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"Forum: Combine 'Double Increase and Double Economy' Campaign With Efforts To Deepen Enterprise Reforms"

*HK150447 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 p 2*

["Forum"]

[Text] China's national economy has maintained a healthy trend of steady development during the "double increase and double economy" campaign and the deepening of enterprise reform. However, the tasks to successfully fulfill the 1987 plan for the national economy and national budget and to realize the targets for increasing revenue and reducing expenditure can still be rather arduous.

To continue to maintain the steady growth of the national economy, relieve the existing difficulties, and develop the excellent situation the key lies in genuinely combining the "double increase and double economy" campaign with efforts to deepen enterprise reform. Reform is the direct motive force for "double increase, double economy," while the latter is the inevitable requirement and result of deepening reform. Enterprises are the greatest source of the state's financial and tax revenue. A solid material basis of finance is possible only when we deepen enterprise reform, further give play to the initiative of enterprises and workers and staff members, strengthen the vitality of enterprises, and improve their economic results. A basic experience of reform over the past few years is that efforts must be exerted to raise labor productivity and to promote the development of productive forces. A correct orientation and target of reform is guaranteed when this point is grasped. In pursuing the contracted management responsibility system, it is necessary to promote increasing revenue and reducing expenditure and to show in finance the results of the contracted management responsibility system, to guarantee steady growth of the national income. We should pay attention to studying and gradually solving all sorts of problems emerging in pursuing the system and guard against all sorts of short-term behavior of enterprises bringing injuries to the state and society. For example, to strictly guarantee the fulfillment of national income, it is imperative to earnestly implement the principle of "strictly contracting the base, guaranteeing delivery, allowing greater retention for greater profits, and assuming sole responsibility for deficits" in implementing the contracted management responsibility system. Regarding those enterprises under contract, it is necessary to gradually change the practice of returning loans prior to taxation into returning loans after taxation in order to change the condition of enterprises eating from "the same big pot" of the state, to ensure enterprises will take a firm grasp of their internal management and operation as well as technological progress, and raise funds on their own to seek their own development. With the implementation of the contracted management responsibility system, all enterprises should turn their attention to themselves and fully tap their own potentials for

increasing output and income and for increasing income through practicing economy. They must not shift their burden to others by resorting to measures in violation of state law and discipline, including raising prices or raising prices in disguise to seek improper income. It is imperative to strictly control the expansion of consumption funds and to guard against enterprises allowing too high wages and bonuses in distribution.

In pursuing the contracted management responsibility system, doing a better job in handling the relationship between the state and enterprises, and making complete and perfect the operational mechanism of enterprises, our basic objectives are to guarantee the long-range steady growth of national income and to strengthen the vitality of enterprises, so that enterprises will gradually acquire the capabilities of self-accumulation, self-transformation, and self-development to boost their reserve strength. Therefore, after implementation of the contracted management responsibility system, enterprises must base themselves on down-to-earth work, strict management, improving quality, economizing on all expenditures, lowering costs, and raising labor productivity. Enterprises must start from and base themselves on tapping their internal potentials to realize increase of output and income; by no means should they seek their own interests by seeking measures to shift their burden onto and to cause injuries to society.

At the conference of provincial governors in January 1987, a leading comrade of the State Council pointed out that we must soberly see that latent unstable factors still exist in our economic life. Superficially, they appear in the form of financial deficit, but essentially, the problems are excessive expansion in financial expenditures and excessive investment in fixed assets, which has exceeded our national strength, while the investment structure is far from rational. The disparity between the general social supply and demand has not been basically resolved. While increasing and improving general supply, it is necessary to focus on checking the excessive general demand. We must resolutely suppress the excessively expanded extrabudgetary investment in capital construction with self-raised funds in order to guarantee the key projects in the national plan. All departments, from the central level to all localities, must reduce expenditures in a big way, excessive nonproductive expenditures in particular. At the same time, it is necessary to continue to control the growth in consumption funds. We should advocate the spirit of hard work and bitter struggle and building up the country through thrift and hard work and resolutely correct the unhealthy style of seeking grandeur, extravagance, and waste.

We should earnestly implement the series of decisions of the CPC Central Committee and State Council centered on unfolding the "double increase, double economy" campaign and continue our efforts to deepen reform. We must base our efforts on the overall situation, overcome difficulties, do a good job of our work, and work hard to fulfill the tasks of increasing revenue and reducing expenditure.

New Material for the Study of Mao Zedong's Philosophical Thinking—Introducing 'A Collection of Mao Zedong's Comments and Notes on Philosophical Writings'

HK090400 Beijing HONGQI [RED FLAG] in Chinese No 17, 1 Sep 87 pp 3-9

[Article by Shi Zhongquan [4258 0112 3123]]

[Text] "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings," which will be on sale soon, is another volume of the series of Mao Zedong's special works edited by the CPC Central Committee's Party Literature Research Center (with the cooperation of other units). It is a collection of Mao Zedong's notes on and extracts from the philosophical writings on Marxism which he studied between the 1930's and 1960's. Most of them have never been published before. The publication of this volume will provide much valuable material for the study of Mao Zedong Thought and, in particular, his philosophical ideas. Thus, this is something which has great theoretical and practical significance. Following is a brief introduction to the book.

I. How Did Mao Zedong Write Comments and Notes on Philosophical Writings?

Mao Zedong had developed an interest in philosophy beginning in his early school years. He had critically studied many Chinese and foreign philosophical writings in his lifetime. However, many of these writings cannot be found now owing to the wars. Only 10 of these writings are incorporated in "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings." He studied 8 of these 10 writings when he was in Yanan and the other 2 after the founding of the country. As for the exact time when he wrote these comments and notes, he sometimes noted it clearly. However, in some cases, we can only try to infer it from what is said in the comments and the notes or from information about the publication of the particular editions of the writings he studied. There are a few cases in which we have difficulty figuring out even roughly the time when he wrote the comments and notes. Further research is required.

His comments and notes can be divided into two groups. Of the comments and notes in the first group, the more important ones include the comments and notes on the five books he studied in Yanan. The comments and notes on these five books constitute over 95 percent of the comments and footnotes contained in "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings." These comments and notes represent all the major philosophical viewpoints covered by the comments and notes contained in the volume and constitute its main body and most important part. The comments and notes in the other group are the comments and notes on the other five books. Of these five books, three of them he studied in Yanan and the other two after the founding of the country. These comments and notes are shorter and fewer in number. Only a few important

viewpoints are discussed in some of these comments and notes. In what follows, emphasis is placed on the question of how Mao Zedong wrote the comments and notes on the first five books he studied in Yanan.

(1) Comments and notes on "A Course in Dialectical Materialism," a book by Xiluokefu [6007 3157 0668 1133] and Aisenbao [1947 2773 1027], and others (third edition of its Chinese translation, hereinafter referred to as the third edition of "A Course"). Mao Zedong studied the book after his arrival in Yanan. It can be seen from Mao Zedong's markings that he had read this book many times. He marked the book sometimes with a regular pencil, sometimes with a red-and-blue pencil, and sometimes with a brush. It is very likely that he began making comments and notes in November 1936 and that he finished his last reading of the book in April 1937. This book has about 600 pages and contains 270,000 characters. The book was first marked with a regular pencil. Many symbols are found on each page. This shows that Mao Zedong marked the book page by page. Most of the comments and notes were in small characters written with a brush. It can be seen from the overlapping comments and notes that the ones written with a brush were made last. This tells us that Mao Zedong had formed many ideas after reading the book several times. Of the 10 works incorporated in the present volume, Mao Zedong had written most voluminously, 12,000 characters in all, on this work.

Mao Zedong's comments and notes on the third edition of "A Course" are either critical comments, critical summaries and abstracts, comments based on China's circumstances, or theoretical exegesis. Most of these comments and notes are about the theory of knowledge, dialectics, and, in particular, the law of the unity of opposites. According to our count, Mao Zedong had written about 1,500 characters on the law of the interchange of quality and quantity and the law of the negation of negation. However, he had written more than 6,000 characters on the law of the unity of opposites. This shows that Mao Zedong laid special emphasis on the law of unity of opposites. In discussing dialectics in his "Outline of Lectures on Dialectical Materialism," which he wrote afterwards, he began by asserting that the law of the unity of opposites, that is, the theory of contradictions, have not come about by accident. His study of this problem has greater depth than his study of other problems at least as far as theoretical preparations are concerned.

(2) Comments and notes on (Volume 1) of "Dialectical Materialism and Historical Materialism," a book edited by Mitin. The Chinese translation of this book was published in December 1936 and contains more than 340,000 characters. Mao Zedong did not make comments and notes on this work in the same way he did on the third edition of "A Course." He did not mark it page by page. Marks are found on 186, or two-fifths, of the book's 461 pages. The comments and notes are mostly on practice as a criterion of knowledge, the law of the

unity of opposites, and the law of the interchange of quality and quantity. The total number of characters in these comments and notes is over 2,600. Most, actually about half, of these comments and notes are about the law of unity of opposites. Next in length to these comments and notes are the comments and notes on the theory of knowledge. It is not said in the comments and notes when they were written. However, by comparing these comments and notes with "On Practice" and "On Contradiction," we have found that some of the remarks in the comments and notes are almost completely identical with some of the remarks in these two articles except that the latter are further elaborated on and expressed in more accurate terms in the two articles. One can infer from this that these comments and notes were part of Mao Zedong's direct [as published] preparations for writing the "two articles" and that they were written before July or August 1937.

