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China Report

RED FLAG

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CHINA REPORT

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

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OLD COMRADES SHOULD BE GOOD AT MAKING ARRANGEMENTS FOR THEMSELVES

Beijing RED FLAG in Chinese No 12, 16 Jun 86 p 2

["Forum"]

[Text] At present, as many as 1.7 to 1.8 million old comrades have stepped back from their leading posts at various levels. Other old comrades will also do the same in the future. Old comrades have made important contributions in the years of war and during the construction period in the past, and again they made new contributions in the new period. How could we have the new situation today if old comrades had not played their parts? However, these old comrades are advanced in age after all. If they continue to remain in their posts, their ability will fall short of their wishes. Only by letting young comrades do the work can our cause continue to develop. Clearly understanding this and stepping back of their own accord is also a contribution made by old comrades.

Old comrades have worked very hard for scores of years. Once they have stepped back from their posts, they feel light-hearted and happy, but at the same time, they are bound to experience a psychological imbalance for some time and in a certain sense are at a loss what to do. This requires that leading cadres should constantly pay attention to the affairs of old comrades and put forward more suggestions and ways for enriching the lives of old comrades. This has also put forward a new question to old comrades and that is, how can they be good at making arrangements for themselves?

Many old comrades have devoted themselves to writing memoirs. Nie Rongzhen, Xu Xiangqian, and a few other revolutionaries of the older generation have written lengthy books of great historic value. Many more other old comrades have written about their experiences and feelings in past struggles, proceeding from one thing or from a fragment of a past event. Most of them have reflected the facts according to the actual situation in those days. Other old comrades, in accordance with their interest, do exercises in painting and penmanship. They even hold painting exhibitions of old comrades. These activities can both enrich their lives in the remaining years and add spiritual wealth to the society. They are undoubtedly good ways for old comrades to emit their "remnant heat." Each old comrade can proceed from his own interest and select one or two kinds of activities which are suitable for him so that his life in the remaining years can become more colorful.

Old comrades who have stepped back from their posts wish to air their views on work. This is a good thing and should be welcome. In the past few years, many old comrades went deep into realities to conduct investigation and study, and discovered many real situations which they had not been so clear about before. They then made some very good suggestions on work improvement. In light of the actual situation inside the party, the more than 80-year-old Comrade Zhang Yun, for example, has published several valuable articles on strengthening party building. Leading cadres of various units must pay attention to listening to, and respecting, the views of old comrades. We should not expect that all the views aired by old comrades are correct. However, in view of the fact that old comrades have a long work record and enjoy a high prestige, and that each word they say and each suggestion they make will exert an influence on others, it is necessary for them to conduct investigation and study and to think more carefully before they air their views. They should avoid talking in generalities, but should strive to put forward concrete and accurate views which are based on facts, proceeding from one thing or one person. Such views can be implemented relatively more easily. Comrades who have stepped back from their posts should not say rashly that members of a new leading body are "negating the past," otherwise, they will have difficulty in their work. Things are continuously changing and the Central Committee and State Council will also give new instructions and assign new tasks. Changes in decisions concerning people and things are unavoidable. This is different from negating the past. New leading bodies have made new achievements and we should all be happy about it.

In the past few years, more than 2 million young and middle-aged comrades have been promoted to leading posts at county level or above. People have different opinions on these comrades. Some say they are good and others say they are not good. This is normal. Those who say they are too young and lack experience have not made any analysis. Just recall what happened in the past. Were not many revolutionaries of the older generation in their 30's, 40's, or 50's when they took up important leading posts in the party and state in the early years after the founding of the country? Experience is accumulated in practice. As a matter of fact, fine comrades of more than 35 years old who have a college education have at least 10 years of work experience! This does not mean that all those who have been promoted are very good. Some have been wrongly selected because they were not accurately assessed. However, their number is not large. It is not true to say that many of these comrades are no good. What should we do toward those who have been wrongly promoted? Those who have been promoted in violation of law and discipline should be resolutely punished according to law and regulations. If they are incompetent and are unable to open up a new situation, we should adhere to the mass line, use the method of thorough discussion, and assign appropriate new jobs for them. This also shows their readiness to accept a higher or lower post. After hearing complaints about new comrades, old comrades should not make hasty remarks. They should conduct investigation and be clear about what has happened before they say anything. Only this is the prudent and responsible attitude. They should be more aware of the strong points of new comrades and encourage and support new comrades so that they will work boldly and creatively. This is the glorious duty of old comrades and will also give them the greatest happiness.

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ADHERING TO THE PRINCIPLE OF SEEKING TRUTH FROM FACTS IS THE WAY TO SUCCESS
IN ALL UNDERTAKINGS---INTRODUCING THE 'SELECTED WORKS OF CHEN YUN'

Beijing RED FLAG in Chinese No 12, 16 Jun 86 pp 3-11

[Article by the "Selected Works of Chen Yun" Editorial Group of the Research Center of the Secretariat of the CPC Central Committee; capitalized passages published in boldface]

[Text] Volume 3 of the "Selected Works of Chen Yun" (1956-1985) has been published throughout the country. Comrade Chen Yun's works have been published on the schedule. Focusing on Volume 3 and in connection with Volumes 1 and 2 published in 1984, this article will introduce the main contents of his works.

The three volumes of the "Selected Works of Chen Yun" cover the 60 years from July 1926 to September 1985. From the 157 articles published, readers may see in certain important fields the glorious and tortuous road taken by the Chinese people in revolutionary struggle and socialist construction under the leadership of our party and their experience of success and failure.

The revolutionary struggle and construction led by our party can be divided into two major periods: the period of new democratic revolution in the first 28 years and the period of socialist revolution and socialist construction in the last 37 years. The Zunyi conference was a turning point from failure to success in the first period, and the 3d Plenary Session of the 11th CPC Central Committee was a turning point in the second period. Of all the articles included in the three volumes of the "Selected Works of Chen Yun," 53 were written in the first period, among them 46 after the Zunyi conference; and 104 were written in the second period, among them 29 around the 3d Plenary Session of the 11th CPC Central Committee. As is known to all, all of Comrade Chen Yun's articles are permeated with the basic guiding thought of proceeding from reality and seeking truth from facts.

I

Our country is in a period of historical change. Over the past 7 years since the 3d Plenary Session of the 11th CPC Central Committee, due to the

correct guiding thought of our party and the unleashing of the initiative of the masses, we have made unrivalled achievements in socialist construction and the reform of the socialist economic structure.

Just as the CPC Central Committee has repeatedly stressed, China must take a road of building socialism with Chinese characteristics. This means we must proceed from China's realities, conform to objective laws, and adhere to socialism. On this issue, Comrade Chen Yun time and again stressed that we must first have a good understanding of the "facts" in the course of proceeding from China's realities and seeking truth from facts. China has a population of 1 billion, 80 percent of them in rural areas, and limited arable land, so feeding the population is a big problem. Meanwhile, China's industry, science, and technology are backward and their distribution is uneven. We must formulate strategies, tactics, policies, and plans for China's socialist construction by proceeding from this reality. This is to say that we need to spend a long time, make great efforts, and overcome many difficulties to build socialism.

According to the historical conditions of their times, Marx and Engels predicted that after the proletariat wins victory in revolution, capitalism will be transformed to communism after a transitional period. The revolutionary teachers of the proletariat made this predication on the theoretical assumption that capitalist society has formed a high degree of social productive forces. However, during the period from the Russian October Revolution to the victory of the Chinese revolution, all countries which took the socialist road, except for one or two countries, were underdeveloped or not so developed economically. The social productive forces in these countries were at a low level and their labor productivity was much lower than that in developed capitalist countries. As seen from the existing practical experience, a whole historical period will be needed to build socialism under backward economic conditions and to move to communism. Only by developing the social productive forces to a high degree in this historical period is it possible to fulfill the transition to communism.

In the historical period of socialism, social and economic development will go through several historical stages, from elementary to advanced stages. China's current social, economic, and cultural status indicates that China is still in an elementary stage of building socialism. We must consider this fact in carrying out construction and reforms.

The 12th National CPC Congress decided that from 1980 to the end of the century, China's total industrial and agricultural output value must be quadrupled and the living standard of the Chinese people must reach a better-off level. Over the past few years, Comrade Deng Xiaoping has repeatedly pointed out that from the 21st century, we will need 30 to 50 years to be close to the level of economically developed countries. We are convinced that the above target can be attained through our efforts. We would rather prepare for longer range targets in the whole historical period of socialism and the development process of all stages in the period. Of course, we must prepare for a slow process and strive for a fast one.

China has a poor material and technological foundation in its economy, a low level of social productive forces, and a large population, but our socialist system is advanced and the relations of production with socialist public ownership as its basis has many advantages. On this issue, we must also give play to our strong points, avoid weak points, and properly handle the contradictions between politics and the economy, between the relations of production and productive forces, and between the advanced and backward.

II

In the early 1950's, after we completed the work of economic recovery, the CPC Central Committee put forth the general line for the transitional period calling for gradually fulfilling socialist industrialization of the state and socialist transformation of agriculture, the handicraft industry, and capitalist industry and commerce. In formulating China's First 5-Year Plan for developing the national economy, we defined "a relatively long period" set in the general line as about 15 years. As is known to all, we were eager for success in implementing the plan and to actually spend only 3 years fulfilling the socialist transformation and basically fulfilling the public ownership of the means of production. This caused many problems. In his speech at the 8th CPC National Congress in 1956, Comrade Chen Yun pointed out various defects in China's rapidly established socialist economic structure. Afterwards, by summing up the practical experience of the masses and the correct views of the comrades within the party, he gave many important opinions on what socialist economic structure China should establish and how to respond to the situation. In short, his opinions can be summarized as the following.

On the structure of ownership and economic operation, Comrade Chen Yun raised the view of three "main bodies" and three "supplements," namely, state-run economic operations and collective-run economic operations are the main body of industry and commerce, and a certain amount of individual economic operation is their supplement; planned production is the main body of industry and commerce, and a certain amount of individual economic operation is their supplement; planned production is the main body of industrial and agricultural production, and liberal production according to market changes within the limits of state plan is its supplement; state market is the main body, and free market within a certain scope under the leadership of the state is its supplement. This view of Comrade Chen Yun about planning as the dominant aspect and liberalism as the supplement; and concentration as the dominant aspect and deconcentration as the supplement was written into the resolution of the 8th CPC National Congress. We all know that due to the emergence and development of the "leftist" guiding thought afterwards, his view was abandoned for a period of time. The "communist wind" during the people's commune movement and "cutting capitalist tails" during the Cultural Revolution totally obscured the necessary demarcation lines in the stage of socialist construction and seriously dampened the enthusiasm of the laboring people. In the course of bringing order out of chaos after smashing the "gang of four," Comrade Chen Yun wrote in 1979 an outline entitled "Plan and Market," in which he, integrating the theory of Marxism and Leninism with China's practice, reexpounded the view that

planned economy and market regulation must exist in the whole socialist period with planned economy as the dominant aspect. He criticized two unhealthy tendencies in planned management, namely, unnecessary strictness and unnecessary relaxation, and the outmoded view of ignoring the law of value. The market regulation to which he referred means developing production merely according to the changes in supply and demand in the market and without a plan, namely, blind regulation. Comrade Deng Xiaoping also said last year that integrating planned economy with market regulation can better liberate the productive forces and speed up economic development. The practice of China's economic structural reform over the past few years has proved that in the elementary stage of building socialism, with the foundation of public ownership, the state can master the economic livelihood concerning the life of the masses, allow the existence of individual economy, state capitalist economy, and other economic patterns, and use market regulation as a supplement to the planned economy. This is advantageous to the development of China's planned commodity economy.

As early as in 1957, in view of the defects and problems in China's economic management system, Comrade Chen Yun personally drafted regulations for the State Council on improving the management system of three important departments, namely, industrial, commercial, and financial departments. The contents of the three regulations and many important opinions given by Comrade Chen Yun at the 8th CPC National Congress and after 1977 on reforming the economic management system can be summarized as the following 10 points: 1) Under the unified state plan, give more administrative power to local governments and enterprises according to local conditions. Local authorities must be given a certain amount of floating funds within a limit, so as to ensure the funds needed for the state's priority projects. 2) After assigning some of the powers of central authorities to lower levels, it is necessary to balance the work of the whole country. 3) Change the previous purchasing and marketing relationship of industrial and commercial enterprises; that is, change the previous method of factories making products on orders from commercial departments to the method of factories buying raw materials and marketing their products by themselves. Except for the products related to people's daily life, in which a state monopoly of purchasing and marketing should continue, other products should be purchased selectively. 4) The production of the handicraft industry and the production of sideline products in agriculture should be carried out in a deconcentrated way, and it is necessary to overcome blindly concentrated production proceeding from a one-sided view. 5) Commerce must be operated in a deconcentrated way; the state must relax market control. Except for products in short supply, which must be distributed according to state plans, the assigned purchase method from the upper to the lower levels must be abandoned for other products, and the free purchase method from the lower to the upper levels must be introduced and small free markets for native products must be set up in rural areas. 6) The state's price policy must be advantageous to production. Prices must be stable, but we cannot simply adopt the method of "setting unified prices" or "freezing prices." It is necessary to pay serious attention to the prices of grain and economic crops and the comparison between the two prices, and to maintain a certain proportion between grain and economic crops and industrial products, so as

to help develop agricultural production and improve people's livelihood. 7) Improve planned management methods of the state and reasonably reduce mandatory planning targets. Various economic regulation means must be adopted in carrying out mandatory planning targets and guidance targets. 8) While bringing into play the role of market regulation and enlivening the economy, it is necessary to avoid the trend of abandoning state plans. State plans are an important means to ensure proportionate and harmonious economic development. 9) It is necessary to bring into full play the regulatory role of economic levers, but the state may, if necessary, adopt administrative measures to intervene in economic affairs. 10) Using foreign funds and bringing in new technology is an important policy. Under the condition of relying on our own efforts, we must make full use of favorable international conditions, borrow some money from foreign countries which will not cause losses, and bring in advantageous technology to speed up socialist modernization.

Comrade Chen Yun repeatedly stressed that the economic structural reform we are carrying out is a reform of the socialist economic structure and a self-improvement and self-development of the socialist system. How are we to understand this viewpoint? We believe that it can be understood in this way: The reform of the socialist economic structure should naturally be suited to the inherent nature of the socialist system. Therefore, it is necessary to first of all study and sum up the conditions and experience in China and continuously reform and improve the system which has been proved unsuitable to the development of the productive forces. On this premise, we must learn the successful experience of other countries, including that of capitalist countries, which we can use. However, in applying the successful experience of other countries, we must not copy them indiscriminately and uncritically, but must integrate them with China's reality and digest and absorb them, so that they can become our own experiences.

Comrade Chen Yun also pointed out that as the current economic structural reform involves many fields, most cadres are not familiar with it, and many unpredictable problems will arise in the course of the reform. Therefore, we must make explorations and sum up experiences while carrying out practice. He used a vivid expression of "crossing the river by touching the rocks" to describe it.

III

As one of our party's principal leaders, Comrade Chen Yun has been in charge of economic work for a long time. But he was time and again labelled a "conservative rightist deviationists" after 1958. Practice has proved that he has always been a sober-minded and practical economist. In the several "leftist" waves, he always adhered to his scientific attitude and never gave up his practical views which had been formed after his thorough investigation and repeated pondering. This reflects the true qualities of a proletarian revolutionary who strictly upholds the principle of party spirit.

In his protracted leadership over economic work, Comrade Chen Yun put forth many suggestions which stood the test of practice and won the support of quite a few leading comrades. Most articles included in the "Selected Works of Chen Yun" are about economic work and have substantial contents. In addition to the above opinions on reform of the economic structure, many of his views on economic construction are familiar to the vast number of economic workers. We now make necessary explanations on that part of his views which is of practical guiding significance to the current work.

1. PROPORTIONATE DEVELOPMENT IS THE QUICKEST PACE. Comrade Chen Yun repeatedly said that proportionate economic activities and harmonious relationships will bring the fastest and best results. Although the economy can develop under the situation of partial imbalance and not affect the overall situation, it is impossible to achieve faster and better economic results. If there is a serious imbalance in most economic relationships, including that affecting the overall situation, the economy will retrogress and a crisis will arise. At the National Conference of Party Delegates held last year, Comrade Chen Yun once again pointed out: "In the final analysis, we must advance steadily in a planned and proportionate way. This is the fastest way. Otherwise, various troubles and runaway situations will arise. Setbacks will be unavoidable. The result is a slow progress. 'Haste makes waste.'"

Even a capitalist society requires that the economy develop in proportion. Once the main proportionate relationships are seriously imbalanced and break up, there will be a crisis and economic retrogression. What is different in a socialist country is that it can use the means of planning to swiftly and properly regulate economic activities and avoid a protracted and serious imbalance of proportionate relationships. This is a possibility, not a fact. If we make mistakes or serious mistakes (the common mistakes are impetuosity, rashness, and excessively high targets), there will also be a crisis, or "setback" as people say. Therefore, in carrying out economic work, we must try to master the overall situation and find out problems, particularly the problem of several basic proportionate relationships. We must use the means of planned regulation, bring into play the role of various economic levers, and adopt various effective measures to harmonize all kinds of proportionate relationships. In general, we must not weaken planning work, but must meticulously improve and continuously strengthen planning work so as to ensure the healthy economic development. This is because ours is a planned commodity economy with socialist public ownership as its foundation, not a market economy which is totally regulated by the market.

Proportionate economic development also involves the correct handling of the relationship between priority projects and general projects. It is necessary to give prominence to some priority projects, but if we fail to pay attention to general projects, economic development cannot last long and priority projects will be a failure in the end. While giving prominence to priority projects, we must give consideration to general projects in a reasonable way. This is also a problem we must pay attention to from time to time.

2. REACHING AN OVERALL BALANCE IS THE BASIC WAY FOR BRINGING ABOUT PROPORTIONATE DEVELOPMENT. Comrade Chen Yun said that reaching a balance means proportionate development. If we fail to reach a balance, we cannot develop the economy in proportion. Overall balance includes the balance between all departments and parts in the national economy, as well as the balance within a department, an area, or a part. To guide economic activities throughout the country, we must first reach an overall balance. Their overall balance must be based on the balance in each part and must guide and restrict the balance in each part.

What are the main contents of the overall balance? In 1957, when talking about the problem that the size of construction must correspond to our national strength, Comrade Chen Yun spoke of the balance in three fields: the balance between financial income and expenditure, the balance between deposits and granting of credit loans, and the balance between the supply and demand of goods. Of the three branches, the most essential is the balance between the supply and demand of goods. The production and supply of consumer goods in daily life must be suited to social purchasing power. The production and supply of the means of production must be suited to industrial and agricultural production, circulation, and the size of fixed assets investment. These are the most important two balances in goods. Since we adopted the policy of opening up to the outside world, the balance of income and expenses in foreign exchange has become an important part of the overall balance. China has rapidly developed economic and cultural ties with other countries over the past few years, and the scale of the economic and cultural ties is becoming larger and larger. Paying attention to the balance of income and expenses in foreign exchange is an important issue.

While our country is still relatively poor, we must try to catch up with developed countries as soon as possible. For this reason, it is impossible for us to be well-off in all fields, and maintaining a balance under the circumstances of a shortage of goods is inevitable. Even if there is an ample supply of goods for a time, the situation may change, as China has a large population. Therefore, we must not be careless when we are well-off and have an ample supply of goods. Maintaining a delicate balance is unavoidable. However, as Comrade Chen Yun has said repeatedly, we must not maintain a balance to such a tense degree as to break it. If so, simple reproduction cannot be guaranteed and the loss is too heavy. This situation appeared in the early 1960's. To avoid a balance to an excessively tense degree and the breakup of the balance, Comrade Chen Yun held that in maintaining an overall balance, we must maintain a balance according to the "short line," not the "long line." Of course, when weak points appear, we must do our best to improve the situation and to gradually harmonize the proportionate relationships. Using planning means and the method of overall balance to bring about proportionate economic development is an advantage of the socialist system.

3. WE MUST TAKE INTO CONSIDERATION BOTH ECONOMIC CONSTRUCTION AND PEOPLE'S LIVELIHOOD. This view stems from the characteristic that China has a large population and limited arable land, and Chinese people are poor, and it uses the historical experiences of China and other socialist countries for

reference. In 1981, Comrade Chen Yun stressed: First, we must feed the 1 billion population; and second, we must carry out socialist construction. If we care for feeding only and eat up and use up everything, our country will be hopeless. While adequate food is ensured for people, the state must have remaining strength to carry out construction.

In economic activities, the relationship between construction and livelihood is reflected as the proportions of accumulated funds and consumer funds in the distribution of national income. The problem of controlling accumulation rate was first raised by Comrade Bo Yibo at the 8th CPC National Congress and was highly valued by all principal central leading comrades, who approved of an accumulation rate between 20 to 25 percent. Along with the subsequent development of the "leftist" guiding thought, the accumulation rate was often too high, exceeding 30 percent or even reaching 43 percent in some years. Facts have proved that the excessively high accumulation rate was due to the excessive targets for growth rate, the excessively large size of capital construction, and the excessively large scale of our construction. This cannot rapidly expand the ability to develop production, but will result in a serious imbalance in main fields, causing heavy losses.

The excessively large size of capital construction and the excessively large scale of construction is a "common disease." In the course of economic readjustment in the early years of the Sixth 5-Year Plan, we achieved initial results in curing this "common disease." However, in the last 2 years of the Sixth 5-Year Plan, the "common disease" once again emerged together with a "complication," namely, the failure to control consumer funds. As a result of our failure to control both accumulation and consumption, there were inevitably "deficits" in the distribution of national income. This was the main reason for the sharp price hikes. The deficit in the distribution of national income is a matter concerning the overall situation which should not be ignored. In view of this, the CPC Central Committee and the State Council have adopted effective measures to deal with it and have achieved initial results. However, we must continue to carry out the measures so as to prevent the diseases from recurring.

