres. The "Complete Works of Lenin" is a concentrated manifestation of the legacy of Lenin's thoughts. For us it represents an inexhaustible treasure chest. We believe that as long as all cadres in the party, especially leading cadres, study the works of Marx and Lenin and link what they learn with reality, then it will be

possible to carry out the party lines, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, far more consciously, and in addition, speed up the steps in reform work and make even better use of Marxism-Leninism in the practice of constructing a socialism with Chinese characteristics, and thus promote the opening up of a new situation in socialist modernized construction in China.

CSO: 4004/5

RED FLAG HOLDS AN AWARDS MEETING FOR OUTSTANDING THEORETICAL ARTICLES

Beijing RED FLAG in Chinese No 19, 1 Oct 84 p 40

[Report by Xiao Shen]

[Text] On 21 September RED FLAG magazine held an awards meeting in Beijing for outstanding theoretical articles. Invitations to attend the meeting were accepted by Comrades Wang Zhen, Hu Qiaomu, Deng Liqun, and Bo Yibo of the party Central Committee. Some 200 people attended the meeting including the authors of the 22 winning articles, experts and scholars involved in checking and evaluating the articles, responsible persons from theoretical circles and journalistic work units in the capital city, and liaison personnel from various provinces, cities, autonomous regions, and the PLA presently in Beijing to attend a RED FLAG magazine meeting, as well as representatives of RED FLAG primary subscribers.

At the meeting Comrades Wang Zhen and Bo Yibo gave enthusiastic speeches. They warmly congratulated the winning authors and expressed their desire to see a further linking of theory with reality among the masses of theoretical workers and the utilization of the general principles and basic concepts of Marxism-Leninism-Mao Zedong Thought and to provide theoretical elucidation and encapsulation of the many new questions which are cropping up in reforms and the construction of the four modernizations as well as a series of new questions which are appearing in the new technological revolution.

The aim of the selection of outstanding theoretical articles by RED FLAG magazine is to further encourage and mobilize the enthusiasm of theoretical workers to study actual problems and questions and thus implement even more successfully the directive, made by Deng Xiaoping, printed in RED FLAG magazine at the time the 25th anniversary of its publication was being celebrated which read "theoretical work must serve socialist modernized construction." The articles to be evaluated all came from theoretical articles printed in RED FLAG magazine since the 3d Plenary Session of the 11th CPC Central Committee (mainly since the 6th Plenary Session of the 11th CPC Central Committee) and up to the end of last year. The standards for selection were: 1) correctness of political and theoretical concepts; 2) linking of theory with reality, defining theoretical depth, a positive effect on the construction of the two socialist civilizations; and 3) a good style of writing. The 22 winning articles were selected after listening fully to

opinions of the readers and experts, after a full integration at all levels and both inside and outside RED FLAG magazine, and repeated assessment and evaluation. Thus they were selected from over 1,500 articles. (Articles written by party and state leaders or by those from RED FLAG magazine publishing house were not included in the assessments.)

The meeting was chaired by the editor in chief of RED FLAG magazine, Xiong Fu, while deputy editor in chief Ma Zhongyang provided an explanation of the assessment and evaluation.

CSO: 4004/4

PREFACE TO THE 'SELECTED EXCELLENT THEORETICAL ARTICLES FROM RED FLAG'

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 41-43

[Article by Xiong Fu [3574 1788]]

[Text] Beginning this year, RED FLAG magazine began to regularly select, through public appraisal, excellent theoretical articles. Now, those excellent theoretical articles chosen in the first selection have been compiled into one collection which is to be published by RED FLAG Publishing House.

Our aim in carrying out this activity is to encourage and arouse the enthusiasm of the vast number of theoretical workers, and to build a closer relationship and closer cooperation between RED FLAG and the vast number of theoretical workers. This will enable RED FLAG to better fulfill its task of organizing the theoretical ranks, and especially of fostering young theoretical workers. Based on this we will examine and sum up the practical experience of RED FLAG in theoretical propaganda and theoretical education work. Thus we will be able to more fully, unremittingly, and firmly carry out the principle of "theoretical work must serve socialist modernization." This principle was put forward to us by Comrade Deng Xiaoping in his inscription to commemorate the 25th anniversary of the publication of RED FLAG.

Our work in theoretical research, propaganda, and education is of extreme importance for our party. This has been proven throughout our party's entire history. We can clearly see from our party's entire history that the correct scientific theory which we need is a theory which combines the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution. This theory is Mao Zedong Thought. In theoretical terms, the work done by our party in rectifying the guiding ideology since the 3d Plenary Session of the 11th CPC Central Committee has been to continue and persevere in the process of integrating Marxism-Leninism with the concrete practice of China's revolution, which was disrupted by the chaos of the "Cultural Revolution." In theoretical terms, the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee are correct also because they adhere to and have brought about the integration of these two aspects. This has opened up a new avenue of socialist construction which accords with China's national conditions and has Chinese characteristics. Thus it has become a lively manifestation of our party's adherence to and development of Mao Zedong Thought.