(3) Comments and notes on Li Da's "An Outline of Sociology." When "An Outline of Sociology" was published in May 1935, Li Da sent a copy to Mao Zedong to ask for his opinion on it. Mao Zedong liked the book very much and recommended it to the Chinese People's Anti-Japanese Military Affairs and Political College and the Society of Philosophy, saying that it was not easy to produce such a work in the 10 years of reactionary rule. Mao Zedong critically studied this book between mid-January and mid-March 1938. The book has more than 800 pages and contains about 440,000 characters. Mao Zedong had read many parts of the book at least twice. Mao Zedong focused his comments and notes on the book's first chapter, which is about materialist dialectics, and the total number of characters in these comments and notes is about 3,400.

(4) Comments and notes on "An Anthology of Philosophical Writings," edited by Aisiqi [5337 1835 1142]. Since the outbreak of the war of resistance against Japan, people in Yanan had become very interested in philosophy. In late September 1938, when the Sixth Plenary Session of the Sixth CPC Central Committee was in progress, a new philosophy society was formed at Mao Zedong's suggestion. At this plenary session, Mao Zedong called on the whole party to extensively and thoroughly study the tenets of Marxism-Leninism. In February 1939, studies in Marxist philosophy were incorporated in the in-service training program for cadres. On 20 May 1939, presenting a report to a mobilization meeting held in Yanan on in-service training and education for cadres, Mao Zedong called for the launching of a study drive. Dialectical materialism was among the things to be taught and studied. "An Anthology of Philosophical Writings" was therefore published to meet the cadres' study needs. Published in May 1930, it is a collection of extracts from Chinese and foreign philosophical writings published in the 1930's. The book contains more than 370,000 characters. Mao Zedong had read it three times and written 3,200 characters of comments and notes on it. Mao Zedong's study of this

book was a continuation of his past philosophical studies as well as an instance of how he set an example for the party in philosophical studies.

(5) Comments and notes on (fourth edition of the Chinese translation) "A Course in Dialectical Materialism," by Xiluokefu, Aisenbao, and others. The fourth edition of the book is the same as its third edition. To be exact, it should be called the fourth printing. Mao Zedong had studied "A Course" more times than the other Soviet philosophical writings he studied in Yanan. It seems that he only critically studied the important parts of the fourth edition of the book. Where he wrote lengthy comments and notes in the third edition, he only wrote briefly in the fourth edition. The total number of characters in the comments and notes on the fourth edition of the book is about 1,200. The comments and notes were not dated. However, since the "March Conference on Political Participation," which was held in Chongqing between 1 and 10 March 1941, was frequently mentioned in the comments and notes, these comments and notes could only be written after March 1941. Another special feature of Mao Zedong's comments and notes on the fourth edition of "A Course" is that many of these comments and notes, in fact the comments and notes at more than 20 points, were written to criticize "Chinese subjectivism." This can be seen as a red line running through the comments and notes. "Chinese subjectivism" actually refers to something special. It is another term for Wang Ming's dogmatism. This means that Wang Ming's erroneous line originated from his subjectivism.

The other comments incorporated in "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings" are: The comments and notes on "Dialectical Materialism and Historical Materialism," a book written by Stalin and translated by Bo Gu [0590 0657], which Mao Zedong studied after December 1938; the comments on Aisiqi's "Ideological Methodology"; the comments and notes on "The Theoretical Foundations of Marxist Economics," a book written by Hajime Kawakami, translated by Li Da, et al.; the comments and notes on (Volume 3) of "A History of Chinese Philosophy," which is edited by Ren Jiyu; and the comments and notes on (internal discussion draft) of "An Outline of Marxist Philosophy," edited by Li Da, which he studied after 1965.

"Study Notes" is a collection of Mao Zedong's notes and abstracts on Aisiqi's "Philosophy and Life," which he studied in September 1937. In these notes and abstracts, he questioned and challenged some of the views discussed in the book and expressed his opinions. These abstracts and notes are similar in nature to some of his other comments and notes and can be regarded as comments and notes in the form of abstracts. His "Study Journal," which is also incorporated in "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings," was written between 1 February and 1 April 1938. This is the only extant study journal written by

him. It is a record of his progress in his study of Li Da's "An Outline of Sociology," Pan Zinian's [3382 2737 1628] "Logic and the Study of Logic," and Kelaosai-wei's [0344 0525 1049 4850 5412] "On War." The exact time when he wrote the comments and notes on "An Outline of Sociology" has been inferred from it. Therefore it is published as an appendix to his comments and notes on "An Outline of Sociology."

In "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings," about 23,000 characters are his comments and notes on the 10 books, about 3,000 characters are extracts, and about 1,000 characters are his study journal. In other words, about 27,000 characters in the book are attributed to Mao Zedong.

I must emphasize here that theoretical works were hard to find in Yanan during the war of resistance. In the preceding paragraphs, we singled out five books which Mao Zedong had critically studied. With the exception of "An Anthology of Philosophical Writings," marks, comments, and notes written by other people (sometimes as many as three) can be found on these books. This shows that these books were not regarded as Mao Zedong's personal property and that they were passed on from one person to another. However, Mao Zedong had critically studied most of them more than once. This also shows that Mao Zedong was then "studying very hard" and digging into theories.

II. The Relationship Between "On Practice" and "On Contradiction" and Soviet Philosophical Textbooks

Over the past few years, some comrades have published their views on the relationship between the "two essays" on the one hand and Soviet philosophical writings on the other. In addition, some comrades have also conducted comparative studies. Thanks to their efforts, some views have been modified and the study of the "two essays" is gaining in depth. However, it should be pointed out that some of these comparative studies have misled people. The publication of "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings" makes it possible for us, using these comments as an intermediate link and through a scientific comparison of the comments and notes with the original passages in the textbooks, to acquire a more objective and more comprehensive understanding of the relationship between the "two essays" and Soviet philosophical writings.

It can be seen from Mao Zedong's notes and comments that only the third edition of "A Course" and (Volume 1) of Mitin's "Dialectical Materialism and Historical Materialism" (hereinafter referred to as "Mitin's Work") are directly related to the "two essays" as far as their contents and exact wordings are concerned. (Based on textual criticism, some articles have suggested that some ideas in "An Outline of New Philosophy," also edited by

Mitin, are also incorporated in the "two essays." However, we have so far failed to find Mao Zedong's comments and notes on this book.) In the following paragraphs, I will discuss my views on the relationship between these two Soviet textbooks and the "two essays."

We can examine this relationship from two viewpoints. First, one should acknowledge that the "two essays" have absorbed and benefited from the positive things in Soviet textbooks. In expounding his ideas, a great thinker inevitably uses ideological material that has been accumulated. In writing his "two essays," Mao Zedong was not an exception to this. He repeatedly studied many books because he wanted to absorb ideological nutrition from them. It can be seen from his comments and notes that Mao Zedong had benefited from many ideas and the analyses of these ideas in the third edition of "A Course" and "Mitin's Work." He had absorbed many brilliant ideas and turned them into an organic part of his own works. It can be seen from "On Practice" that Mao Zedong had adopted from the third edition of "A Course" the view that knowledge of the external world is impossible without practice and the analysis of the perceptual and rational stages of cognition and, from "Mitin's Work," the view that practice can take many different forms and the analysis of the pre-Marxist materialist view that one cannot understand the dependence of knowledge on social practice without realizing the social character of man, and it can be seen from "On Contradiction" that Mao Zedong had assimilated from the third edition of "A Course" the views that minor contradictions are dominated [zhi yue 0455 4766] by major contradictions, that the major aspects of contradictions play a major role, that qualitatively different types of contradictions should be resolved in different ways, that opposites can fuse and merge, and that differences mean contradictions, the analyses of the special characteristics of various processes and various aspects of these processes and of the view that the struggle between opposites is absolute whereas the unity of opposites is relative, the critique of the theory of equilibrium, the analysis of the two views of development discussed in the book, the critique of the theory of external causes, the analyses of various types of movements and of the special characteristics of the contradictions peculiar to various developmental stages, and the examples of how Marx and Engels analyzed specific contradictions.

It is obvious that these views in the Soviet textbooks have been assimilated into the "two essays." It would be wrong to deny or try to overlook this. However, it should be pointed out that not all the views that have been assimilated into the "two essays" from the Soviet textbooks were first conceived by the authors of the latter. Some of the basic views were first conceived by Marx and Engels and some were ones commonly accepted by Soviet philosophers at that time. The authors of these textbooks had mainly elaborated on these views and

introduced a philosophical system. Soviet textbooks have influenced Mao Zedong, Chinese and foreign philosophers, and Marxist philosophers.