4. WE MUST ADHERE TO TAKING AGRICULTURE AS THE FOUNDATION. This view, which was first raised by Comrade Mao Zedong, is also decided by China's real situation and corresponds with the basic tenets of Marxism-Leninism. In the 1950's, Comrade Chen Yun pointed out that agriculture is a problem concerning the food and clothing of the people of the whole country. If economic construction is not based on this, it cannot be consolidated. The problem of agriculture is first of all the problem of grain. At that time, he put forth the thesis: "Stable grain output brings stability; shortage of grain results in a tight market." On the eve of the 3d Plenary Session of the 11th CPC Central Committee, in view of the serious damage to the agricultural production then, Comrade Chen Yun once again stressed that it was necessary to import some grain to ease peasants' burden. In this way, he hoped the peasants would feel relieved and resume and develop agricultural production. Regarding this problem, we suffered many setbacks, the main reason being that we had not found a way to give full play to peasants' initiative. Our economic structural reform over the past few years began in

rural areas. In the course of the reform, we adopted many methods of developing agricultural production which were discovered by peasants in practice, and we instituted various responsibility systems with output linked to contract. All these plus the government move to greatly increase the prices of agricultural products have brought about rapid changes in China's rural areas and resulted in an economic boom throughout the country. However, some areas make mistakes in handling the relationships between agriculture and industry and between grain and economic crops. They put undue emphasis on the idea of "no industry, no wealth," and "no commerce, no brisk market," resulting in tendency to relax agricultural production, grain production in particular. In view of this, Comrade Chen Yun reminded us not to forget the truth of "no agriculture, no stability," and "no grain, no peaceful situation."

5. THE SCALE OF CONSTRUCTION MUST BE SUITED TO THE NATIONAL STRENGTH. At a central conference held in early 1957, Comrade Chen Yun pointed out: "The scale of our construction must be suited to the financial and material resources of our country, and whether they are suited or not is the demarcation line between a stable or unstable economy." In the speech, he also raised the view that it is easier to correct a conservative tendency than to correct a rash tendency; the view that financial income and expenditure and banking credit must be balanced with some surpluses; the view that in times of short supply of goods, it is necessary to first of all guarantee the production of daily necessities, then the production of the means of production, and finally capital construction; the view that the upgrading of people's purchasing power must be suited to the supply of consumer goods; and the view that the balance between the scale of capital construction and financial and material resources must be consistent and free from sudden rise and fall. In short, these views mean that we must carry out construction according to our own abilities. This guiding thought is applicable not only to capital construction, but also to all economic departments and to other departments in a certain sense. They are the guarantee of protracted, stable, and healthy development in economic and other causes. This thought was previously criticized and labelled as mechanical materialism which negates subjective initiative. But history has proved that it was not those criticized degenerating to mechanical materialism, but those criticizing others degenerating to the will for power doctrine.

In recent years, Comrade Chen Yun also said that we communists of course want to achieve faster and better results. The problem is whether we have the conditions to do so. Stressing conditions is not mechanical materialism, but dialectical materialism. If we have no conditions or our conditions are not ripe enough, we of course must do our best to create conditions and must not adopt a passive attitude. But creating conditions is also restricted by the material conditions at that time and our subjective ability.

In addition to the above five major problems, Comrade Chen Yun also gave many important opinions on the other fields of economic work. For example, he believed that in building new enterprises and tapping the potential of old enterprises and reforming and transforming old enterprises, the stress should be laid on the latter. Meanwhile, it is necessary to bring in new

technology on the existing basis, by either filling in technological gaps of forming complete sets of equipment so as to march forward steadily. To digest and apply the new foreign technology, it is necessary to mainly rely on our existing technological forces, that is, millions of technological personnel and scientific research personnel trained by us since the founding of the PRC. Comrade Chen Yun stressed that properly carrying out commercial work and maintaining market prices is not only an economic problem, but also a political problem. He demanded that cadres, staff, and workers engaged in commercial work acquire a political viewpoint, a mass viewpoint, and a production viewpoint, and avoid and overcome exclusive concern about profession and the tendency of routinism. Due to the limited space of this article, we are not going to discuss this in detail. Discreet readers may find from Comrade Chen Yun's articles some things which are still useful today.

IV

Building a powerful party which is consolidated politically and organizationally is a task which all party members, leading party cadres in particular, must not ignore at any time. Without such a party which leads us in building socialism, our cause cannot advance and succeed.

When assuming the post of the organizational department director of the CPC Central Committee in Yanan, Comrade Chen Yun expounded in detail problems about the requirements of party members, party branches, the party's mass work, party discipline, the party's policy on cadres, and the study of theory. In Volume 3 of the "Selected Works of Chen Yun," in view of the problems in the new historical period, Comrade Chen Yun put forth many important suggestions on the building of our party. The main content of his suggestions can be summarized into the following four areas:

1. IT IS NECESSARY TO GRASP IMPROVEMENT OF PARTY STYLE. Comrade Chen Yun was elected first secretary of the Central Discipline Inspection Commission at the 3d Plenary Session of the 11th CPC Central Committee. In January 1979, at the first meeting of the commission, he pointed out that the basic task of the Central Discipline Inspection Commission was to safeguard party regulations and law and to straighten out party style. In November 1980, he raised the important view that the problem of the style of a ruling party is an issue concerning the life and death of the party, and called for improving party style permanently. The practice over the past few years has proved that this view of Comrade Chen Yun struck home. In January 1982, he and other Standing Committee members of the CPC Central Committee [zhong yang chang wei 0022 1135 1603 1201] called for hitting hard at serious economic crimes. In June of the same year, he said that in the course of straightening out party style, it is necessary to pay attention to the phenomena of ignoring principles and confusing right and wrong, to correct the trend of fearing problems, struggles, and offending others, and not to isolate those who uphold principles. He believed that only by first forming within the party a general mood of distinguishing right and wrong will the party be united and have combat strength. Consequently, the general social mood will improve, healthy tendencies will rise, and unhealthy tendencies will

disappear. At the 2d Plenary Session of the 12th CPC Central Committee held in October 1983, Comrade Chen Yun once again pointed out that since the party came to power throughout the country, the leadership power of central organs, grass-roots units, enterprises, institutions, and production teams have been in the hands of party members. Party members can use the various powers in their hands to seek private interests. Many of those who have committed corruption were party members or were protected by party members. If we fail to hit hard at those who seek private interests by taking advantage of their power and position, party style will be ruined and the party will become unpopular. At the National Conference of Party Delegates in September 1985, Comrade Chen Yun also stressed that leading cadres at all levels, high-ranking leading cadres in particular, must pay serious attention to the prime issue of party style, and must set a good example in improving party style. Incumbent and retired high-ranking leading cadres must also set a good example in properly educating their sons and daughters. In his written speech at the Sixth Plenary Session of the Central Discipline Inspection Commission, Comrade Chen Yun further pointed out that if we turn a blind eye to the evil tendencies which undermine socialist construction and corrupt the party style and general social mood, and if we let the tendencies develop unchecked, it is necessary, in addition to punishing those individuals who do evil, to affix responsibility to the CPC committees and discipline inspection committees of the units and areas concerned. From the above exposition of Comrade Chen Yun, we realize that straightening out party style is a prime issue which can ensure the smooth progress of our economic construction and economic structural reform.

2. WE MUST ADHERE TO DEMOCRATIC CENTRALISM. Whether or not acting upon the principle of democratic centralism is a major indication of normal or abnormal political life within the party, we had bitter lessons regarding this problem in the past. One of the important reasons for the continuous development of the "leftist" guiding thought after the founding of the PRC was the abnormal inner-party political life and that Comrade Mao Zedong had the final say on major problems under the increasingly weakened collective leadership. Thus, the erroneous guiding thought was hard to correct and became more and more serious, leading to the "Cultural Revolution" in the end. Comrade Chen Yun profoundly pointed out that the lack of democratic centralism within the party and the abolishment of collective leadership within the party was the main reason for the appearance of the "Cultural Revolution." He repeatedly said that there must be both democracy and centralism in inner-party political life, and different opinions and disputes should be allowed within the party. This is not a bad thing, as we can be more prudent and make fewer mistakes. What we fear is not if people give wrong opinions, but if people keep silent within the party. If no one speaks at a meeting, it will not be a good thing. Party organizations must allow comrades to raise different views, for this is a good phenomenon indicating a boom in our party's cause. Leading comrades in charge of important work must especially be modest. They must constantly heed different opinions and listen to opinions from the opposite side. Otherwise, people will not speak out and tell the truth and will only speak lies and flattery. This is very harmful to the party's cause. Comrade Chen Yun also expressed the hope that middle-aged and young cadres who have newly joined the leading groups will act upon the principle of democratic centralism.

3. WE MUST PAY SERIOUS ATTENTION TO TRAINING AND PROMOTING MIDDLE-AGED AND YOUNG CADRES. In accordance with Comrade Deng Xiaoping's views on earnestly selecting successors, in 1981, Comrade Chen Yun called for immediately training and promoting thousands upon thousands of middle-aged and young cadres so as to take over from veteran cadres and build a cadre contingent consisting of old, middle-aged, and young cadres who can serve modernization construction. Both these men believe that this is a strategic task determining the task of our party and state.

Comrade Chen Yun has all along stressed that the requirement for promoting and employing cadres is that they must have both ability and political integrity, and that the stress must be laid on political integrity. In the new historical period, the party raises more strict requirements on cadres. Being loyal, being unselfish, upholding principles, observing discipline, working hard, being skillful in integrating theory with practice, maintaining close links with the masses, carrying out criticism and self-criticism--all these remain the basic requirements which all party cadres must meet. However, modernization construction demands that all cadres, particularly leading cadres at all levels who are in the first line, have a higher cultural level, better professional knowledge, and management experience, and be in the prime of life and energetic, which many veteran cadres lack. Different historical periods have different tasks. New tasks call for establishing a new cadre contingent, which is a demand raised by history. In his two articles, "Promoting and Cultivating Middle-Aged and Young Cadres Is an Immediate Concern" and "Promoting Thousands Upon Thousands of Middle-Aged and Young Cadres," Comrade Chen Yun repeatedly expounded the necessity and urgency of this problem, arousing the attention of the whole party.

We have made remarkable achievements in cultivating and promoting a great number of middle-aged and young cadres over the past few years. A great number of veteran cadres and party members have voluntarily withdrawn to the second line or retired in the interest of the whole party. At the National Conference of Party Delegates held in 1985, central leaders made proper arrangements in regard to leaders at different echelons. This is undoubtedly of far-reaching significance to China's socialist modernization.

4. WE MUST FIRMLY GRASP THE BUILDING OF SPIRITUAL CIVILIZATION. This is an important matter which has a direct bearing on the improvement of party style and general social mood. Comrade Chen Yun and Comrade Deng Xiaoping, together with other central leading comrades, vigorously advocated building material and spiritual civilization simultaneously and combining and grasping the building of the two civilizations. Without good party style and general social mood, people will have no great ideals, no strong will, and no hard-working spirit, and the building of material civilization will be seriously disrupted, not be carried out smoothly as scheduled, and not be successful. Comrade Deng Xiaoping recently stressed that if we genuinely grasp the building of spiritual civilization, we will have hope. If we fail to firmly grasp the building of spiritual civilization, we will be hopeless. We all know that political and ideological damage caused to our party by the "Cultural Revolution" are more serious than organizational damage, for the "Cultural Revolution" confused people's ideas and corrupted their style.

Moreover, in the course of enlivening the domestic economy and opening up to the outside world, we relaxed ideological and political work for a time. As a result, decadent bourgeois ideas and style broke through when we were off guard, and some abominable behavior of feudal society revived to corrode our party's body and corrupt our party style. Comrade Chen Yun seriously pointed out at a meeting: If we fail to build socialist spiritual civilization simultaneously, the building of material civilization will deviate from the correct path. Worse, it may even deviate from socialist and communist ideals, which is very dangerous. Comrade Deng Xiaoping also warned the whole party that China must build modernization, and must not carry out liberalism and take the road of Western capitalism. These are important opinions and instructions.

V

Those who are familiar with Comrade Chen Yun and his works all strongly feel that Comrade Chen Yun is very practical in everything. He adheres to proceeding from reality in thinking over problems and making decisions. Comrade Chen Yun is one of those leaders who have all along upheld the principle of seeking truth from facts among the veteran proletarian revolutionaries of our party. From Comrade Chen Yun's revolutionary practice over the past 60 years, we can see that it was precisely due to his adherence to seeking truth from facts that he made fewer mistakes and achieved relatively better results in fulfilling all complicated and arduous tasks assigned by the party.

Seeking truth from facts, which is an ideological principle the whole party must follow, is the most powerful weapon for transforming the objective world. Its basic characteristic is the correspondence between the subjective world of human beings with the objective world. To genuinely and thoroughly seek truth from facts, we must first understand the basic tenets of Marxism, and master correct standpoints, viewpoints, and methods to sum up both positive and negative experience in our work, so that our knowledge can move from partial to overall and from perceptual to rational, and so we can understand the essence and objective laws of things. We have also seen from historical experiences that to adhere to seeking truth from facts, we must also have a high degree of party spirit, set an objective of wholeheartedly serving the people, guard against arrogance after winning victories, be modest and prudent, be good at heeding the opinions from the masses, and carry out democratic centralism heart and soul. It is unimaginable that one who knows nothing about the theory of Marxism-Leninism, has no practical experiences, and lacks strong party spirit would adhere to principle of seeking truth from facts and transform the objective world successfully.

As early as the early 1940's, after following Comrade Mao Zedong in the study of Marxist philosophy and summing up experiences of the protracted revolutionary struggle in Yenan, Comrade Chen Yun put forth the view of "not following all instructions of the higher leadership, not copying books, and adhering to facts," which called for deep thought. "Blindly following instructions of higher leadership and copying books" was the cause for the third "leftist" line within the party during the second civil war. Of course,

"not following instructions of higher leadership" does not mean that we can refuse to implement resolutions collectively made by the higher leadership, and "not copying books" does not mean that we can refuse to read books of Marx and Lenin or even abandon the basic tenets of Marxism-Leninism. This should not be misunderstood.

At that time, Comrade Chen Yun used the words of "not following all instructions of higher leadership, not copying books, and adhering to facts" to express the dialectical materialist attitude which we communists must adopt. Afterwards, he himself adhered to the words in his work. In the 1950's, he summarized the way to know the truth as "completely, comparatively, and repeatedly." He reexplained and developed this idea after the serious setbacks of the "Great Leap Forward" and the people's commune movement. He told us that we must not view problems in a lopsided way, but must view problems in an overall way so as to avoid one-sidedness. While studying problems, formulating policies, decisions, and plans, we must make comparisons between the past and present and between China and other countries, and must not get into a corner. On some complicated problems, in addition to having a complete understanding and making comparisons in many fields, we must make decisions after turning the matter over again and again and must not make hasty decisions. The words "completely, comparatively, and repeatedly" are the essence of dialectical materialism.

After decades of practice, the above words of Comrade Chen Yun have been proved simple to understand and practicable. In knowing things, we always proceed from facts and take the road of practice-knowledge-practice again-knowledge again, strive to have complete knowledge, make more comparisons, and think over and over. Only thus can we gradually reach the truth. It is thus clearly seen that these words of Comrade Chen Yun are the unity of materialism and dialectics. Only by adopting a practical attitude and strictly adhering to dialectical materialist theory on knowledge and methodology can we truly seek truth from facts.

Comrade Chen Yun has said more than once that we must spend more than 90 percent of our time conducting investigations and research and less than 10 percent of our time making decisions. When considering an important problem, he often obtains basic information first and then holds various meetings to solicit opinions. In the course of investigation and research, he always pays special attention to opinions different from his ideas. If no different views are aired at meetings, he tries to guide people to consider the problem from the opposite side. After listening to various positive and negative opinions, he makes a comparison and turns the matter over in his mind again and again, and then makes a decision. When studying the three volumes of the works of Chen Yun, the foremost and essential thing is to learn his scientific attitude of seeking truth from facts and his way of thinking and working.

Comrade Chen Yun has personally examined and read all the volumes of the "Selected Works of Chen Yun." He requested that no alteration be made in compiling and selecting his articles so as to avoid unauthenticity and that even wrong parts should not be revised. He repeatedly said that every

effort should be made not to magnify his merits in explaining and introducing his articles. We must attribute all our achievements first to the masses, then to the party, and finally to individuals. As for the mistakes we have made, we must have the courage to correct them and draw lessons. Comrades taking part in the editing of the book were deeply moved by this practical spirit and modest attitude of Comrade Chen Yun.

People may find in the three volumes that there are no articles written by Comrade Chen Yun in the 15 years from March 1962 to March 1977. This was the period in which his correct ideas were negated and criticized and he was basically deprived of his right to speak. During this period, he upheld truth, strictly observed party discipline, refused to be contaminated by evil influences, and devoted himself to the exploration of truth. After the smashing of the "gang of four," he immediately dedicated his heart and efforts to the party's cause and put forth many valuable ideas and opinions on key and important issues. This noble character of maintaining a strong party spirit under a difficult situation is shared by many veteran proletarian revolutionaries. This character will pass from generation to generation and educate all communists.

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MAKE A SUCCESS OF IDEOLOGICAL WORK IN THE CADRE RANKS IN THE SPIRIT OF REFORM

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[Article by Xu Shijie [6079 1102 2638], secretary of the Guangzhou City CPC Committee; capitalized passages published in boldface]

[Text] Our Guangzhou, located in the Zhujiang Delta, is one of China's developed areas in commodity economy. Close to Hong Kong and Macao, it is also a coastal city that developed foreign ties very early. All this has created good social conditions for opening up to the outside world and carrying out reforms, and has given rise to strong social demands. The ideological reflection of the social conditions and objective demands is that most cadres and the masses harbor relatively liberal ideas; adopt an active attitude toward and support the central leadership's policy of opening up and reform; are relatively capable of absorbing, digesting, filtering, and transforming Western civilization; and have fairly strong ability to sustain "setbacks" in the course of opening up and reform. This is an important cause for our achievements in opening up and reform over the past few years. However, we also met with some ideological obstacles. The main reflection of these ideological obstacles is that some of our comrades hoped for a stable situation and were afraid of turbulence, advocating acting upon "classical works" and "red-headed" documents. They were overcautious and lacked the courage to take a first step in opening up and reform. Others laid undue stress on objective difficulties, were overcautious and indecisive for fear of making mistakes, and dared not explore a new road in opening up and reform. On the other hand, some of our comrades seem to "suddenly discover" that our system has no saving graces and everything is good in the West, advocating copying foreign experience indiscriminately and complaining that we are "opening up" to the outside world on a too-small scale and too slowly. This metaphysical way of thinking and ossified mental status of "copying books," "acting upon instructions of higher authorities," and "blindly learning foreign experiences" is incompatible with the new situation of opening up and reform. Just as Comrade Deng Xiaoping pointed out: "Our four modernizations drive will get nowhere unless rigid thinking is broken down and the minds of cadres and of the masses are completely emancipated." ("Selected Works of Deng Xiaoping," p 133) The practice in Guangzhou over the past few years has taught us that without opening up to the outside world and carrying out reforms, it is impossible to create conditions to thoroughly eradicate old habitual forces; and without carrying out ideological building centered on

reforming people's ideas in the spirit of reform, without correcting various "leftist," "right," and small producers' ideas and way of thinking among cadres which are unsuited to the modernization drive, and without resolving the problem of thinking lagging behind reality, it is impossible to push forward the process of opening up and reform.

1. BY GRASPING REFORM OF THE METAPHYSICAL WAY OF THINKING AND OSSIFIED MENTAL STATUS OF "COPYING BOOKS" AND "ACTING UPON INSTRUCTION OF HIGHER AUTHORITIES," WE HAVE REPEATEDLY EDUCATED CADRES IN MARXIST PRINCIPLES OF SEEKING TRUTH FROM FACTS AND EMANCIPATING PEOPLE'S MINDS. Since the 3d Plenum of the 11th CPC Central Committee, we have thoroughly criticized the "two whatevers" theoretically and politically and widely carried out the debate over "practice is the only criterion for testing truth." In addition, we have organized cadres to earnestly study the "Selected Works of Deng Xiaoping," and particularly Comrade Deng Xiaoping's exposition on emancipating people's minds and resolutely carrying out reforms. In connection with reality, the cadres have exposed defects in the current economic management system and other management systems, emancipated their minds, and changed their ideas, thus becoming pioneers in opening up and reform. In the course of opening up and reform, on the one hand, we advocate that cadres at all levels must have the revolutionary spirit of daring to open up a new situation and explore a new road; on the other hand, we demand that cadres adhere to the scientific approach of seeking truth from facts and combine and coordinate the two closely. For example, in the early period of opening up to the outside world, due to the restriction of our system which separated departments and areas, we met difficulties in our work. At that time, we adhered to the guiding thinking of "having more liberal ideas, taking more relaxed policies, and carrying out activities more extensively," and demand that cadres throw away unreasonable restrictions of the old system. We also explicitly put forth: "If there is no way by river, find a way on land; if there is no way on land, find a way in mountains; if there is no way in mountains, blaze a new trail through brambles." Consequently, we have made great development in various reforms, in foreign economic and technological cooperation, and in lateral economic ties within the country. In the course of concrete work, we also advocated the principle of seeking truth from facts and acted carefully by proceeding from reality. In carrying out every reform, we first conducted meticulous investigations and study and then formulated a plan and made an experiment. After gaining some experiences from the experiment, we then carried out the reform in a planned way and step by step. This is the key to the success made by Guangzhou in the course of opening up and reform.