At present, our whole party and the people of the whole country are in a new historical period of socialist modernization. Our party's basic task is to build socialism with Chinese characteristics. This demands that we understand the new situation, sum up new experiences and resolve new problems in accordance with the party's ideological line of seeking truth from facts, under the guidance of Marxism-Leninism-Mao Zedong Thought and in the light of the practice of socialist modernization. From the point of view of theoretical work, we must proceed from China's actual conditions. By combining theory and practice, we must provide scientific and widely significant answers to the actual problems which arise in China's socialist modernization. We must not act with only a smattering of knowledge, speak glibly about things or, with only an understanding of the West and not of China, indiscriminately copy foreign formulae. That is, we must, in accordance with the principle of integrating theory and practice, use a Marxist stand, viewpoint, and methods to study and resolve actual problems in socialist modernization. We must not take the individual theses of Marx, Engels, Lenin, and Mao Zedong as eternally unchanging dogma. Nor must we go to the other extreme of bourgeois liberalization. We must proceed from the actual situation within and outside the nation, the provinces, the cities, and the counties, and on the basis of the patterns of development of Chinese socialism, sum up and explain the practical experiences of the communist movement in China. We must not carry out this glorious and highly responsible theoretical cause recklessly or only in peaks of enthusiasm. Our party has, through the tortuous route traversed in the 30-odd years since the founding of the PRC, already established a road for building socialism with Chinese characteristics. However, our understanding of the patterns of China's socialist development, to a large degree, is still at the realm of necessity stage. This provides the basic task for we theoretical workers. As Deng Xiaoping pointed out in "Adhering to the Four Basic Principles": We must use the basic principles of Marxism to study the new situation and new problems encountered in building the four modernizations, and to put forward widely significant scientific answers. He also pointed out that, because building Chinese-style modernization (that is, the building of socialism with Chinese characteristics which he later put forward in his speech at the opening of the 12th CPC Congress) is a multifaceted, complicated, and arduous task, we must not simply discuss a few basic principles. In our theoretical and ideological work, we must study a large number of theoretical questions. For example we should study basic theoretical questions in the economic field, theoretical questions related to industry, to agriculture and to commerce, questions of management theory, and so on. In the political field, we should study questions related to politics, law, sociology and world politics. He also said: "We are a great Marxist party. If we do not stress research into Marxism, and do not promote the advance of Marxism in accordance with the development of practice, will we still be able to do a good job of our work?" He also criticized the phenomena of empty talk, being divorced from reality, slipping back to utopian socialism, remaining at the level of the individual theses of Marx of over 100 years ago, and failing to boldly and assuredly propagate the four basic principles. Later he also criticized the phenomenon of spiritual pollution on the ideological front. All these phenomena have occurred on the theoretical front, and we cannot state that they have ceased to exist. Clearly,

we have not, even now, accomplished well these tasks set by Comrade Deng Xiaoping.

In practice and in theory, the central issue is the question of building socialism with Chinese characteristics. This question is one which we can of course further explore and discuss on the theoretical level. But we should recognize that the massive cause of 1 billion people participating in socialist modernization has already clearly revealed the direction we theoretical workers should take in researching this question. We theoretical workers must continually liberate our minds, closely integrate with reality, follow in the steps of practice, heed the call of practice, go deep into reality in investigative and research work, and grasp all materials relating to activities of practice. Through all the new things and new experiences which continually emerge from mass practice, we must study deeply the series of important questions raised through mass practice, and provide Marxist answers. It should be said that since the 3d Plenary Session of the 11th CPC Central Committee, we theoretical workers have in this field made great efforts to discharge our proper duties. This selection of our excellent theoretical articles made by RED FLAG's liaison people and primarily by readers and specialists, is proof, in one aspect, of this.

However, no matter whether we are speaking in terms of building a socialism with Chinese characteristics, in terms of realizing the general aim of quadrupling total annual industrial and agricultural output value by the end of this century, in terms of completing the program of "one, two, three, four" (that is, one goal, the building of two civilizations, the three basic tasks, and the four basic principles and basic guarantees), or in terms of building our party into one which makes great new contributions to the development of Marxism, our party's theoretical work must reach a new level. Generally speaking, this requires the further summing up of the historical practice of the communist movement in China and the experiences of current practice, especially in the practice of reform in the various fields and various aspects of socialist modernization. We must earnestly study the major theoretical questions in the establishment of a socialism with Chinese characteristics, including questions in the political, economic, military, cultural, and ideological fields. We must earnestly use Marxist ideology to condense and sum up the developments of science and technology and use the results of progress in modern science and technology to enrich and develop the Marxist world view and methodology. We must strengthen research in the basic Marxist principles and Marxist classics and documents, so that Marxism can really become our guide to action and we need not repeat the errors of dogmatism. We must earnestly study the rich cultural and ideological achievements in China's history so that the development of Marxism on the basis of China's cultural and ideological tradition can have a Chinese national form and Chinese national characteristics. We must earnestly study cultural and ideological achievements in world history and their current developments, and use new conclusions to enrich and supplement Marxism. In brief, we must through continuing to closely integrate the universal truth of Marxism-Leninism with the concrete practice of China's construction, adhere to and develop Mao Zedong Thought. Without doubt, this is an extremely glorious and formidable task for we theoretical workers. RED FLAG

has only done a small part of the work in achieving this task. There remain many fields where work has been defective or insufficient. We hope to further and more closely unite with the theoretical workers of the whole party and to struggle alongside them. Through more intimate cooperation, we can promote work in this respect and carry out this task.