If our comparison of the "two essays" with Soviet textbooks stops here, our understanding will be very one-sided. Comparative studies should stress both similarities and differences. By carefully studying Mao Zedong's comments and notes, one can even more clearly see that although some of the ideological material in Soviet textbooks has been assimilated into the "two essays," they are not Chinese editions of Soviet textbooks. The purpose of the "two essays" is to sum up China's revolutionary experience from the viewpoint of Marxist philosophy and to criticize subjectivism and dogmatism, which gravely endangered China's revolution. In spirit, they are dominated by a combination of the tenets of Marxism with the realities of the Chinese revolution. They show the characteristics of "practical materialism." They are not pedantic, nor parochial, but have the magnificence of great theoretical writings. In addition, since they are a theoretical summing-up of China's revolutionary movement and since (according to Lenin) "the dialectics of matter gives rise to conceptual dialectics," the "two essays" have their important special characteristics and have contributed much to the development of Marxism. Specifically, compared with Soviet textbooks, the "two essays" show these two distinctions or special characteristics.

First, the "two essays" are a classical example of how to make Marxist philosophy Chinese and to realize it. Mao Zedong did not study philosophy for study's sake. He was looking for a tool for solving China's practical problems. One who scientifically and seriously studies the "two essays" without bias will find that they represent a painstaking and yet highly successful effort to make Marxist philosophy Chinese.

By analyzing the Chinese revolution from a Marxist point of view and by summarizing China's experience in this revolution, Mao Zedong had in a lively way implemented the principle of combining the tenets of Marxism with the Chinese revolution. For example, in his comments and notes on the view in the third edition of "A Course" that various types of contradictions differing in nature should be resolved by different means, Mao Zedong pointed out: "The national contradictions between China and Japan should be resolved by means of a united front formed with the bourgeoisie," "the contradictions between labor and management in normal times should be resolved by a workers' united front, and the contradictions between the correct line and erroneous tendencies in the party or within the revolutionary ranks should be resolved by means of an ideological struggle." Analyzing the transformation of opposites into an identity, he commented: "Under the condition of intense national contradictions, the KMT-CPC opposition will be transformed into an identity and then into a united front and, under the conditions of mass uprisings and world revolution, the opposition

between the united front and the aggressive front will develop into an identity and then lead to world peace." The language of these comments and notes is rather plain, simple, and unadorned and has yet to be refined. However, in the "two essays," its crudeness has vanished, theory and practice are fused into an integrated whole, the words are well-chosen, and the descriptions are accurate.

Mao Zedong had combined Marxist philosophical ideas with traditional Chinese philosophical concepts and ideas, thus giving the latter a scientific meaning and enlivening it. For example, in his "On Practice," he tried to relate the relationship between knowing and doing in Chinese philosophy with that between knowledge and practice and, in his "On Contradictions," he explained the identity in contradictions and the law of the unity of opposites in terms of the common Chinese saying "opposites always complement each other." Before the publication of the "two essays," few scholars had tried to study the history of Chinese philosophy, which was some virgin soil, from a Marxist point of view. Although the "two essays" were not written to discuss the history of Chinese philosophy, they provide an analysis of some traditional Chinese philosophical concepts and ideas from the viewpoint of Marxist philosophy and by applying its methods. Experience was thus gained in solving the problem of making Marxist philosophy Chinese. They are also a source of enlightenment and examples for future studies in the history of Chinese philosophy.

Second, the "two essays" are structurally more rigorous and complete than the Soviet textbooks. In addition, many formulations, analyses, and discussions in the "two essays" are clearer, more comprehensive, more systematic, and more profound than those in the Soviet textbooks. This can be easily seen from the comments and notes. We can compare "On Practice" with the analysis in the third edition of "A Course" of the special characteristics of the two stages of cognition, which illustrates its discussion with examples of how the proletariat understands capitalism. However, there are no generalizations. But there are generalizations in Mao Zedong's comments on the relevant passages: "emotional knowledge: one-sided, focused on phenomena, and characterized by external association"; "rational knowledge: holistic, focused on substance, and characterized by internal association." This elevation from illustrations and analyses of "individual" examples to scientific and abstract "general" analyses is a sublimation of knowledge. In "On Practice," Mao Zedong thoroughly analyzed and elaborated on the two stages of cognition, thus giving them a better theoretical form. In the third edition of "A Course," the relationship between emotional and rational knowledge was discussed as follows: "Practice shows that we do not immediately begin to understand things on perceiving them. However, this does not mean that we do not perceive whatever we understand. One who understands something can more accurately and more profoundly perceive it." Mao Zedong's comments on this passage read as follows: "Whatever is perceived

cannot be understood immediately. Things can be more accurately and more profoundly perceived if they are well understood." "Perception can only solve problems of phenomenon, whereas understanding can solve problems of substance. The substance of things can be understood only after it has been exposed through practice." These comments and notes are clearer and more profound than the original passages in the textbooks. The ideas expressed by these comments and notes have been assimilated into "On Practice," in which the words are well chosen and these ideas are expressed more accurately. This is also true of many other of Mao Zedong's comments and notes on dialectics. These comments and notes have been refined and assimilated into "On Contradiction," with the result that they now glow with splendor. I will not give examples of this here.

Third, having benefited from the Soviet textbooks, the "two essays" have introduced some new ideas and developed the tenets of Marxist philosophy.

Centered on the fundamental idea that the Marxist theory of knowledge is mainly a theory of practice, "On Practice" systematically elaborates on the Marxist theory of knowledge. In the history of the development of Marxist philosophy, it has the significance of a pioneering work. The idea of the two leaps in cognition, the view that knowledge is a concrete historical combination of the subjective and the objective, theory and practice, and knowledge and conduct, and the discussions on the ultimate law governing the process of cognition were all new things introduced by "On Practice" but not found in the Soviet textbooks.

"On Contradiction" clearly presents the concept of the opposition between the "universality of contradictions" and the "particularity of contradictions" and systematically analyzes the latter. This constitutes a supplement to and development of the ideas discussed in the Soviet textbooks. In the two Soviet textbooks, however, there is only the concept of the "particularity of contradictions." Although they have pointed out, on the basis of Lenin's idea, that the law of the unity of opposites is the most general law in the objective world concerning human understanding and that contradictions are always at work in objective processes, they have failed to arrive at the abstract idea of the "universality of contradictions." In his comments and notes, Mao Zedong did not make such a generalization and he only said that "contradictions exist universally." However, the "universality of contradictions" is a generalization of his "On Contradiction." The concept of the five states of the particularity of contradictions was a new concept introduced by Mao Zedong on the basis of his account and summary of the complicated contradictions at work in the course of the Chinese revolution after he systematized the discussions in the Soviet textbooks. In "On Contradiction," the universality and particularity of contradictions are treated as a pair of categories and the various states of

the particularity of contradictions are brilliantly analyzed. This way of handling the particularity of contradictions and these analyses are an innovation peculiar to Mao Zedong's thinking on dialectics.

The idea of the transformation of the principal contradictions, the non-principal contradictions, the principal aspects of a contradiction, and its non-principal aspects is also not found in the Soviet textbooks. In the third edition of "A Course," the decisive role played by the principal contradiction and the principal aspects of a contradiction is discussed with some examples. However, there are no further elaborations. Mao Zedong had written lengthy (1,200 characters) comments on this and, on the basis of a summary of China's revolutionary struggle, put forward the important idea that the principal contradictions and the principal aspects of a contradiction can be transformed into non-principal contradictions and the non-principal aspects of a contradiction, respectively, and vice versa. He wrote: "Which one of two" contradicting "sides is the principal side? It depends on the development of various processes under certain conditions. The bourgeoisie has been the principal side for a long time in capitalist societies. However, on the eve of revolutions or after revolutions, the proletariat will become the principal side." "In the confrontation between China and Japan, Chinese factors are changing from secondary factors into primary ones." "What is principal and what is not are interchangeable." The idea of transformation, that is, the idea that contradictions will be transformed so long as they exist, is thus thoroughly developed. "On Contradiction" elaborates on this idea in theoretical terms, thus developing Marxist dialectics.

In addition, the view that the relationship generality and individuality and between the absolute and the relative is the crux of contradictions between things, the view concerning the two meanings of identity and the difference between concrete identity and imaginary identity, and the idea of conditional, relative unity and unconditional, absolute struggle, which are presented in "On Contradiction," are developments of the ideas in the Soviet textbooks.

Fundamentally speaking, the "two essays" are a theory-construction endeavor. In the past, people either did not recognize or simply ignored the theoretical relationship between the "two essays" and the Soviet textbooks. But they tried to "exaggerate" their significance in certain respects. This is unrealistic. However, if one tries to deny or underrate the importance of the "two essays" in the history of the development of Marxism after correcting this prejudice, this is not a scientific attitude either. The "two essays" should not be regarded as Mao Zedong's personal property. Actually, they are part of the Chinese nation's contributions to modern philosophy.

III. Other Important Philosophical Ideas in the Comments and Notes

There is much in Mao Zedong's comments and notes on philosophical writings. Some of Mao Zedong's other

important philosophical ideas can be found in his comments and notes on other writings. I will focus my attention on the following points:

(1) Concerning the stages of cognition. One of Lenin's major contributions was his application of dialectics to the theory of knowledge. Most Soviet philosophy textbooks published in the 1930's mention Lenin's idea of "proceeding from animated intuition to abstract thinking and from abstract thinking to practice." They have all analyzed the dialectical process of cognition and have correctly elaborated on it. However, these analyses share a common failing. They cover only the stage between matter and consciousness and that between perception and thinking. After the fashion of Soviet textbooks, Li Da's "An Outline of Sociology" also suggests that "cognition both begins and ends with practice and is a developmental process that extends from matter to perception and from perception to thinking." Although this view is in keeping with the viewpoint of the materialist theory of reflection, it is incomplete, because human understanding does not end with rational thinking, but goes on until it comes to matter again and has to be reexamined through practice. Thus, Mao Zedong said in his comments on this passage: "And, also from thinking to matter." Elsewhere in his book, Li Da said: "When we analyze understanding, it is first necessary for us to expound the dialectics involved in the transition from matter to consciousness and, second, to expound the dialectics involved in the transition from perception to thinking. To expound the dialectics involved in the transition from matter to consciousness, it is necessary to develop the materialist dialectical theory of reflection." In his comments on this passage, Mao Zedong said: "And third, it is necessary to expound the dialectics involved in the transition from thinking back to matter, that is, to explain reexamination and renewed understanding."