2. IN ACCORDANCE WITH URBAN CHARACTERISTICS AND STRONG POINTS, WE HAVE CONDUCTED EDUCATION ON CADRES IN "REUNDERSTANDING" GUANGZHOU. In terms of understanding, whether a city or an area can achieve success in reform and opening up lies in whether it can creatively implement the principles, policies, and relevant spirit of the central leadership according to its own characteristics and strong points. The more deeply a city or an area understands its own characteristics and strong points, the better it can understand the significance of the "special policies and flexible measures" granted by the CPC Central Committee and the better it can give play to a series of principles and policies of the central leadership. Based on this,

by seriously summing up the experiences and bitter lessons in Guangzhou's economic construction over the past 30-odd years, by heeding the opinions of theoretical and practical workers, and by going deep into practice to conduct investigations, we have extensively educated cadres on "reunderstanding" Guangzhou. As a result, cadres have quickened their pace in opening up and reform by making use of Guangzhou's characteristics and strong points more conscientiously. For example, in the "reunderstanding" education, we organized cadres to make a serious analysis of Guangzhou's characteristics and strong points of being close to Hong Kong and Macao and having many overseas connections, to eliminate previous "leftist" ideological influence on Overseas Chinese and Hong Kong and Macao compatriots, to further implement the party's policies on Overseas Chinese affairs and united front work, and to encourage cadres, staff, and workers who have overseas and Hong Kong and Macao connections to urge their relatives to make contributions to socialist construction of their motherland. This aroused patriotic enthusiasm of Overseas Chinese and Hong Kong and Macao compatriots, ensured smooth progress of the city's work in using foreign funds and bringing in advanced technology and equipment, and gave new vitality to the city's economy. We also guided cadres to earnestly analyze Guangzhou's characteristics and strong points of being the largest commodity distributing center in south China, to treat reforming circulation channels as a breakthrough, and to develop lateral economic ties by adopting the measure of "opening up the city, absorbing funds to make fortune" and dredging circulation channels, thus boosting urban and rural economy.

3. IN ACCORDANCE WITH THE PRINCIPLE OF "BRINGING IN SOME WHILE RESISTING OTHERS" AND "EXCLUDING ONLY POLLUTION AND NOT ALL FOREIGN THINGS, BRINGING IN GOOD NOT BAD THINGS," WE HAVE EDUCATED CADRES ON FIRM BELIEF IN MARXISM AND LENINISM. Standing at the forefront of opening up and reform, Guangzhou is one pilot project in reform and plays the role of "window" in certain aspects. While we adhered to bringing good and resisting bad things in bringing in Western material civilization, we adopted the same attitude in bringing in Western spiritual civilization. Only by earnestly learning others' achievements and successful experiences, resisting bad things, and using others' strong points to make up our weakness, can we vigorously develop social productive forces. The closed-door policy would place us in a passive position. If we believe foreign things are good and copy them indiscriminately, we can neither absorb and digest all things beneficial to us nor develop our work creatively. Worse, we might go astray. Therefore, in the course of opening up and reform, we actively encouraged and guided cadres to understand the trend of the world's economic and technological development, to earnestly learn foreign advanced technology and management experience, to expand their vision, and to meet the world's new technological challenge in ideology and action. On guiding thought on our professional work, we stressed that on the basis of self-reliance, we must actively bring in advanced foreign technology and equipment and closely combine the importing of "hardware" and "software," so that the imported advanced technology and equipment can truly be used by us and can play its due role. In the course of opening up and reform, we paid attention to correcting the wrong idea of "blindly copying all foreign things." In particular, in accordance with the problem of understanding and the ideological trends of cadres and the masses

in different periods and in close connection with party rectification, we carried out the activities of learning from PLA heroes and models, exposed and criticized a handful of negative examples, and extensively and profoundly conducted education in firm belief in Marxism and communism, thus basically deepening cadres' ideological understanding and strengthening their ability to resist the corrosion of capitalist ideology. Practice has proved that this can not only bring in fresh air, but also can resist "mosquitoes" and "flies" after opening the "window," thus ensuring healthy development of opening up and reform.

4. WE ADHERED TO THE MARXIST AND MATERIALIST THEORY OF KNOWLEDGE, CHANGED OLD WAYS OF THINKING, AND VIEWED, UNDERSTOOD, AND HANDLED NEW THINGS IN A NEW WAY. If we still analyze, view, and handle today's new situations, problems, and things in an old way during the new period, we might treat correct things as wrong ones, active things as passive ones, and progressive ones as backward ones. Over the past few years, we have mainly changed the following several ideas in ideological construction:

WE HAVE CHANGED OUR IDEA ABOUT TIME AND EFFECT. Paying no attention to time and efficiency has for a long time been a common disease in our economic construction. People were used to working at a slow tempo as doing more or less made no difference and people had an "iron rice bowl" in their hands. However, after opening up to the outside world, foreign capital and businessmen have made their way into Guangzhou, so the situation forced people to pay more attention to time, efficiency, interest of loans, repayment ability, and time of cooperation. The contradiction between the "slow" habit and "fast developing" situation has become more and more prominent along with the development of the socialist commodity economy. Rigid and backward traditional ideas and slow work tempo have set many obstacles for us. Difficulty in getting things done became the most "tough" problem in the early period of opening up to the outside world. An approval procedure that can be completed in 1 day would usually take 2 days or more to complete. Some matters that can be decided by one department would involve several departments and the documents would be "kicked" back and forth and involve dozens of official chops. By grasping several typical examples and through open propaganda of internal documents and newspapers, we launched a city-wide debate over "difficulty in getting things done" to expose the damage, learn the cause, analyze the roots, and study countermeasures. Through study and discussions, people have fully understood that the "sluggish disease" is the No 1 enemy to the modernization drive and is incompatible with the new situation of opening up and reform. Meanwhile, we also paid serious attention to propagating and educating cadres to absorb and transform the new ideas of time and efficiency suited to the developed commodity economy, to do their best to create conditions and environment for establishing the new ideas in accordance with the practical conditions in the city, and to reform them in the working system as soon as possible. For example, in order to provide convenience to foreign businessmen, joint ventures, and cooperative enterprises in going through official procedures, the "Guangzhou Foreign Economic Work Street" was set up to concentrate examining and approving departments to "work under one roof." In order to resolve the problem of long-standing disputes over trivial matters involving several departments,

the standing committee meetings of the city CPC committee and the city mayor work meetings were held on the spot and decisions were made on the spot on the basis of investigation and study. In order to change the situation of "excessive documents and meetings," we especially made a decision on reforming documents and meetings and regulations on high authorities giving official and written replies to reports from lower levels within a set time and failing to do so meaning approving the reports. By so doing, both the high and low levels have gradually cultivated and established a new idea on time and efficiency and gradually created an environment and built a habit of everyone paying attention to time and efficiency. The establishment of the new idea on time and efficiency has vigorously promoted all work in the city, raised the efficiency of leadership departments, and resulted in a great number of enterprises that "race against time and strive for high efficiency." Many construction projects have been completed ahead of schedule.

CHANGE THE IDEA ON KNOWLEDGE AND TALENTED PEOPLE. We are now facing various challenges of the world's new scientific and technological revolution, and both international and domestic markets are fraught with keen competition. In the final analysis, all competition is the competition of talented people. To cultivate talented people, we must first resolve the problem of respecting knowledge and talented people. This first requires people to change their traditional idea of knowledge and talented people and to "combat all ideas and practices that belittle science and technology, the cultivation of intellectual resources, and the role of intellectuals." ("Decision of the CPC Central Committee on Reform of the Economic Structure") China's long-standing closed and semiclosed self-supporting natural economy has formed a traditional idea among people of belittling modern science and knowledge. After liberation, the long-standing "leftist" ideological influence within the party ranked intellectuals among those to be transformed and used. In addition, what we practiced was the product economy system of unified and assigned purchase and marketing which transcended our historical stage and was divorced from our real level of productive forces. All this has given a political tinge to some traditional backward idea on knowledge and talented people. Therefore, to reform this idea, the most important thing is to criticize extra leftist ideas and to seriously bring order out of chaos. By grasping this subject, we have since the 3d Plenum of the 11th CPC Central Committee repeatedly organized party members and cadres to criticize the wrong idea of belittling intellectuals, science and technology, and intellectual exploitation; eradicated extra leftist ideological influence; and completely implemented the policies on intellectuals in such "concrete" fields as political treatment, economic income, and housing. In the meantime, we set up some advanced examples of respecting and responsibly employing talented people, such as the Baiyunshan Pharmaceutical Plant, and held on-the-spot meetings of leading cadres above the district, county, and bureau levels at the plant to promote their experience. We also used various propaganda means to commend and publicize those good examples of being skillful in discovering and cultivating talented people and to criticize and deal with cases of suppressing and destroying talented people. We also carried out reform in selecting and cultivating cadres, in reorganizing and strengthening leadership groups of organizational and personnel departments,

and in the economic management system and the personnel management system. For example, we selected the president of the Guangzhou University and deputy director of the Guangzhou City Foreign Economic Commission by open examination and recruitment test. All these measures and policies of respecting knowledge and talented people have promoted the change of the idea on knowledge and talented people. As cadres have established an idea of respecting knowledge and talented people and implemented various measures of cultivating and employing talented people in practical work, an upsurge of learning knowledge has been launched throughout the city and various kinds of part-time and full-time study classes, such as TV university, part-time university, correspondence university, and various professional classes, have sprung up like mushrooms throughout the city. Of all young staff and workers in the city, about 570,000 have taken part in various reading activities, 420,000 have attended various study classes, and 80 percent are engaged in various amateur studies.

CHANGE THE TRADITIONAL IDEA ON LIFESTYLE. Due to a rapid increase in people's income since opening up and reform and the change in mode of production and the influence of lifestyle of economically developed countries along with opening up and reform, changes have taken place in the people's lifestyle. Every change in the people's lifestyle inevitably resulted in people's conflicts over old and new ideas. Some changes in the people's lifestyle in Guangzhou city over the past few years have brought disputes. For example, some people liked jeans and high-heeled shoes, others liked dancing and playing billiards, still others liked musical teahouses. However, some people viewed this lifestyle in a traditional way, treating fashionable clothes as "outlandish clothes" and dancing at leisure times as bourgeois romance. In short, they indiscriminately treated some changes in the people's lifestyle and people's quest for beautifying life as bourgeois lifestyle.

Here arises a question of how to view and deal with some phenomena in social life. Should we approve of all these things and take a laissez-faire attitude? Or should we treat them as great scourges and forbid them all? We believe that both attitudes are undesirable. The correct attitude is that we should support a progressive, healthy, civilized, and scientific new lifestyle; admit different spending ways and desires in life; and allow each individual to make his own choice. As for things that should be resisted and abandoned, it is necessary to adopt administrative means to forbid some of them and to give guidance and adopt the method of persuasion and education to deal with most of them. This is to say, we must support some, guide some, and forbid some.

We have deeply understood that on the issue of viewing the change in the people's lifestyle, we must abandon the view to set production against spending, the view to set the change in spending ways against hard work and plain living, and the view to set pursuing colorful cultural life against building socialist spiritual civilization. Under the new situation of opening up and reform, we must selectively support the new idea on lifestyle, cultivate new moral integrity in our life, form a new lifestyle, and create a new environment of daily life, so that people can "temper new

quality...form new strength and new ideas, give rise to new exchange ways, new requirements, and new language." ("Complete Works of Marx and Engels," Vol 46, first half, p 494) As for some lifestyles that are neither extremely harmful nor extremely beneficial, it is not necessary to hurriedly encourage or forbid them. They should be examined and selected by the masses themselves. We must believe that the masses have the ability to distinguish right from wrong. Of course, there is a handful of people who blindly worship and seek a Western bourgeois lifestyle, and we should neither be surprised, alarmed, or lose our vigilance. Provided that we adhere to the principle of "excluding polluted things, not all foreign things," actively give guidance, and hit hard at a handful of black sheep, we will achieve good results.

In carrying out ideological and political work centered on changing people's ideas, we paid attention to changing the previous simple method of preaching; adhered to democratic discussions; adhered to the method of persuasion and reasoning; adopted various methods to guide middle-aged and young cadres to learn politics, culture, management, and scientific knowledge; and conducted education in Marxist and communist belief in various studies and discussions, so that they can conscientiously integrate "study fever" with the cultivation of a new generation that "has moral integrity, ideals, and culture and observes discipline," and associate their future and ideals with the party's cause, particularly the opening up and reform at present. We paid attention to and made use of the important role of information. We conducted public opinion polls in various forms, carried out city-wide activities of democratic assessment and recommendation of cadres, had direct knowledge of cadres' work and daily life, and mastered the ideological trend of the masses. We actively developed lateral ties, exchanged information with all cities in the country about ideological construction, and established an ideological and political research work network in some large cities, so that our ideological and political work became more purposeful, its contents more substantial, its forms more varied, and its effect more remarkable. We paid attention to bringing into play the role of advanced examples in educating others. While giving much publicity to advanced examples, we paid attention not only to giving publicity to advanced examples in words and by meetings, but also to spreading advanced images and made videotapes of advanced examples and broadcast the videotapes among the cadres and masses so that the experiences and noble spirit of the advanced examples became the common spiritual wealth of the people throughout the city. We paid attention to integrating solving ideological problems with meeting the normal needs of cadres and the masses. Along with the improvement of material and production conditions of our society, people will raise various spiritual and material demands, which will usually be linked with ideological problems. Our duty is to use the basic tenets of Marxism to strengthen education and solve problems in ideological understanding while not evading people's demands, and to integrate the solving of people's ideological problems with the study and meeting of people's normal demands. Practice has proved that this was a correct way.

Under the new situation, we adhered to using the spirit of reform to conduct ideological construction among cadres centered on changing people's ideas,

so that cadres and the masses in the city have always maintained an active and progressive mental status. This has vigorously promoted the building of "two civilizations" and the smooth development of economic construction in Guangzhou city. We have done some work and explored some experiences in this respect over the past few years, but much work has just started and many practices must be improved. Efforts should be made for further exploration.

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PUT ENTERPRISES UNDER A LOWER ADMINISTRATIVE LEVEL AND UNDER THE CONTROL OF DIFFERENT TRADES

Beijing RED FLAG in Chinese No 12, 16 Jun 86 pp 16-20

[Article by Li Tieying [2621 6993 2503]]

[Text] A central task in the economic structural reform in our country is to expand enterprise decisionmaking power and arouse the initiative of the enterprises so as to turn the enterprises into relatively independent commodity producers and handlers which have the ability to develop and transform themselves, have rights to operate their businesses on their own, and bear sole responsibility for their profits and losses. Devolving the management of enterprises to lower levels, separating government functions from those of enterprises, and changing department management into trade management are the major steps for realizing the above purpose. Why should the enterprises be devolved to lower administrative levels and how should we conduct trade management? The following are our ideas on these issues gained through the initial practice of reform in the electronics industry.

Enterprise Devolution Is an Important Link in the Structural Reform

The economic structural reform in the electronics industry, like all trades in our country, started by streamlining administration and expanding enterprise decisionmaking power in their routine management and operations. However, in the course of expanding enterprise decisionmaking power, we found that because the old structure in which enterprises were directly managed by state institutions remained unchanged, and because the enterprises were still controlled by departments which were separated from one another, it was still hard to enliven the enterprises. Many things in capital construction, scientific research, and production were scattered or duplicated. In order to deepen the economic structural reform in the electronics industry, our primary task is to devolve the management of the enterprises in a planned and orderly way to lower levels. We think that the devolution of enterprises will be favorable to the adoption of measures for streamlining administration and expanding enterprise decisionmaking power, will enable the enterprises to operate their businesses in light of the law of value and by making use of the market mechanisms, will free the enterprises from the position of being affiliated organizations of the government institutions so as to

develop themselves independently by organizing economic activities in cities, and will help break the structure in which departments, localities, and trade are separated from each other so as to create conditions for developing extensive horizontal economic relations. Thus, the old concept of department management will be changed, as will the functions of various government departments. The overall planning and management of trades will then be more rapidly effected. In short, the devolution of enterprises is an important step for separating enterprise functions from those of government institutions and for invigorating enterprises, so it is in line with the requirements of the developmental regularity of the socialist commodity economy.

Since 1985, we have begun to devote great efforts to promote the devolution of enterprises. At present, 161 enterprises out of the 172 enterprises which were previously directly managed by the Ministry of Electronics have been devolved to lower levels; that is, 93.6 percent of the ministry-run enterprises have been devolved. The principal leaders of the ministry personally handled the work of enterprise devolution. Local government also organized special groups headed by provincial, regional, and municipal leading cadres to support the work of enterprise devolution. They jointly studied and solved problems in the course of enterprise devolution with the Ministry of Electronics Industry. This is the key to successfully devolving enterprises to local authorities and to advancing reforms as a whole. We adopted flexible measures in light of the specific conditions in various localities and enterprises, did not enforce a uniform pattern on the enterprises, and did not try to accomplish the devolution course in one move. In some localities (such as Sichuan), the enterprises were directly handed to cities; in some localities (such as Guizhou), the enterprises were first grouped together and then devolved to the local management authorities as a whole; in some localities (such as Gansu), the devolved enterprises were first managed by the provincial authorities and then handed to the cities in which the enterprises are located.

The devolution of enterprises needs to change the inert old system which has existed for several decades. It is bound to encounter complicated conditions. The overall situation will be affected by every single reform step. In addition, people's opinions on this matter may differ. There will be many difficulties. Most enterprises affiliated to the Ministry of Electronics Industry shoulder military production tasks, and 57 percent of the enterprises are located in the interior areas where conditions are rather hard. In order to solve the concrete issues in the course of enterprise devolution, we dispatched some personnel to make investigations and studies in nine provinces and municipalities. They fully consulted local governments and went with local responsible people to listen to reports and opinions in 134 enterprises. We set forth five principles for dealing with the questions raised by the enterprises: The ministry will seriously solve those questions which it is able to solve; the questions which the ministry cannot solve will be reported to the upper authorities for settlement; we will continue to solve the questions which the ministry has promised to solve in the past; questions that are related to local affairs will be solved by consulting the local authorities; and clear explanations will be made if some questions cannot be solved for the moment.

In order to gain experience and promote across-the-board enterprise devolution, we selected enterprises in Sichuan and Beijing for pilot projects. We paid attention to the results of enterprise devolution in these two areas so as to seek a way to conduct across-the-board enterprise devolution. In order to ensure normal production and business activities in the course of devolving the enterprises to local management authorities, we repeatedly solicited the opinions of the local governments and the enterprises and formulated some interim regulations for the management structural reform in the enterprises subordinated to the ministry. We worked out some interim measures for planning, production, military production tasks, financial affairs, cadres, labor and wages, capital construction, product sales, environmental protection, and document management. These measures have played a good role in smoothing out economic relations under the conditions in which the new and the old systems are functioning at the same time. This ensures that all economic activities in the course of reform will not be interrupted and that the old management system will be smoothly and gradually replaced by the new system.

Enterprise devolution has achieved initial results. First of all, local authorities have given more support and paid more attention to the electronics industry enterprises. For example, they offered loans to help the enterprises solve difficulties in capital construction and technological transformation, and guaranteed the supply of water, electricity, gas and transport facilities. Second, this has changed the mentality and work methods of leading cadres at all levels. As departmental management has been changed to trade management, they have shifted their attention from routine production and operation of the enterprises to overall management and the handling of major policy issues. Third, the enterprises have been more closely linked to the markets and have reduced their dependence on the ministry. They have become more self-reliant and are operating their businesses more independently. We hold that the significance of enterprise devolution lies more in its role in paving the way for further structural reforms and economic development. With the passing of time, the results of enterprise devolution will be shown more clearly.

Trades Should Be Managed

The CPC Central Committee's proposal for the Seventh 5-Year Plan points out: "Specialized economic management departments should change their functions from directly managing their subordinate enterprises to ensuring the management of the whole trades. This is the common task for all specialized economic management departments.

For a long time in the past, we set the planned economy against the commodity economy, neglected the role of the law of value and the market mechanisms, adopted the mode of department management, and managed economic activities by relying mainly on mandatory plans, material targets, and administrative means. Under the old system, there was no commodity circulation, merely centralized distribution of materials among the enterprises. The enterprises were merely "production sections" and the management departments were "owners" of the enterprises and directly controlled the

business operations of the enterprises. Because social demands changed quickly and economic relations between enterprises were complicated, although the administrative structure of the ministry was expanded again and again, it still could not match the increasing demands of economic development. Without effective macroeconomic management and brisk and vigorous microeconomic activities, the initiative and creativity of enterprises and workers will not be brought into full play. This could even cause a great waste of manpower, funds, and resources. The development of the planned commodity economy will certainly have a great impact on the shackles of department management and will certainly require the mode of trade management.

The implementation of trade management is also a requirement for the development of the electronics industry. As a new industry in modern times, the electronics industry has the characteristics of intensive high technology, intensive investment, rapid development, strong penetrating capacity, and distinct systematicness. It has broken through the limits of one single department and has penetrated many departments and trades. This thus requires that the management structure also transcend the limits of departments and localities and be expanded to trade management. Otherwise, there will be phenomena such as duplicated and scattered development projects. In the past 2 years, while microeconomic activities were enlivened and macroeconomic management did not keep pace with this situation, such problems as exporting through many channels, blindly importing goods, and carrying out duplicated construction projects appeared in the electronics industry. Therefore, it is pressing that we conduct trade management and strengthen macroeconomic control in the further development of the electronics industry.