It was in cherishing the above-mentioned understanding and aspirations that we carried out the activity of selecting, through public appraisal, excellent theoretical articles from RED FLAG magazine. Here I wish to use the opportunity afforded by the publication of this work to express our most warm and heartfelt thanks to the RED FLAG liaison people and primarily to the readers and specialists who participated in the selection of the articles.

CSO: 4004/5

CONTENTS OF 'SELECTED EXCELLENT THEORETICAL ARTICLES FROM RED FLAG' (1979-1983)

Beijing RED FLAG in Chinese No 19, 1 Oct 84 p 43

[Text] Contents

Sun Yefang [1327 0396 2455]: "On the Necessity of Reforming the 'Reproducing Antiques and Freezing Technological Progress' Equipment Management System"

Jiang Yiwei [5592 0001 5517]: "Discussing the Leadership System of Socialist Enterprises"

Shi Zhongquan [4258 0112 3123]: "A Paragon in Summing Up Historical Experiences--Studying the 'Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC'"

Du Runsheng [2629 3387 3932]: "Agricultural Responsibility Systems and the Reform of the Rural Economic Structure"

Zhang Yun [4545 5686]: "Strengthen Party Spirit and Strive for a Basic Turn for the Better in Party Spirit"

Duan Ruofei [3008 5387 7236]: "The Theory of Scientific Socialism and China's Socialist Reality"

Li Jijun [2621 7139 6874]: "The Characteristics and Historical Position of Mao Zedong's Military Thinking"

Yu Yunnan [2456 3601 0589]: "On Our Nation's Working Class After the Elimination of the Bourgeoisie as an Exploiting Class"

Gong Yuzhi [7895 5148 0037]: "Earnestly Build a High Degree of Socialist Spiritual Civilization" (when originally published, this article was signed "RED FLAG commentator")

Wang Shuwen [3769 0647 2429], Xiao Weiyun [5135 5588 0061] and Xu Chongde [6079 1504 1795]: "The New Constitution Is a Total Constitution for Administering and Securing the Country in the New Period"

Liu Fangtong [0491 2397 2717]: "Sartre and His Existentialism"

Li Ji [2621 7535] and Guo Qingshi [6753 1987 0099]: "Uphold the Marxist Principle of Our Party in Developing Relationships With the Communist Parties of Other Countries"

Hu Sheng [5170 4939]: "Marxism and China's National Condition"

Cheng Hui [4453 2547]: "Great Changes in Marx' Conception of History"

Qian Jiaju [0578 1367 7467]: "In Stressing Knowledge We Must Stress Education"

Jin Wen [6855 3080]: "Grasp the Laws, Throw Oneself Into Reform--On the Agricultural Production Responsibility System"

Lu Zhichao [4151 0037 6389]: "Using the Theory of the Development of Dialectical Materialism in Looking at Socialist Society"

Yan Gang [7051 4854]: "Intellectuals in Literature"

Yu Ruomu [0060 5387 2606]: "Nutrition--An Important Matter Related to the People's Health"

Yu Gang [0060 0474] and Yu Jianze [0151 7003 0463]: "A Brief Discussion of the Historical Road of China's Democratic Parties--Studying the 'Selected Works of Deng Xiaoping'"

CSO: 4004/8

THE DALIAN SHIPYARD IS MARCHING FORWARD AMID REFORM

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 44-46

["Newsletter" by Zhao Dehui [6392 1795 1920]]

[Text] Along the shores of our country's beautiful Bohai Bay, at the north-eastern corner of Dalian, is located a comprehensive shipbuilding enterprise which has an imposing array of plant buildings with tower cranes rising to the sky--the Dalian Shipyard. This shipyard has written a glorious page in the history of shipbuilding in our motherland, making contributions to developing the motherland's navigation enterprise and setting up bridges of friendship in exchanges with various countries of the world.

Over the past 35 years, Dalian Shipyard has built for our country the following: the first 10,000-ton vessel, the first offshore oil-well drilling platform of the jack-up type, the first missile-carrying destroyer, the first missile-carrying submarine, the first offshore oil and water supply vessel, the first large horsepower ocean-going salvage tugboat, the first large horsepower diesel engine for ships, the first 27,000-ton bulk cargo freighter for export, and the first well-drilling platform for export. It has built over 2,000 boats and vessels. Emerging from a "small dock" of the colonial period, it has developed into a socialist modern shipbuilding base of a comprehensive character. The number of screw propellers produced by the shipyard amount to 50 percent of the total produced in the country. Its small propeller has won the state's gold medal while its large and medium-sized propellers have both won silver medals from the state. Its cast steel anchors and chains have also won the state's gold medals.