These comments are an important supplement to the views expressed in the Soviet textbooks and in Li Da's book and have clearly defined the views that were later to be included in "On Practice." Elaborating on the movement of knowledge, Mao Zedong pointed out in his "On Practice" that: "The active function of knowledge manifests itself not only in the active leap from perceptual knowledge to rational knowledge, but—and this is more important—it must manifest itself in the leap from rational knowledge to revolutionary practice." As said in a preceding paragraph, the idea of the two "leaps" covers the entire movement of knowledge and represents an important development of the dialectical materialist theory of knowledge. In addition, these comments analyze the movement of knowledge as a three-stage process, thus deepening the idea of the "two leaps." Thus, in Mao Zedong's view, the process of understanding consists of "two leaps" and "three stages."

(2) Concerning the three major laws of dialectics. In the third edition of "A Course," these three laws are discussed in the same order in which Engels discussed them

and are also discussed from Engels' viewpoints. They have been re-ordered in "Mitin's Work." The law of the unity of opposites is discussed first in this book, which, among other things, maintains that the law of the unity of opposites "is, among the laws of dialectics, the most basic and most important one, and it has decisive significance." This represents some progress. However, in the book, the internal relationship among these three major laws are not discussed from this point of view. Although in his "An Outline of New Philosophy," Mitin suggested that the law of the interchange of quality and quantity, the law of the negation of negation, and many categories are the "discovery and concretization" ("discovery" [fa xian 4099 3807] could be a translation or typesetting mistake of "manifestation" [biao xian 5903 3807]—the author), he did not elaborate on this. Li Da's "An Outline of Sociology" has gone further than the Soviet textbooks. It explicitly asserts that as the most basic of the three major laws, the law of the unity of opposites "dominates other laws of dialectics, such as the law governing the change of quality into quantity and from quantity into quality, the law of the negation of negation, the causation rules, and the law of form and substance." He also pointed out that: "This fundamental law is the key to the understanding of other laws."

Mao Zedong took these views very seriously. These passages in the book are marked with straight and wavy lines and the word "dominate." The view in "On Contradiction" which suggests that "the law of the unity of opposites is the most basic law in materialist dialectics" is in keeping with the viewpoints of "An Outline of Sociology." However, this view is not elaborately elucidated in "On Contradiction." Since the founding of the country, Mao Zedong had elaborated on his views, pointing out that the three major laws are not parallel and that there is only one major law, not three. His views were most clearly expressed in the comments and notes he wrote in 1965 on "An Outline of Marxist Philosophy," a book edited by Li Da. He wrote: "The law of the unity of opposites is central to dialectics. Such categories as the interchange of quality and quantity, the negation of negation, connection, development, and so on are all accounted for by this central law." "The old practice of juxtaposing these laws is not quite acceptable. Lenin had basically arrived at this conclusion. Our task is to elucidate and elaborate on it." On this issue, Mao Zedong took Li Da's views seriously and had thrown new light on them in 30 years. Although the question as to the exact number of laws of dialectics and the relationship between them still remains controversial, it should be pointed out that Mao Zedong's views on it are very important.

(3) Concerning absolute struggle and relative unity. A whole section in "On Contradiction" is specially devoted to discussing this problem from the angle of the relationship between the relatively static state (quantitative change) and the observably changing state (qualitative change) of movement. The article suggests that since the struggle between two contradicting sides can be in

either a static state or a changing state and since contradictions can be resolved through qualitative changes, therefore, unity is relative and struggle absolute. These analyses, including his analysis of the conditional nature of identity (unity) and the unconditional nature of struggle, are all correct but inadequate. They have not answered this question: Why are they not both simultaneously absolute and relative? This question is analyzed in the comments and notes written by Mao Zedong in 1939 on the "Research Program" in Aisiqi's "An Anthology of Philosophical Writings." He pointed out: "Specific struggles take place under certain conditions. By saying that struggle is unconditional, one means that contradiction, not specific contradictions, is universal and everlasting." The meaning of the absolute nature of struggle is thus clarified. This means that the absolute nature of struggle does not refer to a certain specific contradiction nor to a particular form of struggle. As far as specific contradictions are concerned, struggle is conditional and relative and the unity of contradicting sides can become absolute. Mao Zedong went on to point out that: "Unity means the temporary settlement of things. The temporary settlement of things is temporarily absolute but eternally relative"; "temporarily, unity is absolute and struggle relative; in eternity, however, unity is relative and struggle absolute. Being absolute is being in a dominating position." These comments and notes tell us that relative unity and absolute struggle are interchangeable under certain conditions and that in either state, the unity of contradictions or the antagonism in them can play a dominant role in the development of things. Thus, the relationship between relative unity and absolute struggle is relative but not absolute. These comments and notes are an important supplement to "On Contradiction."

The recently published "A Collection of Mao Zedong's Comments and Notes on Philosophical Writings" is a book dealing with Mao Zedong's philosophical ideas. It can help people understand the formation and development of Mao Zedong's philosophy. One can foretell that an in-depth study of this book will make research on Mao Zedong's philosophical ideas very fruitful.

Make Efforts To Raise a New Generation of People—Written for Teachers' Day

HK170641 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 pp 10-12

[Article by Zhao Lingcheng [6392 0109 6134], professor in the Aircraft Department of the Xibei Industrial University]

[Text] It has been 38 years since I began my teaching career after my graduation from Nanjing University in 1949. For me, teaching is a sacred occupation. I have had a deep interest in and feelings for it. When group after group of graduates leave the university for society every year, I feel very happy about the growth of youngsters and the vigorous development of our cause.

The talented people our socialist country needs should also have excellent moral character apart from scientific and cultural knowledge. So, besides teaching, teachers should also care for the growth of students. I have persisted in my work like this for over 30 years. I make friends with my students, have heart-to-heart talks with them, and help them solve their study and mental problems. I still maintain close relationships with some of my students who have graduated from the university. They often write to me, telling me about their feelings and the ideological progress they have made. Of course, many have also expressed their gratitude to me. I keep some of their letters, believing that they are more precious than certificates of merit and medals.

Teachers play a decisive role in helping higher learning institutions realize their target of training youngsters into a new type of people who have ideals, morality, education, and discipline. Apart from propagating scientific and cultural knowledge, teachers should also give their students training in ideological soundness and morality. If teachers do not pay attention to their students' morality but are concerned only about propagating knowledge among them so that they can find "rice bowls" in the future, they cannot live up to the expectations of the party and the people. Teachers cannot avoid producing ideological influence on their students. Engaging in teaching work but not giving the students education in morality is being irresponsible to the students, and this can produce a negative influence on them. We say that youngsters are the future of the motherland, but if we are not concerned about them and do not provide the necessary environment and conditions for their healthy growth, is what we say nothing but empty talk?

Teachers are the propagators of knowledge. The basic method to give students education in morality is to carry out such education in the course of teaching them. The friendship between teachers and students is based on teaching. After the smashing of the "gang of four," because the mathematics research group of the university lacked mathematics teachers, I took the initiative in giving the students courses on "higher mathematics" and "engineering mathematics." I also helped some students make up courses on "algebra" and "geometry," which they did not have until the resumption of the university entrance examination system. Since I became a professor in 1981, apart from assisting postgraduates in their higher studies, I have also engaged in giving different courses to undergraduates. I give priority to the students' needs instead of haggling over problems about giving lectures on special or basic subjects or problems about performing duties listed in the plan or duties temporarily assigned. I always do my best to fulfill my duties. In my opinion, only when teachers do a good job in their teaching work will their students show respect for them and will what they say carry much weight and what they teach produce results.

In giving ideological education, teachers should first know their students well. Only when they know their students well can they educate and guide them according

to their specific conditions. Before giving lectures to students, I carefully review their "files" and have talks with student cadres to find out about their family situation, conduct, and records in study. Even if I am very busy in teaching, so busy as to teach several classes a day, I stick to this practice. To make more contacts with the students, I sometimes go to their canteen and dine with them. When assigned to take some students to a factory, I do not stay in the factory's reception center but in the factory's classroom, where the students stay. I always take part in the students' activities, including evening parties and sports needs. Every year on the days new students come to the university for registration, I always go to their dormitories to visit them. Apart from visiting these new students, I also make contacts with the parents who accompany their children to the university. In this way, I can have a better understanding of the students' situations. I met a new student in his dormitory in fall 1984. He was reticent, but what he said meant much. He had self-confidence. He failed a physics examination by the end of the first term. He was downhearted and decided not to continue his studies. After I learned this, I had talks with him and pointed out his weakness. At first he would not listen to my advice. I had a certain understanding of his character, so I had the courage to sharply criticize him. After a time, my criticism worked. He exerted himself and was full of spirit.