The change from department management to trade management is also a process of gradually forming and improving a new management system in the electronics industry. As compared with department management under the old system, trade management has the following characteristics:

First, the scope of management is different. In both department management and trade management, overall planning and balancing, coordination, supervision, and services are all necessary, but the content and scope of these items are different between department management and trade management. Department management is mainly oriented to the enterprises subordinate to the ministry. From overall planning to concrete enterprise activities, the ministry gives detailed guidance and exercises strict management. However, local enterprises in this trade are treated in a different way. No attention is paid to the electronic enterprises in other departments. In fact, department management cannot exercise comprehensive control over all electronics industrial enterprises throughout the country. However, trade management is oriented to all electronics enterprises in the whole country and ensure unified planning and management over these enterprises no matter whether they are central or local enterprises and no matter what departments they are subordinate to.

Second, the content and methods of management are different. Department management includes both microeconomic and macroeconomic management, and its main task is to directly run enterprises. However, trade management is mainly to formulate a development program for the whole trade, study the major economic and technological policies, organize exchanges of information and technology, and organize personnel training. The management methods also change correspondingly. By replacing department management with trade management, we will shift from direct control to indirect control, concentrate on macroeconomic management rather than microeconomic management, and replace mere administrative intervention with policies, legal regulations, and economic levers in economic management.

Under the conditions of department management, the ministry in charge is the direct controller of the enterprises. The ministry only pays attention to controlling the enterprises and does not pay attention to providing the enterprises with services. Trade management lays stress on providing services. It creates a favorable environment and conditions for the invigoration of the enterprises. Apart from the formulation of overall plans and policies and regulations, trade management also provides extensive services for the enterprises in the aspects of business decisionmaking, product development, quality control, technology introduction and application, supply and marketing, and information. These services will be effected through the functions of various academic societies, associations, and service centers. This is, in fact, a change in the functions of department management. Successfully accomplishing this change, establishing a backup system, and giving full play to the role of assistance of this system are also an important part of trade management.

Third, the organizational conditions and position of the object of management are different. Enterprises are the objects of both department management and trade management. Under the conditions of department management, enterprises are merely subsidiaries of government institutions. When department management is replaced with trade management, enterprises will be changed into economic entities which operate their businesses on their own and bear sole responsibility for their profits and losses. This, to a great extent, determines the depth and procedures of trade management. In particular, with the development of horizontal economic ties between enterprises, the enterprises will form various combination bodies and groups. This will help break through the situation in which departments and localities are separated from each other and in which enterprises are government subsidiaries. The enterprise groups have a strong radiating force and a strong attraction. Enterprises which cannot completely become independent economic entities can shift to rely on these enterprise groups rather than relying on government institutions. At the same time, the government institutions can also be freed from the routine affairs of directly managing the enterprises. In short, the integration of the enterprises will be favorable to trade management. When enterprise groups of varying sizes become pillars of the electronics industry in our country, we will be able to effectively manage the whole trade by controlling a number of major enterprise groups.

Fourth, external relations are different. Under the conditions of department management, departments are separated from each other from the central to local levels, which causes many contradictions between the departments and hinders the development of the electronics industry. After trade management is effected, the ministries and the provincial (or municipal) departments concerned will no longer be "owners" of the enterprises. They will gradually stop direct management of the enterprises and will just offer services to the enterprises. These government institutions will join hands with the enterprises in striving for the common objective of invigorating the enterprises and the electronics industry. The interests of all parties concerned will become parallel, and their relations will change from the previous state of antagonism, buck-passing, and separation into a new state of combination and cooperation.

Effective Trade Management Is an Evolution Process

At present, as the old system is being superseded by the new, there are indeed some difficulties for trade management: First, the functions of enterprises have not been clearly separated from those of government institutions, and enterprise decisionmaking power has not been expanded to an appropriate degree. Conditions need to be created for further expansion of enterprise decisionmaking power. Second, the problem of departments and localities being separated from one another has not been completely solved, and the conditions for central cities to run the enterprises which were previously subordinate to the ministry are not ripe. Third, the commodity markets, especially the market for raw materials, have not been formed yet, and the channels of planning, funds, and materials remain unchanged. Fourth, apart from the enterprises under the Ministry of Electronics Industry, the electronics enterprises in other departments have not been devolved to local levels. Fifth, the power authorized by the State Council and the comprehensive economic department to the Ministry of Electronics Industry has not been thoroughly exercised, because the economic structural reforms have not been well coordinated. Therefore, it is still rather difficult to change department management to trade management in the electronics industry. Although we cannot wait until all conditions for this change are ready, we must not advance too fast, because reckless advances will cause problems. We should have full political enthusiasm and a high revolutionary spirit to advance the reform in an indomitable manner, and should also have a realistic attitude to work prudently. Based on changes in various conditions, our principles and methods for conducting the reform are: making bold explorations, making gradual changes, operating under both the new and old systems, and ensuring a smooth transition. Speaking concretely, we should mainly succeed in doing the following things:

First, we should consolidate the reform results and create a benign environment and good conditions for trade management. Our reform measures in the previous stage have made necessary preparations for trade management. By consolidating these reform measures, we will achieve greater results and will more effectively promote trade management. Therefore, we should closely link the work of consolidating the results of administrative streamlining

and enterprise devolution with the work of conducting trade management. This year, the Ministry of Electronics Industry will send a number of work groups to examine and guide the enterprises which have been devolved to local levels and will offer services to them. The ministry will closely cooperate with the provincial and municipal authorities in order to help the enterprises smooth out economic relations and to ensure their normal business operations and production so as to achieve good economic results. We will continue to coordinate relations between the ministry, the local authorities, and the enterprises, and adapt them to the new situation after department management is changed.

Second, we should continue to make explorations and studies in the course of effecting trade management. From now on, we will handle work in line with the requirements of trade management as long as this is possible. For example, we will formulate development principles and policies for the electronics industry; work out a long-term development program for this industry; organize major construction projects; examine and approve capital construction, major technological transformation, key investment, and key import projects; generally manage the import and export of electronics products; collect, sort out, and issue information concerning the electronics industry; provide consulting services in the fields of technology, production, and business operations for various departments and localities; organize and coordinate key state projects which involve more than one locality or department; and organize economic and technological exchanges inside the electronics industry.

Third, we should promote horizontal association between the enterprises so as to lay an organizational foundation for trade management. In the last 2 years, various forms of combination bodies have been established in the electronics industry, but the barriers between departments, localities, and industries basically remain unbroken. Enterprise devolution has provided a favorable environment for the development of horizontal economic associations. We are resolved to make the best use of the situation and to take new steps in this regard. First, we will promote cooperation between various departments so as to link the work of manufacturers with the work of users and to open a new scope of developing and applying electronics technologies. We will promote cooperation between the Ministry of Electronics Industry with all provinces and municipalities concerned in building the bases for the electronics industry. We will promote cooperation between production, research, and educational departments so that our economic development may rely on technological progress and intelligence development and our science and education may serve economic construction. We will also promote international economic and technological cooperation so as to break new ground in exportation and in importing more new technology. Second, we will establish various kinds of large-scale enterprise groups. We have planned to establish a number of enterprise groups which are influential at home and abroad in light of the principle of enterprises voluntarily participating in the groups and the leadership encouraging this participation. At present, we will concentrate on running five pilot projects successfully. They are: The Shenzhen Industrial Group Company, which involves several industries and departments; the Guizhou Zhenhua

Trade Group Company, which includes several branches of electronics production; the Beijing Computer Specialization Group Company, which includes the branches of product development, production, technology application, services, leasing, and training; the Nanjing "Panda" Product Group Company, which has a whole set of production lines for producing a complete line of products; and the Systems Engineering Company, which specializes in undertaking the contracts of key projects. Third, we will extensively develop various forms of association and cooperation. We will consolidate various combination bodies which have been set up and will seek new ways to develop cooperation between enterprises in coastal areas and in interior areas. Fourth, we will establish a number of electronics industrial bases in the whole country. On the basis of organizing enterprise groups and promoting enterprise association, we will establish electronics industrial bases with their own characteristics in Beijing, Shanghai, Jiangsu, Guangdong, and the regions of Sichuan, Shaanxi, and Guizhou. Through promoting cooperation among departments, between departments and localities, and among localities, promoting international cooperation, integrating scientific research and education with production, and establishing multi-tiered economic networks with large groups as the backbones and with bases as the core, in order to lay an organizational foundation for trade management.

Fourth, we should strengthen the study of laws and regulations and should formulate regulations for trade management. The Ministry of Electronics Industry will lay down various management regulations, technical standards, and organize the formulation of rules and regulations for trade management. The new economic relations and norms for various economic activities should be codified into laws so that trade management can be conducted on a legal basis.

Fifth, we should pay close attention to the training of management personnel so as to raise the quality of trade management. At present, our management personnel at various levels are still used to the procedures and practices under the old system of department management and still lack knowledge about trade management. Therefore, we must speed up the training of qualified personnel for trade management, change the structure of our knowledge, and raise the skill for trade management. This is a basic condition for changing the functions of the ministry, and we must effectively handle this work.

Sixth, we should ensure the functions of trade management so as to promote all-round reform. On the one hand, we should strengthen dialogue between ministries so as to strengthen cooperation between various trades. We should also strengthen dialogue with localities. This will enable us to adapt the reform process of the electronics industry to the all-round reforms in the state departments concerned and in various provinces and municipalities. On the other hand, we should make full use of the ready-made conditions, create new conditions, and make advances. We will actively discuss the formulation of detailed rules with the departments concerned in light of the functions and regulatory means assigned by the state to the Ministry of Electronics Industry. We will join hands with the departments concerned in working out solutions for problems we encounter in the reforms in the

electronics industry. We will do so to gradually implement the functions and powers granted by the state for trade management and to promote across-the-board reforms with all departments concerned.

Seventh, we should restructure the organizations so as to perfect the management mechanisms. We should properly restructure our administrative organizations in a planned and orderly way in light of the requirements of trade management. We will reduce or disband the organs whose functions are to directly manage enterprises and will strengthen and set up organs for providing trade management services. The institutions and organs in our ministry will be divided into five major sections whose functions and duties are clearly defined: 1) The section for studying scientific policy-making; 2) the section for policy-making consultation; 3) the section for conducting centralized and flexible regulation; 4) the section for guaranteeing a high efficiency; and 5) the section for conducting independent and sensitive supervision and handling feedback. At the same time, we will establish various companies for providing economic and technological services and will set up various forms of tertiary industrial organizations and trade organizations. In short, we will perfect the mechanisms of trade management through effective organizational measures so as to establish a new management system with Chinese characteristics in the electronics industry.

Devolving enterprises to local levels and conducting trade management are major changes in the management system of the electronics industry. This is also a new task for us. We are resolved to follow the correct line, principles, and policies laid down by the party central leadership and advance this important cause which has a bearing on the development of the electronics industry and the all-round reforms in our country through practice, exploration, and summing-up of experiences.

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RUNNING ENTERPRISE-TYPE COMPANIES WELL IN THE COURSE OF DEVELOPING LATERAL ALLIANCES--INVESTIGATION OF THE SHENYANG AUTOMOBILE INDUSTRIAL COMPANY

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[Investigative report by Wang Lemei [3769 2867 2734] and Sun Shuyi [1327 2885 5030]]

[Text] The Shenyang Automobile Industrial Company is an intensive economic alliance formed from 66 factories. After the company was established, the advantages of alliance were exploited, production grew on a great scale and economic benefits clearly improved. When the organization was established in April 1984, the value of the fixed assets was 210 million yuan. By the end of last year, this had grown to 290 million yuan, an increase of 38 percent. Vehicle production increased from 7,405 vehicles in 1983 to 18,000 vehicles in 1985, an increase of 1.4 times. In 1985, the taxes paid on profits totaled 260 million yuan, equivalent to the amount of investment recovered from a similar scale company.

This company now has over 50,000 staff and workers, and is the largest enterprise in Shenyang. It produces model SY130 light trucks, model 622C tourist buses and 17 types of vehicle fittings. In the last 2 years, they have persisted in readjustment through alliance and progress through reform, and grasped product readjustment, enterprise management and technological progress. From a "small but complete" production form, it has changed toward socialized large-scale production with specialized coordination. Thus, many factories have been able to change from the former long-term situation of just maintaining production and "having enough to eat and wear," to change losses into profits and to follow the road of common prosperous development.

The major methods and experiences are:

1. Unifying Ideas and Raising Understanding in Terms of Developing Lateral Alliances

This company's predecessor, the Agricultural Machinery and Industrial Vehicle Bureau, was an administrative organ. In 1983 when the administrative organs were being simplified, this bureau was changed into the Industrial Vehicle and Tractor Company. The name had changed, but the contents

were the same, and it continued to exercise a government management function. In 1984, on the basis of seriously studying the "Decision on Reform of the Economic Structure" taken by the 3d Plenum of the 12th CPC Central Committee, and in accordance with the principles of economic rationality, objective needs and mutual interests, this company was divided into two companies, one an industrial vehicle company and the other an agricultural machinery company. After the companies were established, it was proposed that they not act as administrative companies, and also that they not stress trust-type, highly centralized management. Rather, it was proposed that, in accordance with the specific conditions and existing situation, they take a new road, develop lateral economic alliances and, in their production and operations practice, gradually develop and improve themselves. As the guiding ideology was proper and the direction correct, the company saw stable and smooth development.

First, the backbone factories changed from a situation of passivity and worry to one of enthusiastic efforts. Three large and medium-size backbone factories, the Shenyang Vehicle Manufacturing Plant, the Shenyang Sedan Manufacturing Plant and the Shenyang Vehicle Engine Factory, had for many years been fettered by being under the administrative control of various levels of administrative department or "turned-nameplate" companies. Thus, the production and operational activities of the enterprises were subject to all sorts of restrictions and the enterprises lacked vigor. In the early period after it was established, the company was worried that it was the same old situation but with a different name. It was still an administrative management level imposed on the enterprises, and their attitude was not enthusiastic and they were not eager. Following the deeper development of the company's internal reforms and especially the carrying out of specialized reorganization, they came to understand that if they wanted to invigorate the Shenyang vehicle industry and speed modernization, they had to follow the road of economic alliance and specialized coordination. Now, these large factories not only do well in their own company's work but, proceeding from the overall situation, have also taken on a great volume of work for the company, taken the initiative to assist the auxiliary plants in training their technical staff, improved the enterprise's quality and raised technical and management levels.

Second, there was an urgent demand to link the cooperating auxiliary plants into an alliance. For many years in the past, Shenyang city lacked unified planning for medium-size and small auxiliary and coordinating vehicle enterprise because it lacked the impetus of key products. Products were confused, technology was backward, quality was low and the products faced serious threats in market competition. However, there was no strength to carry out technological transformation. They felt that in running a company and producing brand-name vehicles, small factories also had prospects. Thus, there was a pressing need to travel the road of development through alliance.

Third, the Shenyang city leaders had a firm attitude in providing leadership in running the Industrial Vehicle Company well, and the relevant department provided warm support. In 1984, when the company had just been established,

because a large number of the company's government and enterprise functions were not separated, some leading departments doubted whether the Industrial Vehicle Company could be run well. The city party committee and the city government carried out serious research into this and held that the establishment of this type of company accorded with the demands of socialized large-scale production and that it should be supported. In order that the company could see healthy development, it was decided that it should be exempted from regulatory tax. Thus, it would have a certain amount of transformation funds. Further, three factories, including a sewing machine factory and a red-brick factory were given to the company so that it could establish a general vehicle factory and expand its assembly capacity.

2. Adopting Various Forms of Alliance and Promoting the Consolidation and Development of the Company

In order to accord with the needs of developing production, the company in its management arrangements did not just have one model. Neither did it seek a completely close-knit alliance or have a single company-level legal person. They proceeded from reality and adopted four types of alliance forms: 1) A close-knit alliance with 15 factories under whole-people ownership. These are allied in terms of supply, production, sales, personnel, finance and materials and have the "six unifieds." 2) A semi-close-knit alliance with 51 collectively owned factories with independent accounting and responsible for their own profits and losses. These are allied in terms of supply, production and sales. The above-mentioned 66 factories have maintained their legal person status and are allowed, under the condition of guaranteeing the completion of the unified plans, to engage in diversified operations. 3) A loose alliance with 50 factories which carry out production in accordance with technical specifications and quality standards set by the company. They have a long-term stable cooperative relationship with the company, but organizationally are not participants in the company. 4) An ordinary cooperative relationship whereby various enterprises carry out coordination in accordance with the requirements of contracts and agreements. The number of enterprises which are allied under these last two types of loose alliance is close to 400.

In operations management, they stipulate that the production, sales product development, specialized transformation plans and technical transformation projects of those factories participating in the company must follow the company's unified plans. There is centralized unified management of the development plans, production operations, new product development, factory transformation or construction, personnel management and material supplies (but not including the materials outside the company's plans) of those factories involved in tight-knit alliances. In financial management, the company internally implements a system of accounting levels. In respect of the close-knit alliance factories, the "six unifieds" are implemented. They are: unified distribution of profits; unified depreciation rates for fixed assets; unified payment of taxes to the state; unified stipulation of ex-factory product price and prices within the company; unified financial and accounting systems; and unified statistical and report forms. For the semi-close-knit alliance factories, a system whereby they have independent

accounting and are responsible for their own profits and losses was instituted. They did not participate in the unified distribution of profits and their accounts are settled only in accordance with the products they hand over. As for those enterprises with long-term and stable cooperative and coordinating relationships, accounts are settled in terms of planned prices, and in the pricing there are mutual preferential terms. For the carrying out of technological transformation, the company centralizes some funds and uses them in a unified way.

3. Changing the Situation of Being "Small But Complete" and Organizing Production in Accordance With Specialized Coordination

When the company had just been established, a total of 92 large and small factories were involved. There was great duplication between the factories in terms of products and technology, and the deployment of the production was extremely irrational. During the last 2 years, the company has centered on the requirements of producing light trucks and tourist buses and, in accordance with the principle of specialized coordination, carried out an investigation and reorganization of the products and technology of the various factories. It has basically realized a situation where, within the factories comprising the company, there are no duplicated products and the internal production relationships are tight. For the next step, it is preparing to carry out technological specialization and has set up various specialized forging, casting and electroplating centers to further improve production efficiency.

When carrying out specialized readjustment, they set down a "benefit principle." That is: All those things which will be beneficial if centralized are handled in a unified way by the company, while all those things which would be beneficial if dispersed are handled separately by the factories. Those things which, overall, are feasible but which would be difficult for individual factories to handle, should be firmly carried out. Those things which are beneficial to particular factories but damaging overall, cannot be engaged in. In specific work, seeking truth from facts is stressed and matters are handled in accordance with concrete situations in the various factories. In order to ensure the expansion of vehicle production capacity, on the one hand they have spread out some of the component production which was formerly done by the general assembly plant. This greatly increased strengths and created conditions for expanding the general assembly capacity. On the other hand, they formed alliances with some enterprises which had production capacity but which had an incorrect production direction, thus resolving the problems of the general assembly plant in having too little floor space and insufficient equipment. The Shenyang Sewing Machine Factory had 60,000 square meters of factory grounds and 20,000 square meters of factory buildings. The factory structure and the quality of the workers accorded with the needs of an engine factory. The area of the Shenyang Engine Factory was small and the factory buildings insufficient. Through alliance, it resolved both the problems of the engine factory in terms of production conditions and also resolved the problem of the sewing machine factory in terms of the direction of its product development. At the same time, on the basis of maintaining its own quality and technological

superiorities, it made some of the smaller factories which were producing duplicate products and had backward management, internal units of larger factories. Then, in accordance with the overall plans, it adjusted their production and expanded production capacity, thereby stimulating the development of the small factories. In order to promote the development of specialized production, the company also zeroed in on the technical quality problems in the two vehicle series, centralized professional advantages and organized activities for tackling the key problems. They thus solved a number of technical problems and fully brought into play organizational superiorities, thereby greatly improving the technical performance and quality of products. The model SY622C tourist bus and the model SY130 light truck which are produced by this factory successively garnered, through 1984 and 1985, provincial and city superior quality product awards and new product awards. Now, the company supplies about 90 percent of the components it uses itself, and at the same time the number of product varieties has grown and new product development power has been increased.

4. Establishing Simplified, Highly Effective Management Structure of a Service Nature

The practice during the 2 years since the company was set up has shown that if one wants to run an enterprise-type company well, there must be a group of dependable management cadres. They put forward the aim of the company as "honesty, innovation, action and high effectiveness." They stressed that the cadres at various levels in the company must center on engaging in the four modernizations with vigor, and invigorate Shenyang's automobile industry. In work, they must be honest and law-abiding and must serve the grassroots-level factories with all their heart. They must also have revolutionary ideas and a revolutionary character. They must have a spirit of innovation and reform, be brave in development, daring in thought and good at work. Organs and personnel at all levels must work in a down-to-earth manner and use high efficiency in their work to guarantee the high efficiency of the enterprise. In order to ensure the quality of the staff and organs, they have arranged the interflow of cadres between the company organs and the factories. On the one hand, they transferred some of the cadres who had experience in running enterprises to the company organs to enrich the leaders of management organs and strengthen enterprise-type management. On the other hand, they allowed the existing personnel of the organs to transfer. Those personnel who had no interest in running an enterprise-type company were permitted to leave the company. Those who stayed to work in the organs had to take on economic responsibility and market risks in accordance with the demands of enterprise-type work. They had to be prepared to "come to grief." They also had to persist in changing their work style and truly serve the factories. At present, the supply of goods and raw and semifinished materials within the annual plans for the 66 factories under the company, as well as the cooperation and coordination and foreign sales work, is all handled by the company. Also, if any of the factories meet serious problems, the company takes the responsibility to resolve them. In this way, the company has become an organ of production organization, coordination and service worthy of its name.