Dalian Shipyard was established in 1898. At that time, it was only a shipyard for building ships of the 3,000-ton class, mainly involved in the ship-repairing business. After the war between Japan and Russia, it was taken over by Japan but its main business was still ship-repairing. After Dalian's liberation in 1945, the shipyard was under the care of the Soviet Union following which it was jointly operated by China and the Soviet Union. Ship-repairing was still its main undertaking, although it also built a few small vessels.

In 1955, the shipyard was turned over to our country's independent operation. Since then it has entered a period of changes. In that year, following

approval by the State Council, it began a large-scale transformation and expansion program which had as its target the building of seagoing vessels of the 10,000-ton class. It constructed a large shipbuilding platform, installed 75-ton overhead cranes, built a ship-body combined workshop and a launching platform, and installed wharves for experimental berthing. In addition, it expanded its installation capacity of electrical machinery equipment for ships and the relevant power facilities. As a result of transformation and expansion, the shipyard could now produce ships of the 10,000-ton class, and had an annual production capacity of 50,000 tons.

In order to meet the needs for ships in ocean-going and maritime transportation, in 1970 it carried out its second technical transformation. Apart from continuing to improve the old development area, major construction was shifted to developing the Xianglu Jiao new development area which is located to the north of the old area. The conditions of the water area alongside the new site and its geological conditions are both relatively good. There is plenty of space and room for future development, and is an ideal place for building a production base for large ships. According to the plan, the site was to be developed into a comprehensive production area for shipbuilding and machine building including such targets as building ships of the 10,000-ton class and above, offshore oil-drilling platforms, and low-speed large-horsepower diesel engines. However, originally the site was largely a low-lying beach area and much work had to be done in earth-filling and land reclamation. Under the condition that normal production should not be hampered, the shipyard depended on its own strength in leveling hills and reclaiming land from the sea. The hills were leveled one after another and at the same time large quantities of earth and broken stones from municipal construction works were dumped into the sea to reclaim land. From 1971 to 1982, during a period of over 10 years, some 53 hectares of land were reclaimed from the sea and some 220,000 cubic meters of earth had been dumped into the sea. After more than 10 years of construction, the following projects were completed: the processing plant for diesel engines, assembling workshop for diesel engines, ship-propeller workshop, forging workshop, light boat workshop and plant and various kinds of motive power equipment. In addition, a semidock type ship platform of the 100,000-ton class, semi-submersible oil-drilling platform, special-use ship platform, and wharves for ships and light boats were built. Thus, an imposing array of spacious plant buildings rose on what used to be a desolate beach.

These two transformations brought about Dalian Shipyard's two leaps forward. After the basic completion of the first transformation project, the shipyard took 58 days to build China's first 10,000-ton ocean-going freighter. Since then, it has built over 80 freighters of the 10,000-ton class and tankers of the 15,000-ton class, 24,000-ton class and 50,000-ton class, totaling nearly 1 million tons. Celebrating its 35th anniversary, recently the shipyard successfully launched a big vessel of 65,000 tons. In the early 1970's, for the sake of developing our country's offshore oil enterprises, even under the difficult conditions of a lack of technological materials and special equipment, the shipyard built our country's first 40-meter water-depth jack-up type offshore drilling platform.

The history of the development of the Dalian Shipyard is a microcosm or miniature of the development of the shipbuilding industry of our country. In its midst were scenes of great development of an encouraging nature but there were also scenes of confusion, making people hesitate in marching forward. In particular, the 10 years' disturbances of the "Cultural Revolution" considerably widened the disparity between the technical level of our country's shipbuilding industry and that of the world's advanced shipbuilding industry. The 3d Plenary Session of the 11th CPC Central Committee has opened up a new situation for the new development of China's shipbuilding industry by setting things to rights, rectifying ideological lines, and implementing a policy of opening to the outside world.

During the period before and after 1980, the shipyard did not have sufficient orders. Following comprehensive consideration and guidance made by the relevant upper-level leadership departments, they began by considering the shipyard's actual conditions and decided on taking the building of ships for export as the breakthrough point, introducing the use of advanced technology and offering its services to two markets. At that time, the world's shipping business and shipbuilding industry were both in a state of depression. Moreover, for many years, our country had been adopting a closed-door policy. The world knew little of the technical level of our shipbuilding industry while we ourselves knew little of the outside world. Some people were afraid that we would not be able to produce ships of world level in which case we would lose both money and repute. On the other hand, our comrades at Dalian Shipyard felt that for the purpose of developing and expanding our country's shipbuilding enterprise, we should take the risks and should not give up this road to the world. They made extensive contacts with people in international shipping circles and the oil drilling industry and conducted business negotiations with them. The results were that in the past 3 years contracts were signed with foreign merchants for 14 vessels including 27,000-ton bulk cargo freighters, offshore drilling platforms and a 69,000-ton tanker. In all, the contracts called for constructing over 370,000 tons of shipping. Now, the shipyard has built six 27,000-ton bulk cargo freighters for Hong Kong, built and delivered to the Baker Company of the United States two 100-foot-long well-drilling platforms, and repaired and transformed one jack-up type well-drilling platform.