To understand and educate the students better, I often write letters to their parents or sometimes visit them so that they can cooperate with the university in educating their children. There was a student whose father was a party-member cadre. He was very strict with the student, but his mother doted on him. Although Chengdu is not far from Xian, she let him go back to the university by plane or on board a sleeping train. I wrote a letter to his mother airing my view on this problem and I took the opportunity of traveling on a business trip to visit her. I patiently persuaded her of the fact that only by encouraging the child to bear some hardship now can he adapt himself to a difficult situation in the future. I also said that it was inappropriate to allow the child to have a much higher standard of living than other students, as this might tear him from the masses. As a result of his parents' cooperation, the student made progress in both ideology and study. He is now studying abroad for a doctor's degree. By making frequent contacts with the students, I have come to know how quite a number of "poor families show undue kindness for their children": The parents drink water while the child drinks Coca Cola; the parents wear low quality clothes and cloth shoes while the child wears Western-style suits and leather shoes. But some young people sometimes grumble that their parents are not considerate enough of them. If this is not changed, how can we raise a new type of people? Therefore, I have paid more attention to giving education to the students in cooperation with their parents, with the aim of encouraging parents and members of the community to care for the healthy growth of young people.

Every word and action of teachers exerts imperceptible influence on their students. Students have a strong aversion to empty preaching. Principles should be disseminated among them, but dissemination of principles alone is far from enough to exert good influence on them. It is necessary for teachers to set a good example for students. This is an important way to exert good educational influence on students. In the relationship between teachers and students, teachers should treat students equally and not put on airs before them. I have set the following demands on myself: To be a good teacher, I should first be a good student; I should be able to do what I tell the students to do; and I should not do what I tell the students not to do. Not long ago, a postgraduate failed an examination. To maintain his academic degree, he asked someone to intercede for him. The teacher in charge of the subject quietly withdrew the notice for the student to sit for a make-up examination. Upon learning this, I expressed my strong objection and suggested that the original marks be kept. After my persuasion, the teacher agreed to my suggestion, and a correction was made by the leading group concerned. This was not a matter of major concern but involved the issue of how to educate the students. Do we not educate the students every day to oppose malpractices? Opposing malpractices should start with small problems, and teachers should take the lead in this connection.

Since teachers are the "initiators of intellect" and the "engineers of the soul," they should have a strong sense of responsibility for and set strict demands on their students. Last year, a student who had always received good grades in all subjects got stuck once in an examination. After writing down the answers at random for an hour, he left the examination room on the pretext of feeling ill. The homeroom teacher had always thought highly of him and immediately told the teacher in charge of the subject to treat the case as absence from an examination due to sickness. Subsequently, he was allowed to sit for a make-up examination on the same subject and received high marks. However, the high marks were not regarded as make-up marks. Half a year later, a similar case took place in an examination on one of the subjects I taught. A student requested that his failure in the examination be treated as absence due to sickness. I did not agree. He cited the "precedent" to defend himself. I still did not agree. After learning about the preceding case, I talked to the teacher concerned, who finally agreed to changing the high marks the student had received to make-up marks. Not long after this, I had talks with the latter student and explained to him the necessity of correcting the erroneous idea. This made him understand that although he had a failure record on his study report, a black point had been wiped out of the mind.

Only when we cherish love and enthusiasm for students can we help them grow healthily. There was a student who received good marks when he just entered the university, but he later spent too much time reading novels and was sometimes absent from classes. This

brought about a sudden decline in his studies. Apart from not taking part in collective activities, he refused to turn off his light at bedtime because he wanted to read novels. So, his relationships with his fellow students were not harmonious. After making contacts with him, I discovered that he was very clever and had a good foundation in study. I said to myself that he would soon make progress if we helped him correct his attitude and handle well the relationships between his studies and after-class activities. I wished to have a talk with him, but he avoided me on several occasions. I did not get angry, nor did I lose heart. During the final examination, I heard that he was not going home for the summer vacation. I decided to change my summer vacation plans so that I could help him make up his lessons and gave him encouragement. During the summer vacation, I asked him to stay with me. I helped him review his lessons every morning and gave him an examination once a week. In the beginning, he sometimes read novels until midnight and woke up late the next morning, but I did not criticize him. I kept preparing breakfast for him for several mornings. He felt so embarrassed that he no longer woke up late but began to review his lessons seriously. Taking advantage of this opportunity, I told him that "laziness in youth spells regret in old age," that the country needs talented people, and that the "four modernizations" require knowledge. Subsequently, he made great progress. After graduation he was assigned to work in a factory, where he was commended for his good work.

Although not an instructor, I am accustomed to helping my students solve their problems. Does this not affect my teaching and research work? As I see it, it will not so long as one can handle it properly. To ensure that I have enough time for research work, I use my spare time to help my students with their studies. In this way, I can help solve their problems without delay. This is beneficial to improving my teaching quality, instead of affecting it. Many newcomers in 1986 found it difficult to understand lessons taught in English. After attending several classes, I had talks with one of the new students who had the most difficulties to tackle. I helped him review his lessons 1 night a week. As a matter of fact, his grammar was all right and he had a certain vocabulary, but he was too nervous and timid. I told him that his foundation was not bad and encouraged him to listen attentively to others and be bold in speaking English. A term passed and he caught up with others in English lessons.

I have cultivated deep feelings for my students. I am concerned about what is on their minds and take as my own their studies, life, sports activities, and physical work. Every time I return from business trips, I always visit them first. When students in some cities of China took to the streets in late December last year, I went to the students' dormitories and had talks with them on the student demonstrations. They aired their views on China's economic development, reform, and the general mood of society. Affirming the correct part of their

views, I briefed them on my experiences before and after liberation and on what I had seen and heard in the country and abroad. I instructed them to view problems in reforms in a dialectical way, to treasure and preserve the good situation of stability and unity, and to differentiate between right and wrong in matters of political principle and orientation. As a result of our frequent contacts, they were willing to listen to my advice.

The general principle and general policy on reforms and opening up to the world have now taken root in the hearts of the people, and great changes have taken place in various trades and undertakings. To adapt themselves to this situation and educate their students well, teachers of higher learning institutions should continue to study, go deep into the realities of life, find out about new situations and new problems, and emancipate their minds in the course of reforms and opening up to the world. This will help improve the results of teaching and enable the students to grow into a new type of socialist people in the direction pointed out by the party.

How China Embarked on the Socialist Road
HK011101 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 pp 13-18

[Article by Xue Muqiao [5641 2550 2890]: "How China Embarked on the Socialist Road"]

[Text]

I.

Marx and Engels predicted that socialist revolution would win victory first in the most advanced capitalist countries, probably simultaneously winning victory in several such countries. Historical developments have surpassed their predictions. Socialist revolution won victory first in Russia, where capitalism was relatively less developed. Lenin explained the reasons for this victory. After the end of World War II, China, a semi-colonial and semifeudal society, won victory in its socialist revolution. This surpassed even further the expectations of Marx and Engels.

Before the victory of the revolution, capitalism in China was in its elementary state of development. To be sure, China already had at that time the metropolis of Shanghai, which could well be ranked among the few large capitalist cities in Asia. However, as China was then under the control of imperialist powers, it was imperialist rather than national capital that held a dominant position there. In addition to imperialist capital, there was also bureaucrat capital attached to the former. When combined, they squeezed national capital out. This was why the national bourgeoisie was weak and incompetent. At that time, China had a population of 500 million people, of which 90 percent were peasants. They were subject to feudal exploitation of all descriptions under the rule of the feudal landlord class. In collusion with the landlords, merchants, and users in the rural areas,

imperialist and bureaucrat capital divided up the fruits of feudal exploitation. Under the oppression of the three big mountains of imperialism, feudalism, and bureaucrat capitalism, the Chinese workers and peasants urgently needed a revolution. Since the weak and incompetent national bourgeoisie failed to lead them in making revolution, history entrusted leadership of the revolution to the CPC, which represented the interests of the working class and the broad masses of peasants.

The CPC is a Marxist party of the working class but under the then concrete conditions in China, we were carrying out an anti-imperialist and antifeudal bourgeois democratic revolution. Bureaucrat capital was the ally of imperialism and feudalism, and moreover, became the latter's agent in the political arena. Hence, they became the major targets of the revolution. As for the national bourgeoisie, not only were we not opposed to it but we adopted a policy of forming an alliance with it. We confiscated only bureaucrat capital and not national capital and under certain conditions, we helped it develop. In 1949, on the eve of the victory, the Communist Party clearly announced the three major economic policies of the new democratic revolution: 1) confiscate the land of the feudal class and turn it over to the peasants; 2) confiscate monopoly capital of the KMT [Kuomintang] reactionary rulers, namely, bureaucrat capital, and turn it over to the new-democratic state; and 3) protect the industry and commerce of the national bourgeoisie. Why should we protect the industry and commerce of the national bourgeoisie? Comrade Mao Zedong said: "In view of China's economic backwardness, even after the countrywide victory of the revolution, it will still be necessary for a long time to permit the existence of a capitalist sector of the economy represented by the extensive upper petite bourgeoisie and middle bourgeoisie. In accordance with the division of labor in the national economy, a certain development of all parts of this capitalist sector which are beneficial to the national economy will still be needed. This capitalist sector will still be an indispensable part of the whole national economy." ("Present Situation and Our Task") The "Common Program" adopted by the People's Political Consultative Committee held when New China was founded again clearly stipulated: "The people's government should encourage the enthusiasm of all privately owned economic businesses that are conducive to the national economy and the people's livelihood for operation and support their development." The "Common Program" stated: At that time our country was a new-democratic rather than socialist state.