If we compare this sort of enterprise-type company with the original administrative management organ, we can see that there have been the following changes: The original three-level management structure of industrial-bureau--company (or general plant)--factory has changed to a two-level management structure of company--factory, and thus the management levels have been reduced. The former administrative management which did not take on economic responsibility and only collected funds has changed into a system whereby enterprises take on economic responsibility and are managed through economic methods. The company does all it can to carry out good service work for its subordinate units and has strengthened the sense of responsibility of the management organs and operators. Personnel have been streamlined and although the number of people has been reduced, work efficiency has improved. The company is the direct organizer of production between enterprises as well as the organ of coordination. It also provides unified policies in dealing with the outside and a unified responsibility to upper levels. It has also changed the situation of there being a "bureaucratic" structure which only writes letters of introduction, only concerns itself with income and does not resolve concrete problems.

5. Handling the Three Relationships Well and Continuing To Consolidate and Develop Enterprise-Type Companies

1) Correctly handling the relationships between immediate and long-term interests. In the beginning, the company and the factories participating in the company mainly considered immediate "subsistence" matters and thought little about long-term development. They also thought much about partial interests and little about overall interests. In the last 2 years, they have proceeded from the overall situation, and, in accordance with the actual conditions in the various factories of the company, and the development situation in the vehicle industry across the nation, put forward the aim: "We do not seek to be the biggest, but we will certainly vie to be the best." They have also carried out plans to achieve overall rationally and begun to link up immediate interests with long-term interests. They have both immediate "subsistence" products and long-term products. They have prepared to expand the span of lateral alliances and in accordance with the situation in various places throughout the nation, have arranged rational deployment, each with its own stress, and thus progressed in forming a production network with specialized coordination.

2) Correctly handling the relationship between maintaining production superiorities and overall planning for developing a new generation of products. At present, the two basic models produced by the company are, domestically, superior in terms of technology, quality and production. Thus, they sell quite well. At present, the company's attention is focused on expanding the production capacity for existing products. They are not placing enough attention on developing new products. Next they should consider improving technology and developing new products.

3) Correctly handling the relationship between hardware, investment and software, and the development of skilled personnel. Product competition is not just competition between factories and equipment. More significantly,

it is competition between scientific management and technology, and in the end is competition in terms of skilled personnel. Apart from running their own university and a specialized middle school for staff and workers, they run classes in conjunction with a university to expand the sources of skilled personnel. The company has signed alliance agreements with two research institutes whereby the scientific research results are used in the vehicles in a planned way. They have also invited technicians and management specialists to the factory to act as consultants, to carry out investigation and to provide diagnosis and service. They have also transferred leading cadres between enterprises to help the factories carry out transformation and development.

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ADHERE TO THE PRINCIPLE THAT ALL MEN ARE EQUAL BEFORE THE LAW, SAFEGUARD THE
AUTHORITY AND DIGNITY OF THE LAW

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[Article by Li Buyun [2621 2975 0061] and Wang Hanqing [3769 3352 0615];
capitalized passages published in boldface; passages within slantlines
published in italics]

[Text] Since the 3d Plenum of the 11th CPC Central Committee, under the guidance of the correct policies of the CPC Central Committee, China has made great achievements in promoting democracy and strengthening the legal system. This is obvious to all. However, we must not fail to see that phenomena such as not observing the law and not strictly enforcing the law still exist in quite a few places and units. Laws are not fully observed and enforced, and they lack due authority and dignity. A small number of cadres always feel that the laws are aimed at common people, not at them. They regard themselves as special citizens above the law. They disregard law and discipline and take advantage of their power to conduct malpractices and even to violate laws and commit crimes. Once their crimes are exposed, they go hither and thither to seek help and adopt various illegal measures to escape punishment by law. There is also a small number of responsible cadres of party organizations and judicial cadres who, due to selfish motives, have turned a blind eye to these phenomena. They allow these law violators and criminals to go scot-free or "illegally bestow favors" on them so they may not be punished by law. These phenomena are seriously damaging the interests of our country and people and have aroused strong resentment and worries among the people.

Today, under China's concrete historical conditions, the significance of adhering to the principle that everyone is equal before the law and safeguarding the authority and dignity of the law is mainly expressed in the following aspects:

1. ADHERING TO THE PRINCIPLE THAT ALL MEN ARE EQUAL BEFORE THE LAW AND SAFEGUARDING THE AUTHORITY AND DIGNITY OF THE LAW IS A BASIC DEMAND FOR PERFECTING CHINA'S SOCIALIST LEGAL SYSTEM. In the new historical period, promoting socialist democracy and perfecting the socialist legal system is a basic condition for building socialist material and spiritual civilizations, an important measure for and content of reform of the economic

structure and the reforms in other fields, an important measure for and content of our effort to perfect China's socialist system, and a fundamental guarantee for long-term stability and tranquility in our country. There are two basic symbols of a perfected socialist legal system: 1) There are laws to abide by, meaning that there should be a complete set of laws that have correct content, scientific forms, and strict systems; 2) the laws should be observed, meaning that the laws should have extreme authority and dignity and should be strictly enforced and observed. If in many fields of our social life we lack laws by which to abide and regulations with which to act in accordance, we will certainly be unable to talk about perfecting the socialist legal system. If the laws lack authority and can be violated as anyone pleases, they are just worthless paper no matter how good their stipulations. In our country, if we allow some people to remain free from being restricted by law and to disregard the law and commit outrages without being punished, our socialist laws will not only be ineffective toward these people, but will also lose their sacredness and lofty dignity among all the people. Communist Party members and cadres are advanced elements among the masses. They should take the lead in safeguarding the authority of the law and be model law observers. If they regard themselves as privileged people who can disregard the law, how can they require and persuade other people outside the party and ordinary citizens to abide strictly by law and discipline? In legislation, we must win the people's confidence. The principle that all men are equal before the law has been solemnly included in China's Constitution as well as in many other laws for a long time. If we turn a blind eye to or do nothing to those who take advantage of their power to violate laws and commit crimes, our legal system will certainly lose the people's confidence.

2. ADHERING TO THE PRINCIPLE THAT ALL MEN ARE EQUAL BEFORE THE LAW AND SAFEGUARDING THE AUTHORITY AND DIGNITY OF THE LAW IS AN IMPORTANT EXPRESSION OF THE SUPERIORITY OF THE SOCIALIST SYSTEM. Our country does not recognize and does not allow any personal privilege that is overriding or beyond the restriction of the law. This is determined and demanded by the essence of the socialist system, and is also an important expression of its progressiveness and superiority. The principle that all men are equal before the law is a fundamental principle of the socialist legal system. When compared with the principles of the legal systems of all exploiting classes, there should be no doubts about its truthfulness and superiority. In feudal society, the law openly affirms the differences between the landlords and the peasants in their social strata as well as the privileges of the landlord class. This is a basic feature of the feudal legal system. In capitalist society, although it is stipulated by law that all men are equal, which is great progress in history, in a society in which "money makes the mare go," the feudal hierarchy and privileges are actually replaced by the "privilege of money." In our socialist society, the system of public ownership and distribution according to work is implemented. This is a great transformation of epoch-making significance. Equality in the economic field naturally requires equality in the political and legal fields. This is a distinct symbol to show that our system is superior to all other old systems. If in our society we allow or give tacit consent to privileges overriding or beyond the restriction of the law, the

superiority of our system will be seriously damaged and the broad masses of people will have various confused understandings of our social system. They may even find it difficult to draw a demarcation line between old and new systems. Under the socialist system, the equality of the citizens in exercising their rights and performing their duties is an important political condition for uniting the whole people to carry out socialist construction, and an endless source of strength to mobilize the initiative of hundreds of millions of masses in building socialism. If in our society we allow some privileged citizens to remain free from the restriction of laws, it will be more difficult to raise the socialist consciousness of the broad masses of people, arouse their spirit of patriotism, and encourage them to foster the idea of collectivism and new moral concepts, and their enthusiasm, initiative, and creativity in building socialism will be dampened and suppressed.

3. ADHERING TO THE PRINCIPLE THAT ALL MEN ARE EQUAL BEFORE THE LAW AND SAFEGUARDING THE AUTHORITY AND DIGNITY OF THE LAW IS AN EFFECTIVE MEASURE TO STRENGTHEN THE PARTY ORGANIZATION AND THE CONTINGENT OF CADRES. Our party is the vanguard of the working class. It is always ready to serve the people wholeheartedly. The interests of the state and the people are also the interests of the party. All Communist Party members, whatever their rank, are servants of the people. They only have the duty to serve the people diligently and conscientiously and have no right to seek political and legal privileges. The Constitution and laws of our country reflect the interests and desire of our people and unify the party's propositions and the people's will. Whether a Communist Party member can set an example in observing laws and be strictly bound by them is a yardstick of his party spirit. At present, a handful of party cadres who performed some meritorious service in the past and have power in hand does not have law and discipline in their eyes. They do whatever they like and even brazenly shield relatives who have committed crimes. This is in reality serious sabotage of our party's prestige. Some comrades may hold that since one performed some meritorious service in the past, once he or his relatives have committed crimes, the punishment for them may be mitigated or annulled. In our opinion, these ideas and propositions are harmful. To devote one's all selflessly to the people is the duty of a Communist Party member. Using past contributions to replace current crimes is a feudal practice that runs counter to the party's nature and purpose. It can never play any positive role in party building and in strengthening the rank of cadres but can only encourage some people who rest on their laurels to do evils or even to commit crimes and violate laws. At present, we are further carrying out activities to crack down on serious criminal offenses and economic crimes. In handling concrete cases, especially major and serious cases, only when we adhere to the principle that all men are equal before the law and handle the cases impartially, showing no mercy to those who violate the criminal law, whatever their rank and whoever their relatives, can we give full play to the power of our legal system and can we achieve greater successes in straightening out the party style and social mood.

4. ADHERING TO THE PRINCIPLE THAT ALL MEN ARE EQUAL BEFORE THE LAW AND SAFEGUARDING THE AUTHORITY AND DIGNITY OF THE LAW IS AN IMPORTANT GUARANTEE

FOR REALIZING LONG-TERM STABILITY AND TRANQUILITY IN OUR COUNTRY. The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" clearly points out that the imperfect democratic and legal system was an important condition for the occurrence and development of the "Great Cultural Revolution." This is entirely correct. The main reason for the imperfect democratic and legal system was that the law did not have lofty dignity. It is true that during the 10 years of internal disorder, we did not have a series of relatively perfect laws and in many spheres of work we did not have laws by which to abide or regulations with which to act in accordance, which provided Lin Biao, Jiang Qing, and other bad people, who had the power of our party and state in hand, with opportunities to do evils without scruple; however, the most fundamental problem was that our laws did not have the least authority at that time. Our Constitution and laws were unable to stop the leaders from erroneously launching and developing the "Great Cultural Revolution" or to stop the criminal activities of the Lin Biao and Jiang Qing counterrevolutionary clique. Therefore, in order to prevent a repeat of the historical tragedy like the "Great Cultural Revolution" and ensure that there will be no great disorder but long-term stability and tranquility in our country, we must make our party and government leaders at all levels act in strict accordance with the Constitution and laws and must never allow anyone privilege overriding the law or beyond the restriction of the law.

In order to adhere to the principle that all men are equal before the law and to safeguard the authority and dignity of the law, we will certainly encounter various obstacles. Thus, we need to make conscientious efforts in various respects.

/1. We must give full play to the functions of the judicial organs./ All men are equal before the law is a principle clearly stipulated by the Constitution and the law. To act in strict accordance with this principle is the duty of the judicial organs, as entrusted by the Constitution. It is also their right to do so, as entrusted by the people. If the judicial organs do not act in accordance with this principle it would mean dereliction of duty and violation of the law. In practicing this principle, the judicial organs must resolutely resist interference from whatever quarter. If they cannot withstand all kinds of pressure, they will prove themselves unworthy of the trust the people have placed in them. At the same time, all organizations and individuals should respect and support the judicial organs in exercising their powers; they have no right to replace the judicial organs in the exercise of those powers, nor do they have any right to interfere illegally in the judicial organs' independent exercise of their powers. It is necessary to adopt various concrete measures to establish and safeguard the authority of the judicial organs. The political position of judicial organs and their working personnel should be raised to the due level. The state power organs and party organizations at all levels, various democratic parties and social organizations, and all citizens have the right to supervise the activities of the judicial organs, to see whether they are implementing the principle that all men are equal before the law. Judicial cadres who take bribes and bend the law should be checked and severely punished according to law. It is necessary to adopt various measures to

improve the political and professional quality of the judicial workers. They should be honest and upright and should handle cases impartially. History will eventually make a correct appraisal of all those upright, selfless, and honorable people.

/2. The party organizations at all levels must effectively strengthen leadership over the work to perfect the legal system so as to resolutely safeguard the authority and dignity of the law./ Our party is a party in power. Whether it can take the lead in enforcing and observing the law and can act in accordance with the law is of great significance to safeguarding the authority and dignity of the law. Party organizations at all levels must practice the extremely important principle stipulated in the party Constitution that "the party must operate within the framework of party rules and of the law," and cannot draw up and push any resolution, regulation, or instruction that conflicts with party rules and the law. Party organizations in certain places are still unaccustomed to acting according to the law; they have unconsciously done things that violate the law and the Constitution, and this has had a serious effect on the effort to strengthen people's concept of the legal system inside and outside the party and on our work to put the country's legal system on a sound basis. This situation should be changed. The political and judicial organs at all levels must accept party leadership. However, this leadership refers mainly to leadership by means of policy and principle and political and ideological leadership, rather than interference in the judicial organs' exercise of their powers or replacing the judicial organs in the exercise of those powers. At present, in some places, certain party secretaries can personally decide the measurement of penalty for certain criminal cases or even negate the court's judgment. This is a violation of the Constitution. In some other places, certain party organizations and enterprises and institutions under their leadership can refuse to carry out the court's rulings on certain economic cases. This is also violation of the law. Party organizations at all levels must carry out struggles against all kinds of illegal interference in the procuratorates' and courts' exercise of power. If such interference is conducted by party members, they should be dealt with seriously. Party organizations should award and promote judicial cadres who adhere to principle and enforce the law strictly and who are honest and upright, criticize and educate those who regard personal relations more important than principles, and conscientiously investigate and handle cases involving those who take bribes and bend the law and those who engage in malpractices for selfish ends. There are chiefly two aspects of party leadership in the building of China's socialist legal system: To grasp the drafting of laws and to grasp the enforcement of the law. At present, the main problem in the building of China's legal system is that laws are not strictly enforced and observed. The key to ensuring that laws are effectively enforced is to adhere to the principle that all men are equal before the law and to safeguard the authority and dignity of the law. If our party organizations at various levels firmly grasp this key link and adopt powerful measures on a clear-cut and firm stand, our effort to build the legal system will be full of hope.

/3. It is necessary to establish and perfect the system of supervision over the enforcement of the law./ In accordance with the provisions of China's Constitution, the state power organs at all levels have the right to supervise all judicial and administrative organs in strictly enforcing the law. Party organizations at all levels, the CPPCC, the democratic parties, social groups, and the whole body of the citizens also enjoy the right to supervise the state organs in strictly enforcing the law. The people's procuratorates at all levels are the state's special law supervision organs, but their work must also accept supervision by other organizations and the citizens. There are two aspects of the content and significance of the legal supervision of the judicial organs in strictly enforcing the law: First, to supervise the judicial organs and their cadres, to see whether they are acting in strict accordance with the law and whether they have violated laws and discipline, such as by taking advantage of their power to seek private gain, bending the law for selfish purposes, and obtaining confessions by compulsion and giving them credence; and second, to supervise other organizations and individuals, to see whether they have illegally interfered in the judicial organs' independent exercise of their powers or have exerted illegal influence on their work. The supervision in these two respects is also a powerful support for the judicial organs in strictly enforcing the law. The people's congresses at all levels should regard upholding the principle of equality before the law and safeguarding the authority and dignity of the law as an important task and frequently show concern for and discuss this problem. Their standing committees must do a more outstanding job in this respect. The people's delegates must faithfully represent the people's interests and reflect their wishes and demands. They must dare to speak out from a sense of justice. The CPPCC, the democratic parties, the trade unions, women's federations, and CYL organizations should and certainly can play an important role in this respect. In our society, the people are the masters of their country, and masters of the law as well. Article 41 of China's Constitution stipulates that Chinese citizens "have the right to criticize and make suggestions to any state organ or functionary. They have the right to make to relevant state organs complaints and charges against, or exposures of, violation of the law or dereliction of duty by any state organ or functionary." In our country, it is essential to establish and perfect a highly efficient legal supervisory setup in order to supervise most effectively the implementation of the law. This setup should include supervision by the state power organs, state procuratorate organs, party organizations, CPPCC, democratic parties, trade unions, women's federations, CYL organizations, and the whole body of the citizens, and it should be made into a system and a law. At present, the system for supervising implementation of the law is not at all on a sound basis and needs constant perfection through legislation and in concrete systems.

/4. It is necessary to forcefully strengthen legal education among the broad masses of party members and cadres./ The legal system, which is inseparably linked with civilization, is an important symbol of a civilized society. Socialist civilization is an advanced stage of the development of civilization in human society. All citizens of our civilized society should possess the concepts of democracy and legal system. At present, nationwide

education is being carried out to popularize common legal knowledge. This should also include legal education for party and government cadres. In the propaganda of and education in the legal system it is necessary to integrate theory with practice and combine lectures on various legal terms and theories with analysis of concrete cases, so that the broad masses of people, and particularly party and government cadres, may draw lessons from the cases of some criminal offenders who regard themselves as special citizens and disregard law and discipline and who have thus committed crimes and violated the law, and so that they may realize through the trial of certain cases by the judicial organs the determination of our party and state in resolutely upholding the principle of equality before the law and safeguarding the authority and dignity of the law.

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INTRODUCE SCIENCE AND TECHNOLOGY TO THE VAST RURAL AREAS

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[Article by Hebei Provincial Scientific and Technological Committee]

[Text] In 1981, the party Central Committee and State Council set down a policy of establishing scientific and technological development key points in order to serve economic construction. In 1985, the "spark plan" by which the State Scientific and Technological Commission would organize and implement services for developing the rural economy was approved. This year, the Central Committee's Document No 1 also points out: "Science and technology must serve the rural economy. Development of the rural economy must rely on science and technology." This is a major policy in developing our nation's science and technology and has both great current significance and great long-range historical significance. These last few years, under the guidance of the science and technology development policies, we have done some work and realized initial achievements. In practice, we have realized that the scientific and technological development policies and the "spark plan" fully accord with our province's actual situation. Seriously implementing them and carrying them out will inevitably speed the economic development of the rural areas.

Earnestly Changing the Guiding Ideas in Scientific and Technology Work

In the new period when the rural economy is undergoing great changes, we have come to understand that only if local scientific and technological management departments realize appropriate changes in guiding ideology and in work forms will it be possible to accord with the demands of the new situation.

Prior to 1981, we continually probed the avenues by which science and technology could serve the rural economy, organized several agricultural scientific research activities, and realized some achievements. However, in general, our outlook was rather narrow and the guiding ideas for serving the development of the rural economy were not clear. This was mainly manifested in: 1) We sought things that were "high-grade, precise, and advanced," and thus science and production were divorced from each other. 2) We stressed scientific research and paid little attention to propagation, and thus scientific research and propagation were divorced from each

other. 3) The "small-scale agriculture" idea. We only kept revolving around planting industries and a little animal raising, and paid insufficient attention to rural and township enterprises, diversified operations, and overall development.

Over the last few years, the output-related system of contracted responsibility has been generally implemented, and this has greatly stimulated the enthusiasm of the vast numbers of peasants for developing production. In the past the state provided subsidies and materials to try to propagate new technology, but was unsuccessful in this. Now, peasants spontaneously spend their own money and go to other areas to seek technology. This new situation shows us that if we want to continue developing the rural economy, we can no longer rely on the guiding ideology and work forms of the past. The peasants are hungry for science and technology and the vast number of science and technology workers have plenty of scope for their talents in the rural areas. One of the keys to developing the rural economy is conveying technology to the rural areas. Our scientific and technology management departments must adjust to the situation and the demands of the masses, widen their field of vision, make promotion of the rural economy the key point in their work, and use science and technology to arm the peasants.

In the last few years, we have gradually explored and mastered the patterns of scientific and technology work, summed up the overall experiences and lessons of actual work, and raised the spontaneity in respect of developing rural economic service. From 1978 to 1979, we invested over 300,000 yuan in the Yangguzhuang commune in Yixian County, Taihangshan Prefecture on scientific experiments in handling mountains, rivers, farmland, forests, and roads in a comprehensive way, with water and soil conservation as the center. In terms of the long-term goals of handling mountain areas, this was very necessary. However, at that time, many of the masses still had problems in terms of food and clothing and thus it was difficult to implement these plans. Later, we again organized an investigation of natural, economic, and social factors and, through technological proof, came to feel that in the overall handling of mountain areas, we should first proceed from helping the mountain areas to shake off poverty and become prosperous. On this basis, we worked out new scientific and technological plans and determined that the focal point be shifted to the transfer of appropriate technology to the rural areas. Since 1982, in terms of the contents of scientific and technological assistance to the rural areas, we have established a concept of large-scale agriculture and promoting the overall progress of the rural areas. In terms of the channels of scientific and technological assistance, we have changed the method whereby the state handles everything, and established an open, enlivened concept in which the whole society engages in science and technology. We have also established a multi-level, multi-form and multi-category system of scientific and technological service involving counties, townships, villages, and households. In terms of the forms of scientific and technological assistance, we have changed the method of arranging individual technological projects in an isolated and dispersed way. In its place, we have established a concept of technological coordination, serial development,

and comprehensive regional development. We have implemented a process of scientific research, demonstration, propagation, processing, and sales, and linked together the development, import, and diffusion of appropriate advanced technology.