As a result of carrying out technical transformation and renovation of equipment, the craft level in shipbuilding at Dalian Shipyard has been continuously improved. Building ships for export should adhere closely to the specifications and quality standards of foreign shipping associations. In addition, it must meet some 20-odd kinds of relevant international shipping conventions and regulations. Since they were not familiar with the specified standards and were lacking in experience, the staff members of the shipyard earnestly studied and extensively introduced advanced technology from both within the country and abroad. They reformed the planning and shipbuilding methods, adopted and extended the use of new skills and new technology and successively solved over 300 problems related to various phases such as product planning and construction standards, production skills, quality of products inspection technique, construction plans, and so on. This has greatly improved the quality of the ships built,

continuously lowered the cost of production, and gradually shortened the shipbuilding period. The state awarded the shipyard a gold medal for good product quality in building the first bulk cargo freighter, the "Changcheng," and a silver medal for building a 100-foot-long well-drilling platform. Foreign merchants praised the 27,000-ton freighter as "undoubtedly a vessel of superior quality" and the platform as construction work of the "world's first-class."

Concurrently with the building of ships for export, the shipyard introduced from Switzerland and Denmark the world's most advanced manufacturing technology of building large-horsepower diesel engines for ships. It has built 10 large-sized principal engines of an international advanced level. Of them, the low-speed diesel engines for use on RL56 ships have received the state's gold medal award for good quality.

In the course of building ships for export and introducing technology for making principal engines, the shipyard gradually expanded its international exchange of technology. It actively introduced advanced technology, bringing about the steady modernization of the shipyard's management and control as well as skills and technology. Simultaneously, the quality of its staff members has also been greatly improved.

In the early period of the establishment of the PRC, this shipyard had a staff of over 7,000 people. Now the size of the staff has increased to over 17,000 people. Although the structure and composition of its staff have gone through continuous changes, its glorious tradition of the working class going through arduous struggles has not changed. It is really a regiment of fighters who are of relatively good quality, can overcome difficulties and are adept in creating something new.

In the course of the development of Dalian Shipyard, the intellectual elements have played an important role. At the initial period of liberation, there were only some 420 engineering and technical personnel in the shipyard. The number has now increased to over 2,000. They breathe the same air and share the same fate as the motherland. Despite many difficulties, for several decades they have consistently made contributions to the shipbuilding industry of the motherland. In just the last 5 years, they have successfully tackled 49 key problems, made 9,794 technical renovations, and achieved results on 43 scientific research projects. Of the above, 51 projects received commendation and awards from the state. In addition, the shipyard has transferred a large number of cadres, technicians, and technical workers to the various shipbuilding yards in the country and successively contracted for the construction of five plants in the interior.

In 1964, Comrades Deng Xiaoping, Li Fuchun, and Bo Yibo inspected Dalian Shipyard. They gave an important directive asking Dalian Shipyard to take the road of specialized cooperation. In accordance with the spirit of this directive, the shipyard then formed a team of specialists and formulated plans rejecting the theme of making the shipyard "large and comprehensive" but advocating the road of specialized cooperation. Unfortunately, due to the "Great Cultural Revolution's" interference and wrecking, the plans were

never carried out. After the 3d Plenary Session of the 11th CPC Central Committee, the plans formulated 16 years ago began to go into effect. At the end of 1982, Dalian Shipyard, conforming with the principle of specialized production and working on the original foundation, set up four branch plants, these being the propeller, diesel engine, valve and casting and forging plants. These units carried out independent business accounting, were self-responsible for profit and loss, and enforced the contracted responsibilities system. On 1 July this year, the propeller, diesel engine, and valve branch plants dissociated themselves from the old plants and operated independently. In recent years, Dalian Shipyard boldly went ahead with the reform of various kinds of antiquated rules and evil practices which had impeded development of the productive power, changing the plant from a production type into a production-and-operation type. Relatively good economic results have been achieved in this connection. In 1983, it was rated as one of the enterprises in the whole country which had attained relatively good economic results.

The leadership team of Dalian Shipyard believes that to develop and invigorate the shipyard's economy, first of all it is necessary to maintain the forces of reform in the guiding thought. Only in firmly insisting on reforms can the enterprise continuously progress forward and can it possess competitive power, otherwise it cannot meet the demands of historical development or enter into the front ranks of the world's shipbuilding industry. Hence, they are not satisfied with the initial reforms made. Following approval from the Shipping Industry General Corporation and the Dalian Municipal CPC Committee, Dalian Shipyard has become one of the first experimental units in enforcing the system of the plant head responsibility system. In July this year, it further proceeded with reforms of the production management system, the cadres management system, and the income distribution system. This represented another big step forward in reform. The reforms have given youth and vigor to this old shipyard which has a history of over 80 years, and made it full of vitality, boldly marching forward in the direction of the four modernizations.