However, the new-democratic economy was apparently different from the ordinary capitalist country. After the highly monopolistic bureaucrat capital, which held a predominant position in the Chinese capitalist economy, was confiscated and turned over to the state under the leadership of the proletariat, it became part of the socialist sector of the economy and held a leading position in the national economy. Although the KMT bureaucrat capitalists took their movable property with

them when they fled, because they left in a hurry, the fixed assets they left behind still constituted about 80 percent of the total fixed assets of the nation's industrial-land transport and communications sectors. During the early days of liberation, many state-owned enterprises were shut down or partly shut down, having been sabotaged by the KMT. Therefore, in 1950 the output value of state-owned industries was less than that of privately run capitalist industries and beginning in 1951, the former exceeded the latter. During the period of the liberation war, the KMT-issued paper currency and gold yuan certificates devalued rapidly, seriously damaging economic ties between the cities and the countryside. After liberation, the state universally established supply and marketing cooperatives and took most major farm produce, such as grain and cotton, in its hands. Privately owned industries (then mainly textile mills and flour mills) established a relationship with the state of processing materials or supplying manufactured goods for the state according to orders placed. Thus, they gradually embarked on the road of state capitalism and by then they were semi-socialist in nature. Therefore, the conditions for socialist transformation had ripened far earlier than expected. In 1953 the party put forth the general line for the transition period to accomplish the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce within 3 to 5 years or longer and this was enshrined in the new Constitution adopted in 1954.

II.

In conducting the socialist transformation of capitalist industry and commerce, we adopted the method of proceeding in an orderly way and step by step. On the eve of liberation, a small number of national capitalists fled overseas due to their ignorance of the party's policies and after liberation, we propagated the policy of "giving concurrent consideration to the public and private sectors of the economy and being of benefit to both labor and management" which was aimed at protecting the industry and commerce of the national bourgeoisie. We took powerful measures to curb the vicious inflation that had lasted for 12 years in succession during the war years and promptly conducted exchanges of goods between the cities and the countryside to overcome the serious difficulties in industrial and agricultural production resulting from many years of war. In 1949 the total output value of the nation's heavy industry (mainly state owned) dropped by about 70 percent from its record-high year (1936), that of light industry by about 30 percent, and that of agriculture by about 25 percent. By 1952 we had restored production in these fields and surpassed record highs; all this was achieved within just 3 years. At that time, both privately owned industry and commerce and the state economy developed rapidly. This played an important role in meeting market demand and the needs of the people's livelihood. Many capitalists repaired their outdated equipment and a small number of them invested in setting up some new factories. After the movement against the "five evils"

(bribery, tax evasion, [theft of state property,] cheating on government contracts, and stealing of state economic information practiced by privately owned industrial and commercial enterprises) was launched and the the general line for socialist transformation was promulgated, privately owned industrial and commercial enterprises just wanted to let things go on as they were and increased production by relying on existing equipment. They were reluctant to invest in the enterprises' renovation and expansion. To meet the ever increasing needs of society, the state invested in some privately owned factories and renovated and expanded them. Hence, state and private joint operation was practiced. The production of all joint state-private factories developed noticeably more rapidly than that of private owned factories. Therefore, in 1954 more and more privately owned factories asked to join the state and private joint operation scheme. Therefore, aside from processing materials and manufacturing goods for the state according to the orders placed, an elementary form of state capitalism, there also emerged a state and private joint operation, an advanced form of state capitalism which contained more socialist elements.

In 1955 the output value of state-owned industrial production constituted 67.7 percent of the total output value of industrial production, that of privately owned industrial production, 16.1 percent, that of the contract-based private processing sector, 13.2 percent, and that of privately owned industrial businesses which sold their products through their own channels, 3 percent but, they were still many in numerical terms. These ratios were already able to ensure the socialist sector of the economy occupied a leading position in the national economy. At that time, most of the relatively big privately owned industrial and commercial enterprises had become joint state-private enterprises and some of the remaining large numbers of small privately owned industrial and commercial enterprises asked to join the state and private joint operation scheme. Influenced by the upsurge of the cooperative transformation of agriculture, in January of 1956, leading their staff members and workers, owners of the privately owned industrial and commercial enterprises in Beijing went to Tiananmen Square, beating drums and gongs to celebrate the State Council's approval for the conversion by whole trades of capitalist industry and commerce into joint state-private enterprises. Immediately after that, the movement spread to all corners of the country. The State Council promptly accepted the request by various localities and trades to form joint state-private enterprises. Nevertheless, it was impossible for such a huge number of privately owned small factories to be converted to joint state-private enterprises one by one. They had to be put under the state unified management and those which should have been amalgamated were amalgamated and those which had to be eliminated were eliminated. Previously, joint state-private enterprises were given dividends according to the number of shares they held and the amounts of profits they created and calculating was done on an enterprise-by-enterprise basis. Now, their assets were

calculated, checked, and ratified in a unified way and they were given dividends at an annual 5 percent interest rate. In this way, the ties between the former owners of enterprises and the enterprises they owned were in reality cut off. They just received dividends without participating in the management of the enterprises, and the amalgamation and elimination of the enterprises were entirely put in the hands of the state. Most small privately owned factories were merged into cooperative factories and most small privately owned shops were allowed to operate under the heading of "state and private joint operation" and in reality, they still assumed sole responsibility for their profits and losses.

The conversion by whole trades of capitalist industry and commerce into joint state-private enterprises means completion of the socialist transformation of capitalist industry, commerce, and handicrafts. In 1956 the output value of state-owned industrial enterprises comprised 67.5 percent of the total industrial output value and that of joint state-private industrial enterprises, 32.5 percent. Privately owned industrial enterprises were basically non-existent [as published]. In wholesale commerce, state-owned commerce accounted for 82 percent, supply and marketing cooperative commerce, 15.2 percent, and cooperative commerce, 2.8 percent. In retail commerce, state-owned commerce comprised 68.3 percent, cooperative commerce, 27.5 percent, and privately owned commerce, 4.2 percent. The Eighth National Congress of the CPC held in September of 1956 announced the basic completion of socialist transformation. At that time, Comrade Chen Yun held that small handicrafts and small commercial businesses should not be amalgamated excessively, otherwise, the number of product varieties and shops would drop, causing difficulties to the people's livelihood. Comrade Liu Shaoqi also stated: State owned enterprises can hardly meet the entire market demand and we should intentionally retain some privately owned enterprises and let them occupy the areas of endeavor that state owned enterprises cannot reach and if the areas they occupied expand to the limit the state owned industry can reach, the latter should take them and we should let privately owned enterprises occupy new areas of endeavors. Now it seems their suggestions were very important.

With regard to capitalist industry and commerce, unlike the Soviet Union which pursued a policy of confiscation, we adopted a policy of "utilization, restriction, and transformation" and embarked on the socialist road from the elementary to advanced form of state capitalism. With the adoption of such a policy, in the course of the transformation, the production of these privately owned industries increased by nearly 100 percent (in 1950-56) instead of decreasing. Along with this, socialist state owned industries grew by nearly 1,000 percent (during the war in 1949, most of them suspended or reduced production), of which, during the 3-year recovery period, they registered an increase of 300 percent and in the subsequent 4 years, they continued to increase by

150 percent. During this period, the superiority of socialism was quite evident. However, the conversion by whole trades of capitalist industry and commerce into state-private joint enterprises was carried out as "an immediate response to the call," some acting voluntarily, and some not. Some capitalists beat drums and gongs in Tiananmen Square by daylight to celebrate the changeover by whole trades of capitalist industry and commerce into state-private joint enterprises but, together with their wives and children, they sobbed at night for the loss of the family businesses they had operated for many years. At that time, facing competition from the powerful state owned and joint state-private industrial enterprises, some small factories could barely survive, just as the person who was then chairman of the Association of Industry and Commerce said: "You have eaten fat meat and should take care of the remaining bones and not throw them into the dustbin." To take care of the small factories, you should amalgamate and reorganize them. Some of the large mechanized factories then under the jurisdiction of the "Second Light Industrial Bureau" were formed by amalgamating the many small handicraft factories. However, at that time, there were also many small industrial and commercial enterprises which were invigorated and they "occupied the areas of endeavor that socialism could not attend to." This was still permitted by the people. At that time, we should have dealt with each case on its merits and refrained from building up such a momentum that even mom and pop stores that continued to assume sole responsibility for their profits and losses vied with one another in putting up the sign board of "a state-private joint operation." The present rising of numerous individual businesses and small privately owned enterprises shows that we went too far with the transformation we carried out in the past.