Some of our comrades felt that our level was too low to do scientific research of this type and that we would find it very difficult to achieve reasonable results. Since 1983, in Heilonggang, we have organized the tackling of key scientific and technological problems in accordance with the research results produced in practice, and realized 39 results. Since these results were propagated, the prefecture's income has increased by 330 million yuan. Last year, per capita income was 350 yuan, five times the figure for 1982. The per-unit yield of crops, compared with average yields for the 3 years prior to the development, increased by 50-130 percent. Facts have shown that engaging in scientific research in this way is absolutely necessary. Not only can considerable economic results be achieved, but in the process, the scientific research level can be raised.

Seriously Grasping Well Several Links

Practice over the last few years has told us that after establishing a guiding ideology of supplying scientific and technological support to the rural areas, the scientific and technology committee should grasp well several important links as only thus will it be possible to promote the overall development of the rural economy.

1. They must formulate overall plans and grasp well the technological development of key regions. In having science and technology serve the rural economy, much work needs to be done. Practical and feasible plans must be formulated in terms of what technology is needed in what areas, on what scale it should be applied, the precedence of the various areas, and the importance and urgency of projects in various areas. Thus, we developed discussion in scientific and technological development strategies and on this basis formulated overall plans. At the same time as paying attention to scientific and technological progress in the plains, Taihangshan, Yanshan, Binhai, Bashang, and Heilonggang regions have been stipulated as focal comprehensive technological development regions. The Taihangshan region has been chosen as the major one of these. These five large regions cover 85 percent of the province and they contain 58 percent of the province's population. They are rich in biological and mineral resources, but short on skilled personnel. Education is backward and the masses' standard of living is very low but there are strong aspirations to throw off poverty and become prosperous. The key to whether rural economic development in these regions is fast or slow lies in the overall situation of the province's economic development, and this holds a decisive position both economically and politically. It is precisely as Comrade Hu Yaobang pointed out when he came to our province to carry out an investigation: "If Hebei is to bring about an upswing, it will most likely have to depend on Taihangshan. If the appearance of Taihangshan is not changed, the ecological environment will not be changed and Hebei will not be able to become prosperous." With the support of the State Scientific and

Technological Commission and the leadership of the provincial party committee and provincial government, we organized 155 tertiary institutions and scientific research units both within and outside the province and close to 3,000 scientific and technological personnel in relevant regions, cities, and counties into a technological system that combines scientific research demonstration, propagation, service, and operations. We have also arranged the coordinated serial development of applied technology and comprehensively utilized many types of resources. In the last few years, we have realized 112 results at the provincial level and above, gained economic benefits of over 800 million yuan, and strongly promoted the economic development of these regions.

2. They must strongly support township and town enterprises and speed the transformation of the agricultural structure. The township and town enterprises of our province have seen quite swift development. Last year, their total output reached 16 billion yuan, 27 percent of the province's total industrial and agricultural output. They have become an important force which cannot be overlooked in rural economic development. They are deeply changing the rural economic structure and providing wide avenues for making arrangements for the excess labor force in the rural areas. In the expanding rural economy, they are playing an increasingly important role in increasing the peasants' income and in the establishment of new towns. However, in the process of the development of our province's township and town enterprises, there have widely existed the problems of lack of talented personnel, backward management, outdated equipment, environmental pollution, and some products of poor quality. These problems pressingly require resolution. Particularly in a situation in which larger and medium-size enterprises are being gradually enlivened, if these problems are not resolved, these township and town enterprises may lose their competitiveness and wither. Some may even not be able to continue. The "spark plan" organized and implemented by the State Scientific and Technological Commission has as its goal the improved linking of scientific and technical work with the economy and raising the scientific and technological level of township and town enterprises and rural construction so as to make a contribution to the speedy invigoration of the rural economy. It is precisely as a leading Central Committee comrade has pointed out: "The transformation of the agricultural structure cannot be carried out without developing township and town enterprises, and there are no prospects for developing township and town enterprises without reliance on science and technology. Only when the two are combined will it be possible to accord with the new road of China's national conditions."

In the last 2 years, we have led the scientific and technological committees at various levels in supplying the township and town enterprises with skilled personnel, appropriate advanced technology, technological information, and scientific management methods. This has been seen by the peasants as "the sending of timely rain." In 1984, we organized scientific research units and tertiary institutes to assist township and town enterprises in developing over 300 key products and supported the formation of over 100 mainstay enterprises. In 1985, we selected six counties in different areas and with different conditions as township and town enterprise technological

development counties. In work, we provided key guidance, and in finance, we adopted the method of matching funds. We arranged scientific and technological projects that required a shorter period for implementation, were cheap, and saw quick results, and developed them in a connected chain as a demonstration model.

In order to more widely introduce science and technology to township and town enterprises and to continually strengthen technological transformation and technological progress, this year we have implemented the following arrangements: We have developed 10 types of technological equipment for general application in township and town enterprises, which has created large-batch production and effectively raised labor productivity and product quality; established 30 model township and town enterprises which have advanced technology, high levels of labor productivity, product quality and management, and strong radiating power; established 20 base points, which involve a chain of high yields, processing, and sales and which have superior resources as their base, within the commodity production bases decided upon by the provincial government; trained graduates from upper middle-school and management cadres. These people were required to study one or two aspects of advanced applied technology or relevant management knowledge and they became technological and management backbone forces.

3. They should widely develop rural technology markets and speed the pace at which technological results are used in commodities. In many villages, because communications are not developed and information not easily available, it is difficult to introduce science and technology. In order to promote the large-scale diffusion and transfer of technology, skilled personnel, and information to the rural areas, we have started rural technology markets, widely developed technology trade activities, and speeded the process by which technological results are used in making commodities. Now, the coverage of the technology markets extends to two-thirds of all villages in the province. Since 1984, the province has held over 4,000 technology trade fairs, which have provided to the villages and township and town enterprises over 10,000 technological results, provided employment to over 30,000 technicians of various types, and drawn in over 600 million yuan of funds. Just through the use of imported technological results, an additional 1.5 billion yuan of economic income was created.

In the thriving development of the rural technology markets, a few problems worthy of attention have appeared. The major of these are that management work has not caught up, that technology markets lack a tightly knit relationship, and the phenomena of paying great attention to sales and little attention to clinching deals and paying great attention to transfer but little attention to service have appeared. In facing these problems, we are preparing to establish a cooperative structure composed of many departments, formulating coordinated policies and regulations, facilitating information flow, and coordinating work on all sides. We have established specialized organs responsible for the examination, approval, and registration of the various types of technological trade organs, and for the registration and arbitration of contracts involving technology trade

activities. We have also further clarified the guiding ideology in technology trade work, developed work by centering on the implementation of the "spark plan," placed the point of stress on the requirements of the purchasing side, and continually raised the real effectiveness of the technology trade fairs in serving the rural economy.

4. They must do well in training skilled personnel so as to strengthen the rural scientific and technological contingents. In the last few years, we have adopted four main forms in training skilled technical personnel for the rural areas: 1) Using scientific and technological items or topics as the center, we have organized the scientific and technological personnel of tertiary institutes and scientific research units to go deep into the villages and at the same time as they carry out scientific research and technological development, they will impart their technological knowledge. 2) We have organized technical service contingents which on the one hand provide service and on the other hand train rural technicians. 3) We have organized technological explanation and publicity groups to train and establish rural technological contingents. 4) We have established specialized technical schools and started specialized technical classes. Apart from these measures, we have arranged short-term courses, technical night schools, broadcast lectures, and other forms to spread technical knowledge. In the last 5 years, the province has trained 3 million personnel in various specialities in the rural areas. Many of these are technological demonstration households, specialized households, graduates of township upper and lower middle schools, and backbone forces in the township and town enterprises, and this has strengthened the rural scientific and technological contingents.

Strengthening Guidance, Making Overall Arrangements

We must further strengthen macroeconomic guidance and microeconomic service, make overall arrangements, and pay attention to handling well the relationships between the relevant aspects.

1. Strengthening investigative research, improving work methods, and mastering leadership initiative. In the last 2 years, through conducting investigations deep at the grass-roots level, developing information feedback, and making overall scientific and technological methods, we have strengthened investigative research work. Frequently, one-third of the cadres of organs above the departmental level spent 3 months a year going deep into the basic levels. Last year in spring there were some scientific research organs in which, because they were unclear about policy limits, the reform of the scientific and technological systems was affected. In a timely way, we carried out a model investigation and formulated four measures. These on the one hand opposed the unhealthy tendencies and on the other hand guaranteed the healthy carrying out of the reforms. In an investigation of the development situation of scientific research-production combinations throughout the province, it was discovered that some scientific research units had provided to enterprises technology that was not ready for use. Also in order to retain more funds and distribute less, some enterprises did not provide details of their true situation to the scientific

research units, and this affected the consolidation and development of the combinations. In order to resolve these questions, we convened a discussion meeting with scientific research units, enterprises, and prefectural and county scientific and technological committees participating. This produced "Ideas on Greatly Developing Scientific Research-Production Combinations," which was distributed throughout the province as a guidance document. In addition, on the basis of different areas and different work types, we determined to stress linking 15 counties with 20 scientific and technological demonstration villages and 100 scientific and technological households. We successively summed up the model experiences of Jixian County in drawing in technology and personnel to develop key products, the model experiences of Baxian County in relying on science and technology to develop township and town enterprises and the model experiences of Funing and Qingxian Counties and Zhengding village in reforming the scientific and technological structure, and promoted the development of the whole province's scientific and technology work.

2. Combining the reform of the scientific and technological structure with developing the rural economy. Reforming and perfecting the scientific and technological structure is an aim identical with that of supplying effective scientific and technological service to the villages. The avenues for achieving these aims are also identical. They are both for liberating the productive forces, fully motivating the enthusiasm of the scientific and technological personnel, and developing the rural economy. Since 1982, we have broken through the closed-off situation where there was uniform "officially administered" science and technology. We have implemented a system in which the state, collectives, and individuals advance together and have organized the strengths of the whole society to engage in science and technology. We have used economic measures, implemented technical responsibility systems, and developed compensated technical service. We have changed unified service and sent technology, skilled personnel, and information down to the villages, and accorded with the many demands of rural economic development. During the reform of the scientific and technical structure in Zhengding County, the county scientific and technological committee established a rural technology development center and the various relevant bureaus established specialized service centers or companies, which engaged in technological development, propagation, and consultancy. Townships have established agricultural technology comprehensive service companies mainly in order to spread new technology but at the same time to supply fine seeds, pesticides, and other materials. Villages have established various types of specialized technological service teams and stations to train and improve science and technology demonstration households and support and assist the various technological development service activities run by households or by joint households. The province has initially established a service system comprising counties, townships, villages, and households and this has played a great role in developing rural commodity production.

3. Paying attention to both the development of the "short-cheap-fast" technology urgently needed by the rural areas and long-range development. In implementing the "spark plan," it is now extremely important that we

first arrange "short-cheap-fast" technology projects to help the peasants shake off poverty and become prosperous and to speed the economic development of the rural areas. At the same time, we must avoid activities of a "small, indigenous, and mass nature" or do things "like a swarm of bees." We must pay attention to long-term economic and social benefits and rationally arrange the depth and deployment of scientific research, so as to guarantee a reserve strength for the development of the rural economy and science and technology. On the basis of the resource superiorities and market situation in the Taihangshan region, the growing of fruit and small-scale animal raising by families was selected as the breakthrough point for technological development. Also, a strategy was adopted whereby development was combined with tackling current problems, shaking off poverty was combined with becoming prosperous, and short-term policies were combined with long-term policies. After a certain economic strength and technological power is obtained, research projects such as the comprehensive handling of small valleys shall be gradually increased and present and long-term development needs will be combined. In agricultural science research, we have centralized a certain amount of scientific and technological personnel and funds, and organized agricultural crop breeding, the selection and breeding of new animal strains, the investigation of agricultural divisions, and environmental protection. Also, research has been conducted into the application in the agricultural field of microcomputers, biological engineering, and other new technologies. We are preparing to strengthen, over a quite long period, the use of scientific and technological measures in agriculture, so as to gradually raise the level of agricultural modernization.

4. Doing well in organizing coordination and combining many departments and many industries in order to make a contribution to the development of the rural economy. Doing well in rural scientific and technological work is the unshirkable duty of scientific and technological committees. It is also work that is extremely closely related with planning, economics, education, finance, taxation, banking, and goods and materials. We have paid attention to doing well in cooperative work, coordinating the division of work, and making joint efforts. In arranging the carrying out of developmental research in Taihangshan, we linked 8 forestry and animal husbandry, finance and trade, supply and sales, and education bureaus and units that are directly under the province with over 700 scientists and technicians, over 1,000 peasant technicians, and over 34,000 science and technology demonstration households from the tertiary institutes, scientific research units, and the prefectures and counties that have directly participated in experimental base work. When experimental bases were established in particular areas, the communications departments put highways through to those areas. Also, the supply, sales, and foreign trade departments have actively opened purchase and sales avenues, provided production materials, and an active situation of all acting in coordination has appeared. At the same time as depending fully on the province's scientific and technological personnel, we have mobilized the relevant economic departments and units and actively made use of scientific and technological strengths outside the province, especially those of Beijing, Tianjin, and of the military industries, to support those areas in which our province lacks relevant scientific and technical personnel.

DO A GOOD JOB OF COMPREHENSIVE REFORM IN EDUCATION

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[Article by Liu Daoyu [0491 6670 3768]]

[Text] In the last few years, under the guidance of the Central Committee's general principles on reform, Wuhan University has done beneficial work in raising the quality of education, improving educational methods, renewing the contents of education, readjusting the structure of specialities and so on. Following the deepening of educational reforms, some new problems have appeared and some new contradictions have been produced. We feel that only if there is the guidance of materialist dialectics will we be able to correctly handle the various relationships and guarantee the success of these reforms.

Persist in Overall Moral, Intellectual and Physical Development; Train Skilled Personnel Who Are Both Red and Expert

Persisting in ensuring that those being educated see overall development, morally, intellectually and physically is a basic demand for training skilled personnel in our nation's period of socialist construction. We are engaging in educational reform in order to implement in a better and overall way, the educational principles and to realize the training goals of education. In improving the quality of education, we need to put efforts into moral, intellectual, and physical education. The skilled personnel needed to build socialist material and spiritual civilization must undoubtedly have a fairly high level of scientific and cultural knowledge. However, if they only have scientific and cultural knowledge and do not have a firm and correct political direction, they will not be up to standard. Thus, tertiary educational reform should include the improvement and strengthening of ideological and political work as one of the major components.

I feel that we should pay attention to the historical conditions in which this generation of young people has grown up, as this is an important basis for ideological and political work. This generation of young people has grown up in a period when our party has been correcting the mistakes created by many years of "leftist" guiding ideology, and on the political, ideological and theoretical levels has carried out a series of actions by which order is being brought out of chaos. In this process, people have thought

deeply about the former theoretical understandings and courses of practice. Some things which were originally said to be Marxist ideas and methods have been negated, while other things which were originally considered incorrect ideas and methods have been shown by practice to be correct. Also, some ideas and methods which were correct in historical times no longer accord with the current situation. Youthful students without doubt ponder these questions which relate to the state and national destiny. At present, capitalism is seeing relatively peaceful development, while the economic development levels of socialist countries have not yet surpassed those of the developed capitalist countries. In this situation, how we are to use basic Marxist views to survey the general process of world historical development is a question which everybody, including young students, must resolve. At the same time, in the situation of opening up to the outside world, how we are to handle those Western academic ideas which flow into the country following the import of advanced technologies and scientific management experiences is also a real question which cannot be easily dodged. Our nation is carrying out overall reforms. The new situations and new questions which are appearing in the reforms will inevitably give rise to all types of ideological contradictions. These contradictions are also manifested among the students. Thus, the ideas of contemporary youthful students are unprecedentedly vigorous. This is a good thing, not a bad thing. Our ideological and political work must, in this situation, fully bring into play this vigor and bring into play its great role in education.

In reforming and strengthening ideological and political work in tertiary institutions, one of the most important links is reforming Marxist theoretical education. University students are no longer children. They strive to summarize very many questions on the theoretical level. If we do not lay down a solid Marxist theoretical base, and we respond to some pressing problems in a way which treats the symptoms but not the disease, then ideological and political work will not have an overall effectiveness. The crux of reforming Marxist theoretical courses is linking theory with practice. Objective reality is continually developing and thus our course contents must change in the wake of changes in the actual situation. Political economics does not answer the questions modern students have about capitalism, and does not answer the questions put forward by socialist economic reform. Thus, it does not attract the students. If philosophy does not incorporate or provide a summary of the recent results in natural sciences in the 20th century, and we just let some bourgeois sociologists and futurists use these results to disseminate historical idealist theories, then it will be very difficult to convince students on a number of basic questions. Of course, linking up with practice does not mean explaining all theoretical subjects as simple matters. Rather, in the process of narrating systematic theoretical knowledge, through the concrete dissection of actual problems, the students will gradually come to learn how to use a Marxist stand, viewpoint and methods in analyzing and resolving problems. In educational methods, we must also change the former method of pure inculcation and replace it with a lively, vibrant form. Our school's Marxist theory classes have already begun some reform experiments in these areas.

As to regular ideological and political work, the most important thing is that we should gradually sum up a set of explanation methods. Today's ideological and political work can no longer, as was done in the past, rely on political movements, mass criticism and forced submission and other such methods which have been shown by practice to be mistaken. We have come to realize that in combining positive education and contrastive education, we should stress positive education, that in combining commendation and criticism, we should stress commendation, and that in combining self-study and school-managed study, we should stress having students self-study. On ideological questions, we can only persuade, we cannot force submission. We must adopt the method of convincing people by reasoning. We must firmly believe that Marxist truths can convince people and firmly believe that the vast majority of problems are problems of understanding. In this way, we will not be rash in any situation. Of course, in another respect, we must be strict in our demands and serious in providing solutions. We must persist in the method of using different keys to open different locks, and as people differ, we must treat them differently. We must guard against acting in a uniform way. Otherwise, we will have great difficulty in achieving the appropriate results.

Ideological and political work is also systematic project. It is far from being enough to just rely on party and CYL organizations and the specialized political work cadres. We have implemented a new three-in-one ideological and political work system whereby there is a party and CYL organizations and the specialized political work cadres. We have implemented a new three-in-one ideological and political work system whereby there is a party and CYL organizational responsibility system, a teachers' responsibility system, and where students regulate and educate themselves. We have thus closely linked ideological and political work with the guidance of the students' study and their growth. Teachers who give lessons are also instructors and each instructor provides guidance to several students and is completely responsible for them. In ideological matters, they provide explanations, in study they provide guidance, in management they provide leadership, and in academic matters they provide a nurturing influence. They both teach lessons and teach people. Through teaching lessons, they teach people and help students to cultivate a scientific world view built on a firm base of a system of knowledge and theory. Through teaching people, they teach lessons. Thus, the students have a clear understanding of the aims of study, and a correct attitude to study and thus achieve the best study results.

More education and intellectual education have always had a close relationship. They both influence each other and permeate each other. Ideological and political work is a basic guarantee for successfully transferring knowledge and fostering abilities. Also, the attaining of knowledge and the development of abilities is of assistance to the raising of the ideological level and provides a base for correctly understanding things and establishing a scientific world view. Thus, in the relationship between moral education and intellectual education, we must spontaneously master the unity of the two and not set them against each other. With respect to the vast number of students, we should cherish them but not coddle them. We

must master the main stream and must check erroneous ideas at the outset. Only in this way will we have fore-knowledge of ideological problems, be able to tackle problems before they mature and resolve problems as they sprout. Thus, these problems will not build up into mounds and the contradictions will not become acute. In this way, it will guarantee normal education and study life in the school. In addition, we have been diligent in starting the "second classroom" and allowed students through various avenues to receive education in communism and increase their knowledge and abilities. Through adopting these measures, we have unified the process of education with the process of teaching, unified teaching lessons with teaching people, and unified moral and intellectual education. Thereby, we have created conditions for training talented persons who are both Red and expert.

Correctly Handling the Relationship Between Transmitting Knowledge and Fostering Abilities, Placing Stress on Fostering Students' Creative Abilities

Transmitting knowledge and fostering abilities is a unified process. There is a relationship, but also differences, between knowledge and abilities. Knowledge is the base on which abilities are formed. If there is no firm base of knowledge, it will not be possible to foster abilities (especially creativity). In another respect, abilities (especially creativity) are the means of developing new fields of knowledge. If one does not excel in abilities, it will not be possible to make discoveries or be creative.

The aim of traditional, backward education was simply the transfer of knowledge. It used the students' brains as storehouses of knowledge. Through the educational method of "cramming," it filled the storehouses with various types of knowledge. The students educated in this way only had book knowledge. If later they were not tempered through practice they would have no creativity, spirit of exploration or competitive consciousness, and would in no way be able to accord with the needs of an age when science and technology are developing so swiftly. In facing the situation of a new technological revolution in the world, and facing the questions continually put forward by our nation's economic construction, in order that education better accords with and spurs on economic and social development, while carrying out educational reform we must get rid of the bad influences of outdated traditional educational ideas and educational methods on the training of skilled personnel, and must stress especially the fostering of students' creativity.

Skilled personnel who are rich in creativity have certain special characteristics in their modes of thought, attitudes to study, styles of work and ideological qualities. As educational workers, we must master these characteristics and in the educational and teaching processes, we must consciously foster and develop these characteristics. We should not necessarily require students in their period of study to achieve creative results or become inventors. If we are to foster skilled personnel with creative abilities, then we need to carry out reform of teaching contents, teaching methods, teaching systems, student management and many other aspects. Apart

from this, we feel that we should: 1) Respect science, develop democracy and create a vigorous academic atmosphere to foster students' spirit of loving deep thought and daring to create. 2) Pay attention to individuality, teach students in accordance with their attitude and allow those who can to stand out. If we are to foster skilled personnel who are rich in creativity, we cannot use unified models to educate students, but instead should pay full attention to individual differences. In this way, we can ensure that skilled persons' creativity can be developed. 3) Promote self-study and enlightened ideology. School students cannot simply rely on classroom education. Rather, while receiving classroom education, they should gradually develop the ability and the methods of self-study. 4) Strengthen practical links. The fostering of abilities, especially creative abilities, cannot be divorced from practice.