CSO: 4004/5

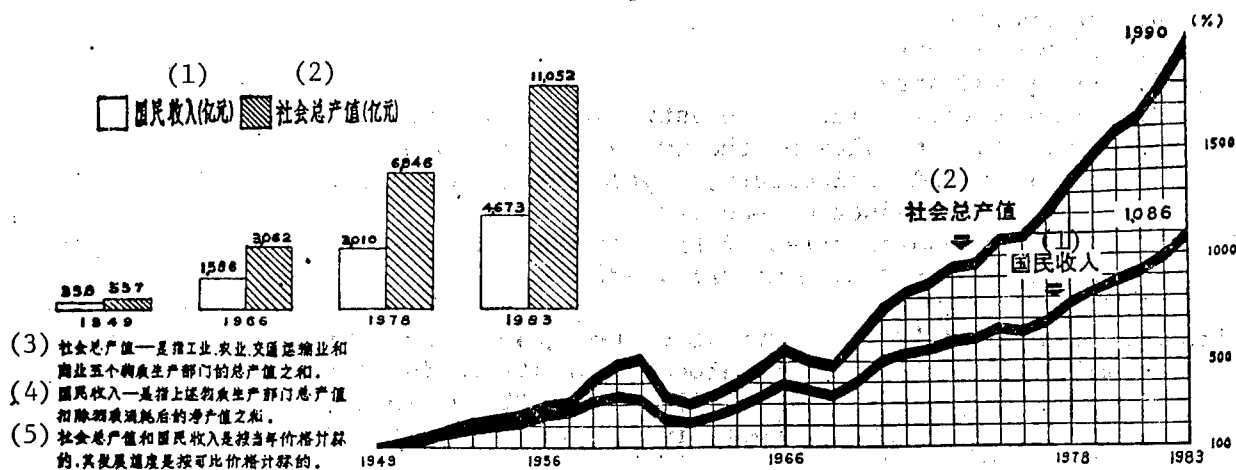
GREAT ACHIEVEMENTS IN ECONOMIC AND SOCIAL DEVELOPMENT IN THE 35 YEARS
FOLLOWING THE FOUNDING OF THE PRC (STATISTICAL DATA, PART IX)

Beijing RED FLAG in Chinese No 19, 1 Oct 84 pp 47-48

[Article by State Statistical Bureau]

[Text] IMMENSE DEVELOPMENT OF THE NATIONAL ECONOMY

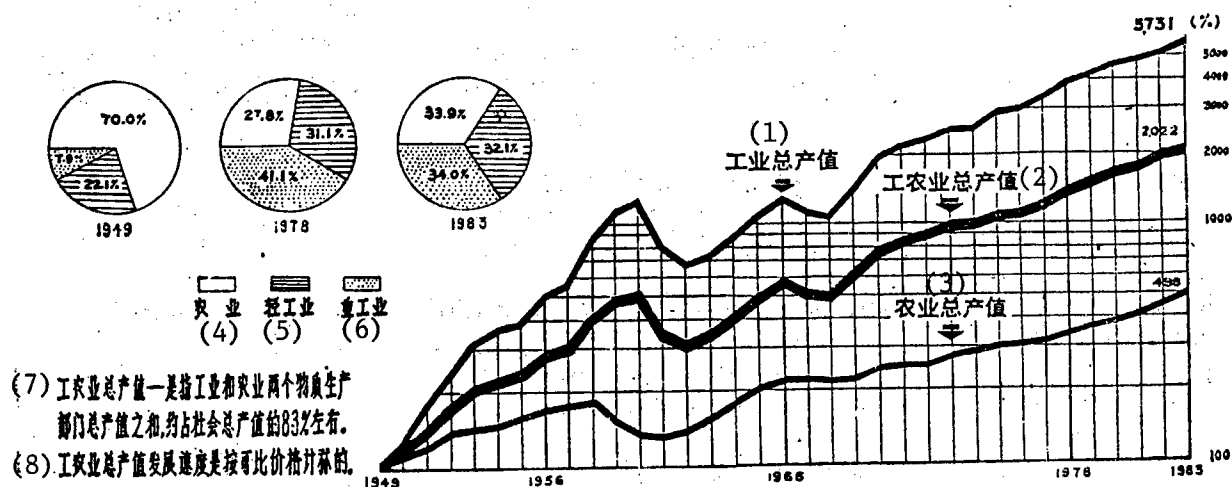
Total Product of Society and National Income, and
Their Development Rates



Key:

1. National income (RMB 100 million)
2. Total product of society (RMB 100 million)
3. Total product of society--the sum of the total output value of the five material production sectors: industry, agriculture, communications, transport and commerce
4. National income--the gross output value minus the value of material consumption of the five sectors
5. Total product of society and national income are calculated at the actual prices of the year. Comparable prices are used in calculating their development rates.

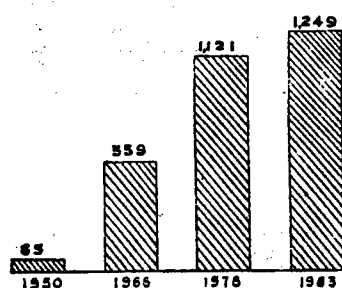
Development Rates and Components of the Gross Output Value of Industry and Agriculture



Key:

1. Gross output value of industry
2. Gross output value of industry and agriculture
3. Gross output value of agriculture
4. Agriculture
5. Light industry
6. Heavy industry
7. Gross output value of industry and agriculture--the sum total of the gross output value of the two material production sectors, i.e., industry and agriculture, approximately accounting for 83 percent of the total product of society
8. The development rates of the gross value of industry and agriculture are calculated at comparable prices