After the changeover by whole trades of capitalist industry and commerce into joint state-private enterprises was achieved, the bourgeoisie was given fixed interest at an annual rate of 5 percent. At that time, some capitalists and their representatives wanted to receive fixed interest for 2 decades. In other words, they wanted to take back their whole capital by installments. The government decided to give them fixed interest for 10 years and to re-discuss the matter after the term expired. In 1966 when the "Great Cultural Revolution" began, the fixed interest scheme was completely abolished. In the course of the changeover by whole trades of capitalist industry and commerce into joint state-private enterprises, we raised the call of turning the capitalists into laborers who supported themselves by their own labor. In a socialist state, the capitalists never find it respectable to be declared capitalists. Therefore, in addition to fixed interest, greater concern was shown to them by giving them jobs. In transforming privately owned enterprises into joint state-private enterprises, the government made proper arrangements for the former enterprise leaders so that they could retain on the whole their former job payments. The defect of this practice was that the authority of enterprises was entirely put in the hands of

the leaders of enterprises sent by the government side and most former leaders of enterprises from the private sector were just figureheads. More often than not, the newly appointed leaders from the government side were not good at using the rich experience of the former capitalists and their representatives and regarded them as "burdens." Comrade Chen Yun repeatedly said: Instead of being "burdens," capitalists and their representatives who have rich experience in professional work are "precious wealth." Now looking back at what we have done before, we find that we made inadequate use of such people's experience in professional work. In a socialist state, instead of a target of struggle, the national bourgeoisie is a target that should be united. This can be said to be a great creation of China's socialist transformation.

The socialist transformation of individual agriculture in China was achieved on the basis of manual labor and a semi-natural economy and through the cooperative movement. During the period of the liberation war, we carried out agrarian revolution in the old liberated areas and after the whole nation was liberated, agrarian revolution was extended to every corner of the country and entirely completed in 1952. The enthusiasm of the peasants who were granted land for production ran noticeably higher. During the 3-year recovery period from 1950 to 1952, the annual growth rate of agricultural production was over 10 percent. After the general line for the transition period was promulgated, we called on individual peasants to organize cooperatives on a voluntary basis and step by step. After the agrarian revolution, the peasants, in particular poor and lower-middle peasants, demanded to take the road of mutual aid and cooperation. However, as they had just got the land for which they had been longing day and night for several thousand years, most peasants wished to lead a small farmer life for several years more. Therefore, they were not so enthusiastic about the cooperative movement. In 1952 the number of peasant households involved in the movement to form cooperatives constituted just 2 percent of the nation's total and moreover, the cooperatives were elementary cooperatives characterized by private ownership of land. In July 1957, Chairman Mao delivered a report "On the Cooperative Transformation of Agriculture," criticizing the cooperative movement for going too slowly like "a woman with bound feet." This brought about an upsurge in the cooperative movement. At the end of 1955, the number of peasants joining the cooperatives which were all elementary ones increased by 14.2 percent. At the end of 1956, the number drastically jumped by 96.3 percent, of which 87.3 percent joined advanced cooperatives. In 1957 the number continued to climb by 97.5 percent, of which 96.2 percent joined advanced cooperatives. Judging from these growth rates, the peasants did not join the cooperatives entirely of their own free will. With their enthusiasm for production beginning to be dampened, the growth of increased production dropped gradually. As the advanced cooperatives had not been fully consolidated, in 1958 we hastily and universally established the rural

people's communes which were "large in size and collective in nature" throughout the nation, resulting in a sharp drop in the 1959 agricultural production. This served as an important reason for the 3 years of economic difficulties. Chairman Mao promptly turned the people's communes into "three-level ownership by the commune, the production brigade, and the production team, with the production team as the basic accounting unit," making smaller units the basis of cost accounting equivalent to elementary cooperatives. Production began to pick up in 1962.

Under the practice of "three-level ownership by the commune, the production brigade, and the production team, with the production team as the basic accounting unit," a county and even a province would often issue unified regulations on what crops should be planted by the production teams to fulfill the tasks of unified state purchases of grain and cotton. Rigid controls were also imposed on sideline production and many sideline occupations were cut off as the "tails of capitalism." Transformation in the circulation field was carried out more thoroughly, with state-owned commerce practicing monopolized management in the cities and supply and marketing cooperatives doing the same in the rural areas. Although there was still country fair trade in urban and rural areas, it was confined to the peasants and long-distance transport of goods for sale by businessmen was not permitted. In 1978 I went to Anhui Province to conduct a survey. A supply and marketing cooperative director informed me that the number of small local products in the rural areas of the province dropped by 70 to 80 percent as compared with the early days of liberation. The reason was that previously small traders and peddlers undertook long-distance transport of goods for sale but now they were eliminated. Supply and marketing cooperatives were so busy that they could hardly manage to accomplish their purchasing tasks—purchasing products and therefore, they were unable to handle these small local products. In the past, county towns in the rural areas were centers of commodity exchange between the cities and the countryside. During the early post-liberation period, shops could be found in great numbers in county towns bustling with activity. During my stay at a county town, there were just a few state owned shops and supply and marketing cooperatives there and the town seemed somewhat desolate.

Since the 3d Plenary Session of the 11th CPC Central Committee, the economic reform started from China's rural areas has made achievements that have attracted world attention. With the introduction of the rural structural reform in our country centering on the system of contracted responsibilities on the household basis with payment linked to output, a system of double-tier management has been practiced, thus smashing the convention of the "three-level ownership by the commune, the production brigade, and the production team, with the production team as the basic accounting unit." Practice has proved that this tallies with the actual conditions in our countryside. Agricultural production is

of a seasonal nature. It needs flexibility in changing labor tasks as the climate changes. Even if mechanization has been achieved, large-scale collective labor is not necessarily suitable for agricultural production. In a country like ours where manual labor is predominant, organizing farm hands into a production team to go to work and finish work simultaneously is detrimental to the combination of labor force with sideline production and the flexible use of labor force. Therefore, the system of contracted responsibilities on the household basis, with payment linked to output is distinctly superior to the collective labor organized by the production team. However, during the agrarian revolution in our country, instead of being nationalized as was the case in the Soviet Union, land was distributed to the peasants, with good and poor land mixed in various proportions and more often than not, a peasant household owned separate plots of several mu of land. In old China, land was repeatedly carved up into very small plots generation after generation. Unless they were merged and leveled, it would be impossible to achieve the mechanization of agriculture and to bring all farmland under irrigation. The cooperative transformation of agriculture played a positive role in this regard. It was able to solve problems that could not be solved by a single peasant household. In the agricultural areas along the southeastern coast regions where the commodity economy is relatively developed, small-scale township and town industries had earlier been started and thus played a positive role in absorbing rural superfluous manpower, boosting the peasants' income, and providing commodities needed by the market. Now some small-scale township and town industries have developed into larger-scale mechanized township and town industries. Of course, rural reforms should be deepened to meet the needs of the development of modernization of socialist agriculture.

During the First 5-Year Plan, while conducting socialist transformation, we carried out planned, large-scale economic construction. At that time, we followed the Soviet planned management patterns but, because before socialist transformation was completed various economic sectors coexisted side by side, this necessitated an extensive exchange of goods, so the drawbacks of the Soviet patterns had not been fully revealed. Equipped with the then advanced technology, the Soviet Union and some other East European socialist countries helped China carry out 156 major economic development projects and we also used the machinery, equipment, and funds they provided to build many key projects, thus laying an initial foundation for China to build a complete industrial system. The 156 projects with the stress on heavy industry were all necessary at that time, because our financial resources were limited. We used construction funds in those aspects most necessary for building a complete industrial system in accordance with united planning and achieved very noticeable results. During the First 5-Year Plan, the country's industrial production grew on average by 18 percent a year, displaying the superiority of socialism. However, attaching

too much importance to heavy industry made the burdens on the peasants excessively heavy. During the 5-year period, the growth rate of agricultural production dropped to 4.5 percent. This was a defect. In 1956, Chairman Mao's "On the Ten Major Relationships" pointed out this defect. However, in 1958 we began practicing the notion of "taking steel as the key link," gave further prominence to heavy industry, and effected the 5 years of the "Great Leap Forward," with grave consequences. Before 1957, our guests from Western countries were profuse in their praises of our socialist transformation and socialist construction and regarded them as a miracle. What a pity we became hotheaded. The 3 years of the "Great Leap Forward," and, in particular, the "Great Cultural Revolution," sapped the country's vitality and dimmed the radiance of socialism.

III.

Now let us review what we have done in the past and sum up historical experiences and lessons. In China under the rule of imperialist powers and feudal forces, the national bourgeoisie did not have the power to lead the antiimperialist and antifeudal national democratic revolution. After repeated failures, the forerunner of bourgeois democratic revolution Dr Sun Yat-sen finally realized that it was necessary to "take Russia as the teacher," to rely on the broad masses of workers and peasants, and to practice the "Three Great Policies"—alliance with Russia, cooperation with the Communist Party, and assistance to the peasants and workers. Initial victory was thus won in the Great Revolution in China by relying on the first cooperation between the KMT and the Communist Party. After the Northern Expeditionary Army seized Shanghai and Nanjing, Chiang Kai-shek massacred the communists and the Great Revolution that came close to being victorious ended in failure. This led to the anticommunist civil war and the civil war between warlords with imperialist powers as the backdrop which lasted for 10 years. After the Xian Incident, Chiang Kai-shek was compelled to accept the proposition of the second cooperation between the KMT and the Communist Party. The KMT government army conducted operations on the front and the people's army led by the Communist Party persisted in the war of resistance against aggression in the enemy's rear areas. However, Chiang Kai-shek's "passive resistance against Japan and active opposition to the Communist Party" weakened the forces of resistance against Japanese aggression. After the victory of the war of resistance against Japan, relying on U.S. imperialism, the KMT reactionaries waged a counterrevolutionary civil war. The Communist Party, forced to rise in self-defense, thoroughly overthrew the KMT reactionary rule, toppled the three big mountains weighed on the backs of the people, and thus won complete victory in the democratic revolution.