We should recognize that knowledge, abilities and creativity are manifestations, at different periods, of intellectual development. The mission of we educational workers is, in accordance with educational patterns and the patterns of intellectual development, to continually raise students' intellects to higher levels. We certainly cannot use the excuse of fostering abilities to ignore the teaching and study of knowledge. At present, there is a particular bias, which one-sidedly stresses the "explosive growth of knowledge" mistakenly believing that knowledge learned today will be outdated tomorrow and thus pays little attention to the mastery of knowledge. This view is clearly incorrect. We should recognize that at present in an age when science and technology are speedily developing, the great growth and accumulation of knowledge is an objective fact which cannot be overlooked. It is precisely because of this that, in order to accord with the needs of the times, we must strive to study and master various types of useful knowledge. Without knowledge, abilities will have no base and no source. Thus, we cannot simply cram students with knowledge and neglect the fostering of abilities. Likewise we cannot divorce ourselves from mastering a wealth of knowledge and just stress the fostering of abilities. We must correctly understand and handle the dialectical relationship between knowledge and abilities.

Modern management studies pay great attention to target management. What is referred to as target management is setting down for a person or enterprise, goals or requirements they must meet. We have put forward the idea of skilled persons who have a creativity as a general goal for the vast numbers of young people as they develop. Through arduous struggle, some people will be able to achieve this, while others will not. Being able to reach the goal is of course a good thing, while those who do not reach the goal will still have gained some motivation from seeking the goal. Thus, they will realize greater achievements than if they had not established a long-term goal. Thus, taking the fostering of skilled persons rich in creativity as a goal in our training of people will undoubtedly promote the development of skilled persons who have ideals, morality, culture, and discipline, and who are needed by the new times.

In Reforming Inappropriate Educational Systems, We Must Both Enliven Education and Establish a Strict Study Style

In order to realize the training goals and achieve the aims of education, we must establish relevant educational systems and make the effective management of education easier. However, educational systems are the products of certain types of educational ideologies. In order to get rid of the fetters of outdated traditional educational ideology and realize a change from the closed to an open model of education, we must implement flexible, diverse educational systems and correctly handle the various problems which appear in the educational process.

After the reorganization of academic departments and faculties in 1952, our nation's tertiary institutions widely implemented the "school-year system" education plan and management system. The "school-year system" is strongly planned and has advantages in terms of management and other aspects. However, it insists strongly on uniformity and, to a certain degree, ignores the intellectual differences between students. Thus it affected the development of skilled persons and the principle of effective education. From 1978, our school, on the basis of absorbing the strong points of the "school-year system" began implementing the "study-point system" and went through the stages of experiment, propagation and solid improvement. Eight years of practice has proved that there are many advantages of the study-point system: 1) It is of benefit in guiding ideology toward the development of science and modernization. Compared to the school-year system, the study-point system can reduce the education cycle, produce more skilled persons and produce them more quickly. 2) It is of benefit to the lateral relationships between courses and specialities and thus students, under the guidance of their teachers, can rationally organize their own knowledge structure. 3) It is of benefit in motivating the students' initiative, enthusiasm and creativity in study and thus their study is lively and vibrant. 4) It is of benefit in implementing the principle of teaching students in accordance with their aptitude, and overcoming the uniform educational method. This allows those students with special aptitudes to show themselves as quickly as possible. 5) Because the new elective courses have greatly increased, it is of benefit in raising the professional levels of teachers.

Of course, like other management systems, the study-point system has both good and bad points. There are both advantages and restrictions. In implementing the study-point system we have, on the basis of retaining the benefits and doing away with the problems, and of stressing the strong points and eliminating the weak points, paid attention to resolving some of the contradictions. The first of the problems is blindly seeking study-points. A small number of students, in order to complete their study-points quickly and graduate early, only seek study-points and do not seek to do well in their subjects. They seek quantity rather than excellence. In this respect, we have adopted an achievement/study-point system which records both achievements and study points, thus unifying the amount and quality of study. At the same time, we have also set down strict conditions by which people can graduate early. This has played a restricting role in terms of the blind seeking of study-points. The second problem is that of

selecting courses. Some students select a large number of courses which results in a heavy load on them. Other students are not strongly enterprising and are not anxious to select courses, while still other students are not happy with the speciality they are studying and wish to change their speciality through elective courses. In order to resolve these problems, we have set down a ratio between assigned elective courses and free-choice elective courses, set down a standard for total study-points in elective courses each week and set down requirements for a rational and coherent selection of elective study-points between departments. Through these measures, we have been able to bring into play the flexibility of the study-point system and also guarantee that students obtain a good base. The third problem was the relationship between self-study and attending classes. After implementing the study-point system, some students adopted the self-study method, and in their study format, times and places they have had a certain degree of freedom. In order to guarantee the smooth carrying out of classroom education, and at the same time in order to safeguard normal educational order and guard against the appearance of laxness and indiscipline in study, we have strongly proposed the study style of "being diligent and hardworking, rigorous in scholarship and brave in blazing new trails." We have also adopted some appropriate measures, for example stipulating that students cannot arbitrarily miss classes, and strengthening education in study discipline. Thus, to different degrees, students have all been able to proceed from their own actual situation and adopt the study form which they considered effective and all have thus found their place.

Implementing the study-point system has been beneficial to enlivening education. However, in enlivening education, we cannot rely just on this system. At the same time, we have trial-implemented the major-minor study system, the double-degree system and a system whereby students can join in the middle of a course. We have set up university students' spare-time scientific research funds and commemorative scholarships and allowed a small number of students with special interests and obvious abilities to change departments or change specialities, to encourage outstanding students to stand out. Seen from several years of experience, the implementation of these systems and measures has played a great role in enlivening education, encouraging students to go on with their studies and fostering students' creative abilities. Of course, when implementing the major-minor system, we have had to pay attention to differentiating the majors and the minors, so as to guarantee a solid base for the major specialities. In implementing the system where students can join in the middle of a course, we have had to do serious investigation and guarantee quality so as to not bring disorder to the study atmosphere. In allowing a small number of students to change specialities, we have had to differentiate between students with special interests and those who do not have firm ideas on their speciality. This guards against having people wanting to change specialities just because they see something different. When proposing that university students carry out spare-time scientific research, we have had to guarantee a good base to guard against spare-time scientific research obstructing or affecting normal studies.

In brief, the process of educational reform is a process full of contradictions. When resolving these contradictions, while it is necessary to grasp the major contradiction, we cannot overlook the minor contradictions. Only in this way can we ensure that the contradictions continually change in a direction beneficial to education, and only thus can we take the whole situation into account, carry out comprehensive reforms and realize overall administration. Thus, we education workers must be diligent in studying Marxism-Leninism-Mao Zedong Thought, voluntarily master materialist dialectics and completely and correctly understand the spirit of the Central Committee on educational reform. This will provide important guarantees for obtaining success in educational reforms.

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GAIN AN AMPLE UNDERSTANDING OF THE STRICT DEMANDS SET ON ENTERPRISES BY THE
NEW REFORM SITUATION

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[Article by Xie Minggan [6200 2494 1626]]

[Text] In recent years, the reform of the economic structure of the cities and towns in our country, closely revolving around the theme of invigorating the vitality of the enterprises as the central task and gradually extending to production, circulation and distribution, and other sectors, has taken rather big strides forward and achieved a big and important development. On the one hand, it has improved the relationship between the state and the enterprises and that between the enterprise and the staff members and workers, and strengthened the enterprises' vitality and innate mobility, enabling the enterprises to gradually effect the changeover to being socialist commodity producers and entrepreneurs who operate autonomously and are solely responsible for their own profits and losses; and, on the other hand, it has strengthened and improved the socialist macroeconomic management system, and has comprehensively utilized economic measures, legal measures, and the necessary administrative measures to guide, adjust, control and supervise the operations of the enterprises and the various social activities so that they conform with the socialist direction, and the demands of the state's development strategies, plans and policies. After the reform of these several years, the vitality of the national economy has become increasingly augmented and, at the same time, the situation facing the enterprises has become increasingly serious and pressing and the demands on the enterprises have become increasingly strict. This is mainly manifested as follows:

First, it is necessary to readjust the overly low planned prices of the means of production such as energy and raw materials and transportation charges and to gradually raise the overly low level of the salaries and wages of the staff members and workers, which will raise the cost of production of the enterprises. This will require the enterprises to strive to raise their own quality level. For a long time, in carrying out production, our industrial enterprises have principally been relying on cheap energy and raw materials, low-priced agricultural and sideline products, cheap transportation and a relatively low level of salaries and wages for the staff members and workers. The profits earned by the enterprises have mainly been

transferred from the prices created by the energy and raw materials sectors, from the exchange at unequal prices of agricultural and sideline products, and from lowering the consumption needs of the masses. Only a relatively small portion has been derived from truly raising the labor productivity rate, lowering the consumption of energy and raw materials, and lowering various kinds of management expenses. This kind of historically formed irrational phenomena has covered up the backward state of enterprise management and technology and enabled the enterprises to earn rather large profits without exerting much effort; it has also restricted the renovation, transformation and development of such weak departments as the energy and raw materials industries and the transportation and communications trades, also hampering the rationalization of the economic structure and the comprehensive utilization of resources. The existing system of two prices for the means of production has raised the enterprises' enthusiasm for increasing the production of shortline products but has also objectively offered an opportunity to certain people to carry out the illegal activities of violating the state plan and of speculation. Last year, following liberalization of the prices of agricultural and sideline products, the overly low prices or charges for means of production such as energy and raw materials and of communications and transport were readjusted, enabling planned prices and market prices to come closer to each other as well as to gradually approach the level of prices in international markets. This has thus become the major task and content of the price reform. At the same time, following the development of production and improvement of the economic benefits, the standard of living and welfare benefits of the staff members and workers will be continuously improved and the outlay for the salaries and wages of the staff members and workers will gradually increase. This will bring about an upward trend in the cost of production of the enterprises' products. The enterprises will find it increasingly difficult to get by just continuing to rely on antiquated operation and management methods, or to rely on backward technology and equipment, or to rely on the "four lows." If the enterprises do not greatly lower the consumption rate of materials and raise the labor productivity rate and do not vigorously develop new products and open up new markets both within the country and abroad, the inevitable trend will be a rise in the cost of production, a drop in sales, reduced profits, and even losses and deficits, leading to a passive state.

Second, the supply and demand relations in the domestic markets have been continuously changing. The demands of the end-users of commodities regarding the quality, function, design and variety of products have been steadily climbing to higher planes and the customers increasingly prefer to use products of their own choice. In the past, there was a acute lack of commodities in our urban and rural markets for a long time. The supply of many commodities had to be subjected to the rationing system and supply coupons had to be used for the purpose. At that time, the problem with commodities was mainly one of whether they were available or not and commodities that were of substandard quality, high-priced, and simple design could all be readily marketed. Recently, following the large-scale development of production and the development of commodity economy in both the urban and rural areas, the situation has changed greatly. The sources of supply of commodities have gradually become plentiful. The purchasing power

of the populace has rapidly increased. Demand is daily increasing for good quality, attractive, new commodities. The sellers market characterized by supply lagging behind demand has been steadily liberalized and gradually given way to a buyers market. The previous situation of "grasping banknotes to make crash purchases" has been shifted to one of "holding money in hand and making purchases selectively." Commodities which are substandard quality, high-priced, and old-fashioned have become stockpiled in large quantities due to inability to find a market. In the third and fourth quarters of 1985, the state quality supervision departments conducted a sampling survey of 78 categories of products. Of the 1,464 kinds of commodities of 1,079 enterprises subjected to the sampling, only 64 percent were found to be up to standard in quality. In the first quarter of this year, a sampling survey of 20 categories of products was conducted. It was found that of the 464 kinds of commodities of 345 enterprises subjected to the survey, only 65.3 percent were up to standard. As soon as the survey results on these products were made public, their sales dropped sharply, there was widespread cancellation of orders, and the enterprises responsible for the production work were forced to stop production and to go through consolidation. This caused a large-scale drop in their profits and the living standard and welfare of the staff members and workers were seriously affected. In the case of many heavy industrial products, due to the reduction in the proportion of mandatory production plans of the state, the expansion of the decisionmaking power of the enterprises in making purchases of materials, the formation of markets for means of production and the opening up of the localities, they have met with increasingly severe competition and can no longer depend on the state's unified purchases and sales as in the past or on local administrative measures of a protectionist nature to maintain their production. Moreover, as a result of economic construction and development of scientific and technological enterprises, and demand for very good or excellent, high quality heavy industrial products is increasing while those old products that consumed much energy in production, and were low in grading, poor in function and in quality, and backward in technology have gradually been eliminated. This is to say: Development of the situation has compelled the light industrial enterprises and the heavy industrial enterprises to concentrate on overhauling the variety of their products and on improving their quality and to count on this as the only way out.

Third, it is absolutely necessary to rectify the situation where enterprises are responsible for profits only and not for losses. In recent years, with the development of the reform, a change has begun to be made with regard to the phenomenon of the enterprises "eating from the same big pot" at the expense of the state and the staff members and workers "eating from the same big pot" at the expense of the enterprise. The vitality of the enterprises has been greatly strengthened. But the great majority of the enterprises under the system of ownership by the whole people have not yet truly become solely responsible for their profits and losses. Rather, they readily share in the profits but, in the event of losses, they continue to rely on subsidies from the state. This is to say: The enterprises are still lying in the state's bosom and engaging in the practice of "everybody eating from the same big pot," without taking the risks of

meeting with many of the mishaps and forces of pressure of market competition. During the Seventh 5-Year Plan, we must endeavor to speedily bring to a close the current situation of the coexistence of the new and old structures, their mutually playing their roles, and the frequent occurrences of friction and contradiction, and basically change it to the track of the new structure playing the leading role so that by far the largest number of enterprises truly become producers and entrepreneurs of socialist commodities, being solely responsible for their profits and losses. Enterprises which have for a prolonged period performed poorly in operation and management should be reorganized or closed, suspended or shifted to other lines of production. Those enterprises which have suffered heavy losses and cannot continue operation should be allowed to declare their bankruptcy. Certain reform measures that have already been adopted (such as starting the collection of certain new taxes, transforming appropriations from the finance department to credit and loans from banks, and so on) and various new reform measures that will shortly be adopted (such as stipulating that all products should gradually adopt international standards or foreign advanced standards, pricing according to the quality of the products) have shown that simultaneously with invigorating the microeconomy, self-restriction of the enterprises should be strengthened, that the enterprises' work style and mechanism should be perfected, and that the enterprises should be compelled by various means to improve their work, to concentrate their attention on improving operation and management, pursue technological progress, and enhance the economic benefits, otherwise they will be eliminated. In short, the reform will aim at making all the enterprises accept the law of the "survival of the fittest." Whether to drift along, be resigned to circumstances and eventually be eliminated by the tide of reform or to open up, create something new and fight against the currents and advance is a serious test which each and every member of the leadership and each and every one of the broad masses of staff members and workers must undergo.

Fourth, competition in the international markets is daily becoming increasingly severe and demands made on export products have continuously risen. In recent years, as a result of our country's firmly adhering to the policy of opening up to the outside world and greatly developing foreign trade, the volume of our export trade has been rapidly growing at an average annual rate of around 7 percent. But, seen as a whole, the competitive power of our export products in the world market is still very weak. They comprise mostly primary products while refined products are rare; low-grade products are plentiful and high-grade products are scarce. Old products and traditional popular goods of dependable quality are plentiful while first-rate products which are new and can open up a new situation in the world markets are rare. Many of the export products have the problem of having low technological standards, antiquated design, little variety, poor quality, outmoded packing, slow or late delivery, rigid management, and an extremely low capacity to earn foreign exchange, even occasionally incurring losses. At present, in the world markets, supply exceeds demand, trade volume has fallen off, the prices of many commodities are on a downward trend and competition is gradually increasing. How to fit in with this new situation, reform the foreign trade structure, set up an export goods production system

and vigorously improve the variety and quality of the export goods and services in connection therewith all constitute problems of great importance. Basically speaking, competition in the world markets is competition in technology. At present, internationally, a new technological revolution is rising. Rapidly developing high technology will be extensively employed in social production and the people's lives. It will vastly change the countenance of the enterprises. Many traditional industrial products will successively be eliminated from the world markets. Our enterprises must closely observe the developments in the international economic and technological situation. They must redouble their efforts from various sides to greatly raise the cultural and technological level of their staff members and workers, tightly grasp, learn, and apply the world's new scientific and technological achievements, step up the adoption of international standards and the carrying out of their own technological transformation, ceaselessly study, formulate and promote new artcraft and new products, and enhance the suitability of their products in the world markets. To be complacent and conservative, to continue to use the old methods, and to sell old products abroad to earn foreign exchange will certainly not be workable and will only result in rejection by the world markets.

The above situation illustrates that our country's enterprises are currently facing an unprecedented challenge and that this challenge is a long-term one, which tends to be increasingly penetrating. Only through striving hard to enhance one's own quality, and devote great efforts to improving the quality of the products, increase their variety, lower the consumption rate of raw materials and enhance the benefits can the enterprises find their way out. In his "Report on the Seventh 5-Year Plan," Comrade Zhao Ziyang demanded that all leadership persons of enterprises, all entrepreneurs and all staff members and workers "fully understand the rigid demands on the enterprises in the new situation of the reform," and "insist on making tireless efforts to improve the quality of the enterprises." This is extremely profound and timely.

In the new situation, all the enterprises should meet the demands of developing socialist commodity economy and greatly transform the guiding ideology, management system, and operating methods in running the enterprises. They should strengthen their concepts of quality and benefit, and shift their attention to further improving the quality of the products and enhancing the economic benefits; they should reinforce their concept of being suited to the market and of social needs, vigorously develop new products, increase the output of marketable products, products of well-known brands and of good quality and those which are suited to social demands in their quality, properties, design and variety, packing appearance and sales prices. In all cases, they should be responsible to the end-users and to the consumers. They should reinforce their concept of making more contributions to the people's welfare and making the country powerful and wealthy. Through providing products of superior quality and rendering good services, they should better satisfy the people's increasing material, cultural, and livelihood needs and provide more net receipts for the state. The enterprises should, under the guidance of the plans and policies of the state, and in accordance with the socialist construction needs and changes and

evolutions in supply and demand relations in domestic and foreign markets, make full use of the market mechanism, promptly make correct decisions, improve management and operation and promote the technological progress. It is absolutely necessary to thoroughly break with, and eradicate, the old concept of natural economy which is dislocated from the market, the ossified rules and regulations which have "unification" as their special feature, the operation forms which are completely suited to a buyers market and work method which wholly adheres to mandates from the higher-level departments in charge. As socialist commodity producers and operators, the enterprises must continuously offer products of even better quality, newer designs and greater variety in participating in market competition and, in the course of the competition and struggles, ceaselessly enhance themselves and seek more and higher economic benefits.

In the new situation, enterprise leaders must look inward, strive hard to become stronger, to open up, and advance. Naturally, the economic activities of enterprises cannot be separated from their external conditions and the state is currently endeavoring to create a good environment for the enterprises by means of taking further steps in reform. However, unless they make sufficient subjective efforts, even better external conditions will not help. The existing economic structure of our country is really irrational, the various economic relations are not yet in good order, and the enterprises' good external conditions have not yet been formed. But even under such circumstances, it is not true that the enterprises are helpless. On the contrary, they have much work to do and plentiful potential to tap. Very frequently, we have come across cases like the following: Enterprises which have more or less the same conditions, differ greatly from each other in their economic benefits. The fundamental reason is that the quality and subjective efforts of their leaders are strikingly dissimilar from each other. For example: Regarding questions on how to improve the quality of management personnel and the broad masses of staff members and workers so as to make this working team all the more efficient and powerful; how to apply the correct remedial measures, to meticulously plan, to resolutely make decisions, and to perform overall handling of the enterprises in a down-to-earth manner; how to, following changes in the external conditions, promptly change the direction of management, do a good job in reforming the various management systems, and maintain the best combination of the various internal factors, and so on, must all rely on fully displaying one's own subjective initiative, and cannot rely on the state, far less on reform of the structure. Truly, this is a question of everything depending on one's self. All the staff members and workers of an enterprise, particularly its leading people, should know the situation clearly, establish a strong sense of responsibility and sense of urgency and should be imbued with a frontier spirit, equipped with a lofty ambition to build up a first-rate enterprise, overcome the erroneous ideas of relying on support from the state and the practice of "everybody eating from the same big pot," and also overcome the sentiments of fearing difficulties and cowardly and lazy ideas. At the same time, they should thoroughly eradicate the bad work styles of extravagance, formalism, and speaking empty words. They should set up an attitude of really seeking truth from facts and working hard. Only by so doing can the enterprises continuously improve their image,

strengthen their capacity to meet contingencies and avoid falling behind others in this swiftly developing situation.