State Revenue (MRB 100 million)



The above two graphs indicate China's immense development of its national economy during the past 35 years. There are some unbalanced developments in various historical periods:

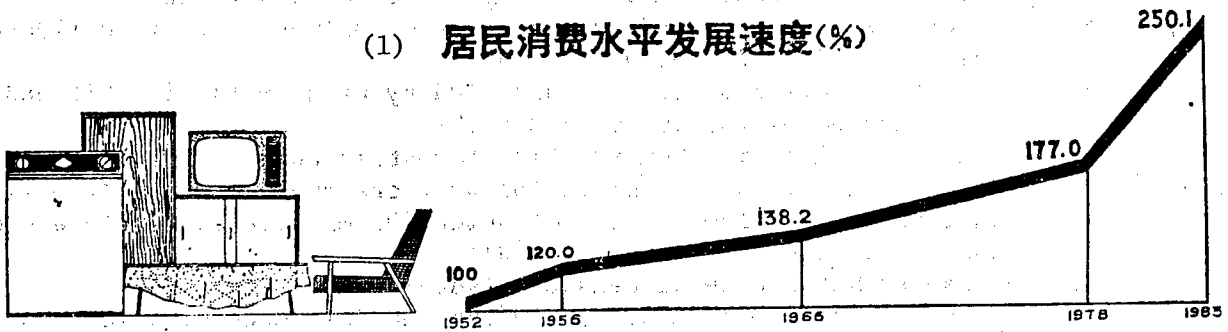
1949-1956--socialist transformation was virtually completed, and the national economy recovered and developed without a hitch;

1957-1966--socialist construction was undertaken in an all-round way, and the national economy tortuously forged ahead;

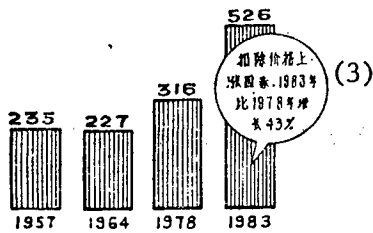
1966-1976--the national economy suffered heavy losses as a result of the "Great Cultural Revolution," but the economy made some progress; and

1977-1983--a new era of historical development began; and since the 3d Plenary Session of the 11th CPC Central Committee, the national economy has been making steady and healthy progress.

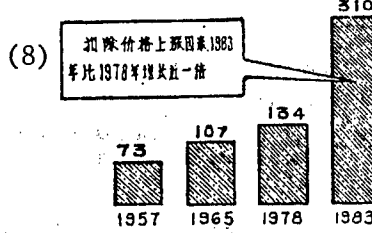
(1) 居民消费水平发展速度(%)



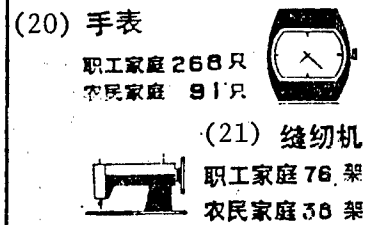
(2) 职工家庭平均每人可用于生活费收入(元)



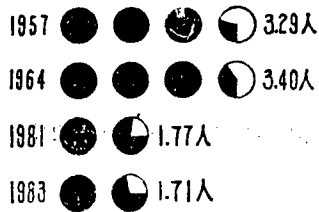
(7) 农民家庭平均每人纯收入(元)



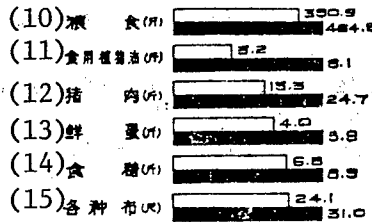
(18) 1983年平均每百户耐用消费品拥有量(19)



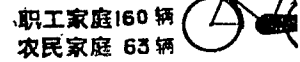
(4) 职工家庭平均每一就业者负担人数 (包括就业者本人)



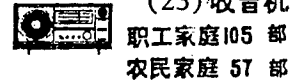
(9) 主要消费品平均每人生活消费量



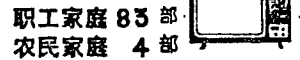
(22) 自行车



(23) 收音机



(24) 电视机



(5) 职工住宅竣工面积

(6) 1950-1983年新建住宅面积9.27亿平方米。

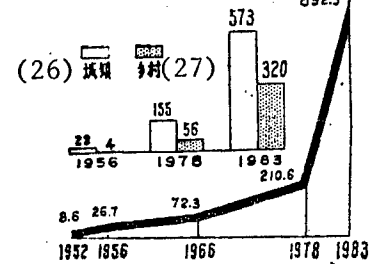


(16) 农民新建房屋

(17) 1979-1983年新建房屋2.8亿平方米。



(25) 居民储蓄年底余额(亿元)



[Key on following page]

Key:

1. Residents' Rates of Consumption Level (%)
2. Per Capita Disposable Income of Staff and Workers (yuan)
3. An increase of 43 percent (excluding the influence of price fluctuations) in 1983 as compared with 1978
4. Number of People Financially Supported by Each Employed Staff and Worker (including the employed himself)
5. Completed Residential Construction for Staff and Workers
6. 1950-1983--newly built residential quarters amounting to 927 million square meters of floor space, of which 395 million square meters were completed during the years 1979-1983
7. Per Capita Net Income of Peasants (yuan)
8. An increase of 100 percent (excluding the influence of price fluctuations) in 1983 as compared with 1978
9. Per Capita Consumption of Major Consumer Goods
10. Grain (jin = 1/2 kilogram)
11. Edible oil (jin)
12. Pork (jin)
13. Fresh eggs (jin)
14. Sugar (jin)
15. Cloth (chi = 1/3 meter)
16. Peasants' Newly Built Houses
17. 1979-1983--2.8 billion square meters of floor space completed
18. Average per 100 households in 1983
19. Durable Consumer Goods Possessed
20. Watches--households of staff and workers
peasant households
21. Sewing machines--households of staff and workers
peasant households
22. Bicycles--households of staff and workers
peasant households
23. Radios--households of staff and workers
peasant households
24. TV sets--households of staff and workers
peasant households
25. Total Value of Deposits by Residents at the End of the Year (RMB 100 million)
26. Urban areas
27. Rural areas

CSO: 4004/5

ON 'COMPARISON'

Beijing RED FLAG in Chinese No 19, 1 Oct 84 inside back cover

[Article by Li Zhiyuan [2621 5268 6678]]

[Text] The character "bi" I use here carries the meaning of comparison, and not that of analogy or illustration.

Some people advocate not making any comparisons, particularly comparing people with people. They say that concerning certain things, comparison is useless. It can only lead to self-distressing oneself, as in the saying: "comparison with other people may anger you to death."

In reality, comparison is extremely important. In the broad sense, in our daily life, in the course of watching and understanding various things, in work, at all times, and everywhere, we cannot do without making comparisons. Comrade Mao Zedong said: "Only comparison can produce a criterion." This is truly the case. So-called good and bad, yes and no, true and false, good and evil, beauty and ugliness, big and small, full and empty, and so on and so forth: do they not differ from each other through comparison? Take good and bad for instance: they may still be divided into good, better, and best; and bad, worse, and worst. Naturally, they are all the results of comparison. Or take another example: In readjusting the various grades of leadership teams and in selecting middle-aged and young cadres, comparison is indispensable; each year when schools enroll new students, comparison is essential; in competition in sports and assessment of artistic work and academic standing, comparison must be made; in inspection work and in conducting contests of any kind, we cannot do without comparison; and concerning the speed of socialist construction and economic results comparison is all the more necessary.

This being the case, it may be asked: Speaking from the individual's standpoint, is it necessary to compare with other people? As I see it, comparison is also necessary here. The question is how to compare, with whom, and with what the comparison should be made. That is to say, is the comparison correctly made?

We should compare with advanced personages, advanced ideas, and advanced style. Without such comparison, we may possibly consider ourselves as

"passable," even to the extent of "closing the door and calling oneself king." Once comparison is made, weak points are revealed and we may know that a great disparity exists. But, facing the difficulty, we should not be indifferent and should by no means become angry. Rather, we should strive hard to study and to catch up. Obviously, it is correct to compare with the advanced, and to follow up with learning from and catching up with the advanced. This is also what the party has all along advocated. Undoubtedly it would be erroneous to adopt an attitude of "looking down on oneself," or "lamenting one's littleness before the vast ocean," or being still one's old self without making any change at all.

Some people like to compare themselves with those who are regressive. In party rectification, some people say: "These faults of mine are nothing; much more serious errors have been made by other people." Some people have always failed to make any progress in their work; they do not try, subjectively, to find out the reason and like to compare themselves with those who have done worse, gladly saying that they are still "not the worst." This erroneous method of comparison should be rectified in party rectification.

At present, there is still a very poor atmosphere. This is that some people always compare themselves with others in regard to position and treatment. The comparison is naturally made with people who are higher up. As a result, they frequently feel dissatisfied, blaming the gods and man, and always feeling that the party and government are "unjust" and have "mistreated" them. They behave every day like "moneylenders," as if everyone owes them something.

We do not absolutely oppose talking about position and treatment. Talking about position, we must, first of all, look at the position of the party and of the government; we must look at the position of the enterprise and must take into account whether the individual's position corresponds to his contributions. This also applies to treatment. In the last analysis, the party's policy of enriching the people has the purpose of making the country powerful and the people rich. Naturally, it includes gradually improving the material treatment of everybody. All along, Communist Party members and revolutionaries have been opposed to the ideas of only seeking the individual's position and treatment and never becoming satisfied.

The tradition of experts in Chinese boxing is to compete with each other to compare one another's physical talents, and also to arouse people's ambition to become strong in physique. In old China, some boxers actually went into the ring with foreign boxers who had slandered the Chinese as the "sick man of east Asia," and won honor for the Chinese people. The world today is like a vast boxing arena. The Olympic Games are in the nature of a boxing arena. Are not our heroic athletes enthusiastically competing in this arena, representing the Chinese people? We must precisely compete in this manner and demonstrate by comparison China's talents and wisdom in modernization and, by means of competition and comparison, show, without shame to our future generations, the high aspirations of the Chinese people.

CSO: 4004/5

END