In the new situation, the leadership of enterprises and the broad masses of staff members and workers must be united, be concerted in their actions, and fight hard against all odds. The reform conforms with the basic interests of our working class and exerts an enhanced demand on each and every staff member and worker. The leadership of enterprises should consciously grasp and carry out the party's and the state's guidelines and policies and firmly rely on the party's organization, the staff members, workers and the populace, actively pushing forward the reform. They must firmly and unrelentingly promote and continuously perfect the plant principal's (manager's) responsibility system, reform the organization structure, strengthen the production administrative and directing system, scientifically organize the various kinds of personnel, to the end that each and every one of them is suitably positioned and can fully display his or her talents. They should insist on, and perfect, the various kinds of economic responsibility system with contracting as the principal form. Moreover, they must, by means of lively, vivacious, penetrating and detailed ideological and political work, integrate the economic responsibility system with the political sense of responsibility. It is necessary to perform a good job in the training of cadres and staff members and workers, continuously improving their political, cultural, and technological quality. The broad masses of staff members and workers should fully display their role as masters of the house, continuously improve their own ideological consciousness and cultural and technological level, perform their jobs earnestly and well, extensively develop rational recommendations and technological renovation activities, actively participate in the enterprises' democratic management, support the enterprises' leadership to perform various jobs well, consciously submit plans and recommendations for the development of the country's construction and for the enterprises' prosperity, share the enterprises' cares and burdens, exert their utmost efforts, and contribute their strength to the promotion of the socialist modernization program.

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WHAT CONSUMPTION POLICY IS CHINA PRACTICING AT THE PRESENT STAGE?

Beijing RED FLAG in Chinese No 12, 16 Jun 86 pp 39-40

[Article by Ding Shengjun [0002 5116 0193]]

[Text] Consumption is a vast and complex field in the economic life of society. Whether or not the consumption problem has been handled correctly is related to the development of production and construction, to the elevation of the standard of living of the people, and to the success or failure of the policy of social stability. The consumption policy our country is practicing at the present stage is that under the conditions of the improvement of the labor productivity rate, a steady increase in the fiscal revenues of the state, and a rational proportion between the accumulation fund and the consumption fund, the consumption level is gradually raised and the consumption structure is rationally improved. This policy is in conformity with the principles of Marxism and with our country's national conditions.

This policy correctly handles the dialectic relations between production and consumption and conforms with the basic motive of social production. Marxist principles relating to social reproduction denote that production, distribution, exchange and consumption constitute an integrated process of organic combination and reciprocal reliance for existence. A definite volume of production determines a definite volume of consumption. However, under definite conditions, consumption also determines production. This is because consumption is the direction and purpose of the normal operations of social production and is also the precondition and motive power of the development of social production. Through consumption, the reproduction of labor power is realized and the basic conditions for the continued operations of social production are created: By means of consumption, simultaneously with the satisfaction of mankind's original demands, new demands are generated and thereby promote society's two large categories of production to progress at the same pace and to grow in unison; by means of consumption, a precondition is created for opening up markets and expanding the scale and increasing the speed of circulation; and by means of consumption, the general process of social production can be examined to see if its various stages have operated normally and if the socioeconomic benefits are good or bad. It can thus be seen that consumption occupies an important position and plays an important role in social reproduction. Just as Marx said: "Without production, there will be no consumption, but, without

consumption, there will be no production because in such a case, production serves no purpose." ("Selected Works of Marx and Engels," Vol 2, p 94)

Since between production and consumption there is a dialectic process of a reciprocal role affecting each other, the kind of concept which negates consumption and lightly regards consumption but calls for "stressing production and slighting consumption" and "production first, consumption second" is erroneous. Lopsidedly restricting consumption will lead to evil results, such as social production losing its motive power, production of the means of consumption and the means of production and development of tertiary industry being hampered, and the people's standard of living and production and construction will be ill-affected. Hence, we must firmly abandon the policy of lopsidedly restricting consumption.

However, a policy of abandoning the restriction on consumption hardly means that consumption can be expanded unlimitedly or that a policy of high consumption should be enforced. This is because a definite consumption level must be suited to a definite level of income. At the present stage, our country's labor productivity rate is much lower than that of capitalist countries whose nationals enjoy high income and practice high consumption. We do not possess yet the conditions of enforcing high consumption. As everybody knows, the end distribution of national income is to the accumulation fund and the consumption fund and the consumption fund is again divided into the individuals' consumption fund and the social consumption fund. While the consumption fund is naturally all expended on consumption, a portion of the accumulation fund is also formed into subsequent or continued consumption, so-called nonproductive accumulation. Thus, the consumption fund and the portion of nonproductive accumulation of the accumulation fund both eventually become the actual consumption portion of the national income. Under definite conditions of the national income, the portion expended on actual consumption restricts the volume of production and construction funds. Therefore, it is necessary to handle appropriately the relations between the two. In this creative period of the growth of our national economy, if we lopsidedly encourage the principle of "being able to earn as well as to spend," and carry out the policy of high consumption, then the consumption fund will be greatly swollen. It will elbow out the production and construction funds and will lead to the development of the national economy losing its impetus, bringing about the excess distribution of the national income. This will naturally adversely affect the scale and speed of the development of social production. In the end, the consumption fund will have to be cut down and the excessively high consumption will have to be abandoned.

The correct way is: In the distribution of the national income, we should keep expenditures within the limits of income, make overall plans and take all factors into consideration, carry out an overall balance and correctly handle the relationship between the part and the whole, the present and the long-term future, living and production and the cities and the countryside. Of these, we should particularly put in good order the relationship between the trio sectors of reform, construction and livelihood. Starting from this principle, it is necessary to bring about, in a planned and controlled

manner, the growth of the consumption fund and maintain a suitable ratio between the accumulation fund and the consumption fund and between the consumption fund, the national income and the labor productivity rate, to the end that economic reform, production, construction and improvement of the standard of living will be mutually coordinated and will progress at the same pace.

This policy calls for acting according to one's capability and correctly guiding consumption in accordance with the consumption regulations. Enhancement of the consumption level is subjected to definite laws. First of all, the needs for the means of subsistence must be satisfied, that is to say, we must meet man's basic needs for food and clothing; on the basis of satisfaction of the needs for means of subsistence, we may proceed to seek the means of enjoyment and means of development. Enhancement of the consumption level should be governed by definite objective laws and should select a rational consumption structure.

At present, speaking as a whole, our country has basically solved the people's food and clothing problems and the people have begun to change over to a "comparatively well-off" type of standard of living. To conform with this change, the steps in raising the standard of living should not be too fast, or too big, but should be adequate, suited to the times, and in an appropriate degree so as to enable an all-round balanced growth of the various consumption items such as clothing, food, residence, articles of daily use and labor. Our country has a huge population. Relatively speaking, our cultivated land, grassland and pastures are rather scanty. At the present stage, and for a rather prolonged period from now on, the food composition of our people should be principally grain and other kinds of vegetable food and gradually change over to consumption of meat, fowls, eggs, milk and other kinds of food of animal life. Nutriologists of our country, reasoning from the standpoints of human physiological needs and the special features of the country, have advanced the theory that our food composition should constitute food grain as basic, supplemented by fruits, vegetables, beans, edible oils, and sugar and rationally increased by meat, fowls, eggs, milk and other kinds of food of animal life. In their deliberations, specialists have acknowledged this theory as, relatively speaking, reasonable. Indeed, there is no need for us to adopt in a wholesale manner Western food patterns. The clothing composition of our people should principally be based on cotton textiles and chemical fiber blend fabrics. Following the development of animal husbandry, we should gradually increase the consumption or use of pure woolen goods and leather-made goods. The acute shortage of electric power in our country is not anticipated to diminish in the near future. Hence, use of household electrical goods, particularly those which highly consume electricity, such as air conditioners, hot or cold air electric fans, and so forth, should be increased only to a limited degree. Their production and import from abroad should also be under control. Improvement of the residential conditions should also be gradual. Building areas should not be too large and construction standards should not be set too high.

Summing up the above, a consumption policy which is coordinated with production and calls for a gradual enhancement of consumption can abandon the metaphysic viewpoint of neglecting consumption and restricting consumption; it can also banish the erroneous tendency of overlooking the national conditions and lopsidedly seeking a high standard of consumption. On the one hand, it ensures the gradual advancement of the people's standard of living and, on the other hand, it helps economic reform, production, construction and improvement of the standard of living to progress in a concerted and coordinated manner and to promote each other's development. This thus is the correct consumption policy for our country to follow at the present stage.

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'REPORTS ON IDEOLOGICAL PROGRESS AND PROBLEMS' AND STANDARDS FOR PARTY MEMBERSHIP

Beijing RED FLAG in Chinese No 12, 16 Jun 86 p 41

[Article by Sheng Zuhong [4141 4371 1347]]

[Text] I have two friends who are intellectuals. One is close to 60 years old. In the early years after liberation, he firmly decided to give up a well-off life and good conditions abroad and, cherishing the idea of contributing his efforts to new China, returned to China. He earnestly submitted a request to join the party 30 years ago and, although all along he has vowed to adhere to this course, he is still "adrift" outside the party. The other friend is over 40 years old. He submitted an application to join the party in the early 1960's, but was only accepted for membership the year before last.

Speaking fairly, these two people seem much the same, being equally honest and enthusiastic and both cherishing a "pure heart." However, in the same unit, one of these persons was able to enter the party and the other was not. Where then lies the difference? According to the words of the younger of the two, "I have been more diligent in writing my reports on ideological progress and problems."

In those years when intellectuals were referred to by such restricting terms as "bourgeoisie," it can be imagined that it was very difficult for them to enter the "great door" of the working class vanguard. Since the 3d Plenum of the 11th CPC Central Committee, the party Central Committee has made great efforts in bringing order out of chaos on the question of intellectuals. However, it seems that there are still some of the old ideas and old customs around. Perhaps the experiences of these two friends in applying to enter the party show us some of these.

If intellectuals do not write numerous "reports on ideological progress and problems" and they cannot enter the party, some comrades think that it is because these intellectuals "have not drawn sufficiently close to the organization," "have not paid sufficient attention to politics" or "have not been entirely correct in handling the relationship between being Red and being expert." It is possible that the elder comrade is still outside the party organization for reasons such as these. How often "reports on

ideological progress and problems" should be written, what they should contain and so on have always been difficult to decide upon. I am not saying that there is absolutely no need to write reports on ideological progress and problems. It should be said that the most basic requirements of those comrades who wish to join the party is that they report their ideological situation to the party organization in a sincere, honest and voluntary manner. However, it must be said again that reports can be of various types and forms, and the number of reports written by someone on their ideological progress and problems cannot be taken as a standard for acceptance as a party member. In looking at whether a person can join the party or not, we must assess that comrade's actions on the basis of the party Constitution, see whether he is diligent in working for the four modernizations and whether he is contributing himself to the happiness of the people. If we only pay attention to the number of written reports he submits on his ideological progress and problems, is this not paying attention to trifles at the expense of the essentials? Being diligent in writing reports on ideological progress and problems so that one is seen as "getting close to the organization" and "keen on getting admitted," and people who are good at this get admitted, it could also produce another type of malpractice. That is, it will be easy for the small number of people whose motives are not good and who wish to join the party for private gain to avail themselves of the loopholes. They do not put their efforts into the four modernizations but spend their time trying to fathom their leaders' minds so that they will know how to write the reports on their own ideological progress and problems well. They are engrossed with external appearances and put all their efforts into this avenue.

When intellectuals desire to join the party, they should also be subject to a strict overall examination in terms of the standards for party members set down in the party Constitution. Many intellectuals dearly love the party, are close to the party and trust in the party, but they are not used to putting their feelings into words or onto paper. Rather, without attracting attention to themselves, they study their specialities, do their work diligently, subject themselves to stringent discipline and through this manifest their sincere hearts. Is not every invention or creation they realize in practice, every creative work, every article, and every achievement in work the best "ideological report" they can provide to the party organization? If we take the initiative to draw close to them and understand them, it will not be difficult to discover these sincere feelings. Enthusiastically helping them so that they meet party standards as quickly as possible is an unshirkable task of our organizational work. In the case of some comrades, what they call making a report to the organization actually refers to having reports made to them personally. "Being insufficiently close to the organization" actually means that someone is insufficiently close to them personally. Or else they feel that intellectuals have some "innate shortcoming" and unless they make several times the efforts made by other people, they should not be able to enter the party. This, I am afraid, is one of the reasons why intellectuals have difficulties entering the party.

It seems that we must further rid ourselves of the "leftist" ideological fetters, do away with the old formalist ideas and conventions like "the more reports made, the better" and eliminate the biases against intellectuals.

A DAUNTLESS, UNYIELDING MAN WHO ALTHOUGH LAME KEEPS A STRAIGHT BACK--REVIEWING
THE SILK STRING OPERA 'THE LAME SECRETARY CLIMBS THE MOUNTAIN'

Beijing RED FLAG in Chinese No 12, 16 Jun 86 p 42

[Article by Li Qingcheng [2621 1987 2052]]

[Text] In a village in the mountainous area of Hebei, the outgoing brigade leader desiring to provide his son and daughter-in-law with a place to live, makes use of his position and decides to take over some good fields to build them a house. A struggle to protect the farming land thus ensues...of course, following repeated intense arguments, the house is not built. However, struggles are tough, "harsh and perilous."

Only if works of literature and art reflect the emotions and the wishes of the people can they arouse a sympathetic response among readers and viewers. The modern opera "The Lame Secretary Climbs the Mountain" which has been written and is performed by the Shijiazhuang Silk String Opera Troupe deeply reveals the contradictions and struggles in real life and uncovers and criticizes those unhealthy tendencies which indeed exist in life (rural cadres using their positions to take over good fields on which to build houses is a very representative example). Thus, it has elicited a strong response among the viewers and when it was performed in the capital, it received favorable comments. The playwright, the director and the performers have used the silk string opera form, which has a long history, to successfully portray characters and reveal themes, in a way in which content and form create a consummate unity. The overall performance has a strong flavor of life and the fresh style of a comedy.

The images of the many rural grassroots-level cadres portrayed in the opera who have this or that type of problem and who all have a representative nature are: The deputy secretary of the brigade who uses his position to seek private gain; deputy commune head Wang whose revolutionary will has waned and who handles matters in a perfunctory way; deputy secretary Zhang of the county party committee who only reports good news to the upper levels and has no party spirit or principles; and the old team leader who capitalizes on his achievements in an attempt to seek private gain. Even the brigade security leader, a "minor character" who adjusts himself to the prevailing winds is depicted in the opera very vividly and keenly. It is from these people that the unhealthy trends blow, harming the interests of

the party and the people. "The Lame Secretary Climbs the Mountain" allows unhealthy trends to be criticized and negated through the laughter of the audience. At the same time, the opera successfully depicts the lame secretary who struggles against these unhealthy trends.

The character of the lame secretary is very real, kindly, touching and truly believable. He is reasonable and very human. He respects his mother, uncle and aunt, and sincerely loves his wife. His "stressing of humanity" does not violate principles and does not harm the interests of the collective or the state. However, those people who engage in unhealthy activities establish in all places "human relationship gates" and "relationship networks," and use these to achieve their goal of obtaining benefits through their positions. At times, they have no other option. The opera places stress on depicting how the lame secretary dares to go against the unhealthy tendencies and how he expends great efforts in this, as well as the winding course by which, with the support of the masses, he actually handles the difficulties. After repeated struggles, it is as if victory has been achieved, the performers have no more "drama" to act and the audience also thinks the show is ending. However, unexpectedly there is "trouble in the house." Facing his uncle sick in bed, his aunt wailing loudly and Dasheng and Xiaoxia kneeling imploring him, he is in a terrible fix. His mother takes up a stick and beats him until he aches and then his wife takes his place in receiving the punishment. Finally he is forced to cover his head and squat down. This description not only does not harm the qualities depicted in him but rather strengthens the authenticity and touching qualities of this character. This gives him quite a strong artistic appeal. The lame secretary's praiseworthy spirit of daring to abide by the party spirit and principles, to break through the "relationship network" and to resist the unhealthy tendencies has very real educational significance. In this lame commune secretary with the fine work style we can see our party's traditional work style and its great healthy atmosphere.

In the characterization of the lame secretary, the artistic creativity of the director and the performers has been given fairly full play. The playwright was very ingenious in using the term "lame." The commune secretary's lameness is not seen purely as a physiological injury. Rather, it is a wound from 10 years of catastrophe and this has some symbolic meaning. He politely refuses the "humanity" of his aunt in offering to nurse his injured leg, which brings more twists and turns to the story and adds further levels to the beauty of the spirit of the lame secretary. In actual life, lameness is not beautiful, but on the stage, this secretary has "beauty in lameness." The actors have not blindly sought a superficial reality and instead have studied lame people in life. Through repeated investigation and study, they found a movement which accorded with a sense of propriety. This allows the audience to have feeling for the lame person, but not to feel that he is a clown. It creates a "successful lame person" who conveys to people a sense of beauty. This results in the artistic image of the commune secretary, in the spiritual portrayal and depiction, reaching a high level.

The laughter and applause of the audience provides an impartial appraisal of this play. This is also encouragement for and commendation of, the playwright's creative attitude in warmly loving life, warmly loving the peasants, warmly loving the earth and in embracing the times. The success of "The Lame Secretary Climbs the Mountain" eloquently proves that life remains the source of literature and art. Some friends who advocate weakening the background of the times, and orienting things more toward self and who turn their backs on reality will gain some inspiration from this. I truly hope that these friends can, with their new works, win the great laughter and applause which has greeted this work.

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MAKE THE MOTHERLAND GREEN, BRING BENEFITS TO THE PEOPLE--READING THE
'SELECTED WORKS OF DONG BIWU ON FORESTRY'

Beijing RED FLAG in Chinese No 12, 16 Jun 86 inside back cover

[Book review by Ren Jingyang [0117 2529 7122]]

[Text] Comrade Dong Biwu, that outstanding national leader and proletarian revolutionary of the elder generation who enjoyed the great love and esteem of the people of all nationalities in the country, paid much attention to and was greatly concerned with our nation's forestry development while he was alive. "Selected Works of Dong Biwu on Forestry" which was published last year by the ZHONGGUO LINYE CHUBANSHE and which has been reprinted this year, collects together many speeches made and articles, poems and correspondence written, on the question of forestry by Dong Biwu while he was alive.

With the foresight and sagacity of a proletarian revolutionary, Old Dong called on the people of the whole country to feel an appropriate sense of urgency in respect of our nation's forestry development. "Go in for Forestry in a Big Way so as To Accord With the Needs of National Economic Construction" which is the first section of the "Selected Works" points out that China's forestry should catch up with that of nations like Finland and Sweden who are advanced in forestry. After citing the quantities of timber needed by the state and the current situation in forestry, he points out that now we should go in for forestry in a big way, rouse ourselves to catch up and realize the modernization of forestry so as to meet the needs of our national economic construction.

In respect of our nation's afforestation and greening work, Old Dong had an overall plan. He repeatedly stressed that if our nation's forestry was to catch up with that of the internationally advanced nations, apart from greatly developing afforestation in the large forestry areas of the state, it is more important that we mobilize the peasants, staff and workers, army men, students and all trades and businesses to engage in afforestation. This is the basic take-off point for swiftly developing our nation's forestry. In "Several Ideas on Afforestation," he pointed out that motivating the peasants to engage in forestry in a big way can ensure that there will never be shortages of timber. Having railway and highway operations take afforestation as a component part of their business is a

timber resource which has great potential to be tapped. All provinces and regions can use the troops stationed within their borders to annually engage in afforestation and, in a planned way, eliminate waste mountains and uncultivated land. The students of the nation are also a great force for afforestation. How then are we to realize this plan? In "Several Problems We Must Pay Attention To Resolving in Afforestation Work," Old Dong points out: 1) We must resolve well ideological problems. We must get clear that afforestation is not only a question of resolving the problems of the state's lack of timber and the people's needs, and that it is not only a specialized professional problem of the forestry departments. Rather, it is a question of guaranteeing the realization of an overall plan with agriculture as the base. 2) We must establish various systems and set down forestry rights. We must encourage the protection of forests and provide rewards for this. We must also condemn actions which harm forests and provide penalties for such actions. 3) We must formulate an afforestation plan. There must be a nationwide plan for the nation, provincial and regional plans for provinces and regions, and prefectural and county plans for prefectures and counties. Old Dong felt that after the plans are formulated, the most important thing would be to stress leadership. He said that party committees at the provincial, prefectural, county and commune levels should have a secretary or deputy secretary to manage forestry. In the governments, there should also be a governor or deputy governor, a director or deputy director, a county head or deputy county head, a commune leader or deputy commune leader to be separately responsible for forestry. When party committees and governments at various levels call work meetings, they must make arrangements for afforestation work and, when investigation work is carried out under leadership at various levels, afforestation should be a major component of the investigation.

If we want to completely realize the plan for afforestation and greening work, we must use the model experiences of individual points to guide overall work. That is, we should use individual points to guide overall work. In "A Letter to Comrade Tao Xijin," Old Dong praised the establishment of the Wutang experimental area in Yongning County, Guangxi as well as the experiences in improvement of seedling plots and the establishment of specialized organs and specialized teams. In "Afforestation and Greening the Earth Is One of the Regular Annual Tasks of the Rear Area Troops," he affirmed the experiences of the party committee leaders in a particular army unit who paid attention to this question, made overall arrangements and motivated the whole unit. He especially praised the senior officers for leading the way in working together with the troops and for taking the initiative to link up with local governments. Old Dong repeatedly stressed that provincial-, prefectural- and county-level cadres responsible for managing forestry should, after resolving problems of ideological understanding and setting down plans, carry the task down to the grass-roots level. They should personally go down to the communes and production teams to gain first-hand experiences, to help the communes and teams resolve their difficulties (including the fixing of forestry rights, seedling raising, the arrangement of funds and the explanation of technology). After experience has been gained, these should be gradually propagated.

Afforestation and greening the motherland is our nation's basic national policy. After the smashing of the "gang of four" and especially since the 3d Plenum of the 11th CPC Central Committee, the party Central Committee has carried on the work left by the older generation of proletarian revolutionaries, paid more attention to and shown more concern for our nation's forestry, and formulated a series of correct principles and policies for forestry work. The publishing of "Selected Works of Dong Biwu on Forestry" has a deep and rural significance in further encouraging the enthusiasm of the people of the whole country for changing the appearance of the mountains and rivers, for greening the motherland and for opening new prospects in forestry development.

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