After the victory of the revolution, instead of following the example of the Soviet Union which confiscated the property of the national bourgeoisie, the CPC adopted a

policy of utilization, restriction, and transformation toward national industry and commerce. This was an innovation. During the early days of the founding of the PRC, because of the vicious inflation resulting from the 12 years of war, seldom before experienced in history, and the rigging of the market and jacking up of prices by speculative capital, there were drastic price hikes and, concluding that the Communist Party was unable to stabilize prices, the national bourgeoisie also competed in hoarding and speculation. In 1950, with the nationwide victory of the war, financial revenues and expenditures were nearly balanced. We tightened the issuance of currency and in March completely stabilized prices, thus dealing crushing blows to speculative capital. The privately owned banks and old-style banks which formerly served speculative capital went bankrupt one after another. Ninety-eight percent of all bank savings was deposited in state-owned banks. Hence, the socialist transformation of the banking industry was first basically completed. This was beyond our expectations.

After prices were stabilized, speculative capital was anxious to sell goods in stock in large quantities to repay high-interest (a monthly interest of 40 percent) loans and consequently, prices dropped for the time being. Not only did speculative capital suffer total bankruptcy but ordinary capitalists and businessmen were also close to halting production as they failed to sell their goods in stock and lacked circulating funds. The Central People's Government made a prompt decision on readjusting industry and commerce and bought out their goods in stock. In the meantime, no one purchased farm produce in the rural areas. The state expanded the number of supply and marketing cooperatives to purchase all farm produce. When prices were rocketing, the moment the employees received their wages, they would immediately buy grain and other articles of everyday use. The peasants refused to accept paper currency and instead, exchanged goods for goods. With prices becoming stable, the volume of currency needed by the market drastically increased. This being the case, the government purchased manufactured goods and farm produce in large quantities by issuing additional currency to avoid the continued drop of prices. After selling their goods in stock, the industrial capitalists could continue production and after getting money from selling the farm produce in their hands, the peasants had the money to buy manufactured goods and thus the manufactured goods that seemed overstocked for a time in the past found a ready market. These measures adopted by the government were the only way of recovering industrial and agricultural production. Meanwhile, after the government had most farm produce, such as grain and cotton, in its hands, many privately owned factories had to establish with state-owned commerce a relationship of processing materials and providing manufactured goods for the state according to the orders placed, thus embarking on the road of state capitalism. The ever increasing growth of the leading position of the socialist state

economy in the national economy was an objective law of economic development and it was achieved without recourse to political pressure.

However, we must acknowledge that the magnifying of the movement against the "five evils" dampened the enthusiasm of the national bourgeoisie for a certain period. The rapid development of the cooperative transformation of agriculture and the subsequent transformation of privately owned industrial and commercial enterprises into joint state-private enterprises were achieved under the powerful pressure of public opinion and was not completely voluntary. This adversely affected the normal development of the productive forces to a certain extent. If we had extended the cooperative transformation of agriculture by another few years, adopted flexible measures in the the cooperative movement, and combined unified management with separate management after the movement was completed so that the strong points of the collectives and the enthusiasm of the individuals could be brought into play, agricultural production would have developed more rapidly. The transformation of privately owned industrial and commercial enterprises into joint state-private enterprises on a whole-lines-of-trade basis should have been carried out on a case-by-case basis. The amalgamation or reorganization of some small factories was conducive to adopting advanced technology and accelerating the development of the productive forces. Some small factories could fill in the gaps that socialist industries failed to attend to and that were a necessary supplement to the socialist economy. Commerce should have been appropriately decentralized to make things more convenient for the people. Excessive amalgamation of commercial units should have been avoided. In the past, the "Dongan Market" in Beijing was composed of hundreds of small shops with a superb collection of beautiful goods, each having its own characteristics. But after the small shops were merged into the "Dongfeng Market," it became a general shopping mart and the former small shops lost their strong points. Now some big cities have built larger-scale farm produce trading markets where stalls are separately lent to the collectives and individual traders and peddlers for operation. If we had adopted this method 30 years ago, the Chinese market would have become much better.

To sum up, it was entirely correct for China to choose the socialist road. In the first 8 years following the founding of the PRC, the superiority of socialism was quite evident. Later on, because of successes, we became arrogant and conceited. Beginning in 1956, our impatience for transition led to the two grave mistakes of the "Great Leap Forward" and the "Great Cultural Revolution" and 20 years of precious time were thus wasted. They blackened the glorious image of socialism. In the last 8 years or more since 1978, we have gradually corrected the past "leftist" erroneous policies and taken the road of reform, opening up to the outside world, and invigorating the domestic economy and the image of socialist China has begun to radiate. However, it is no easy job to revitalize the economy which has been rigidly

run over the last 20 years. Almost all socialist states that mechanically copied the Soviet patterns committed errors of one kind or another. China is no exception. These errors can be corrected. We are convinced that we can build socialism with Chinese characteristics commensurate with the initial stage of socialism through reform, opening up, and economic invigoration. The glorious image of socialism will surely shine again throughout the world.

On Coordinated Development of National Defense and the Economy

*HK231145 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 pp 19-23*

[Article by Wang Chenghan [3769 6134 3352]]

[Text]

The World Is Now in a Peaceful Period of Relative Stability

At the 1985 enlarged meeting of the Central Military Commission, Comrade Deng Xiaoping pointed out: After the downfall of the "gang of four" and especially after the 3d Plenary Session of the 11th CPC Central Committee, our assessment of the international situation underwent a change. It was a change in awareness of the problem of war and peace and a switchover from the original view that the danger of war was imminent. He later also said: We changed our previous viewpoint of war being inevitable. We considered that war could be avoided. Peace could be won. This conclusion by Comrade Deng Xiaoping fits in with the objective realities of today's world.

Since the end of World War II, world strategy has undergone major changes. Especially since the start of the 1980's, there has been a peaceful period of relative stability on the international scene. This change has deep political, economic, military, scientific, and technological roots.

"Nuclear equilibrium" has become an important factor in checking a nuclear war. Both U.S. and Soviet nuclear arms stockpiles have reached 130 billion tons, enough for mutual destruction several times over. Both sides recognize that "there can be no winner in nuclear war." The means serves the end. War is a political instrument. When it cannot serve a political end, starting a war has no meaning whatsoever. The start of a war of "mutual destruction" can be imagined only on the basis of a loss of reason. Today, only the United States and the Soviet Union are qualified to launch a world war. "Nuclear equilibrium" has restrained large-scale direct military confrontation between them. Even small-scale direct confrontation has also been marked with great prudence. There will be no fundamental change in this situation in the current century. The United States and the Soviet Union are both trying to find a way out of this plight. At

present, both are concentrating forces on scientific, technological, and economic development. They have begun strengthening national resources in preparation for dominance in the 21st century.

The change in the structure of the international system has become a constraint on the outbreak of world war. First, the appearance of a series of socialist countries after World War II has smashed capitalist control of the world. The socialist system is itself not perfect and still has some defects. But it is, after all, the direction of development for human society. For several decades, in a trial of strength with capitalism in the political, economic, military, scientific, technological, and various other fields, it has fully demonstrated its tremendous might. The coexistence of two social systems will last for a fairly long time. Socialism can coexist peacefully with capitalism. The emergence, development, and growth of socialism represent an important factor in restraining war. Meanwhile, this has objectively affected internal capitalist relations and restricted the outbreak of war. Second, the system of two opposing extremes represented by the United States and the Soviet Union has gradually weakened, while the multipolar system is developing. The foreign policy of peace marked by independence with the initiative held in its own hands pursued by China is an important pillar in the structure of world peace. Japan and Western Europe have become two economically independent polarities. They also have greater say politically. The development of the whole Third World has played an important role in changing the world pattern and the balance of strength. The large number of Third World countries which politically uphold independence and autonomy, oppose wars of aggression, and economically seek development represent a new force in maintaining world peace.

The development of the civilization of human society and the development of the spirit of peace are also an important factor restraining war. Peace needs both material and spiritual strength as a safeguard. With the progress of human society, opposition to war and the upholding of peace has become the common wish and appeal of the people of the world. Ideas and acts represented by aggression, intervention, oppression, enslavement, and so forth that run counter to the direction of development for mankind have been universally condemned.

The relations of interdependence and the trend toward integration have made the outbreak of war increasingly difficult. In the "Communist Party Manifesto," Marx and Engels pointed out: "The bourgeoisie, with its development of the world market, has put all countries' production and consumption on a world basis. ... Regional and national self-sufficiency and isolation, as witnessed in the past, have been replaced by mutual exchanges and interdependence among various nations in various fields. Such is the case with material production. The same is also true of intellectual production. Intellectual products of various nations have become

common property. National one-sidedness and limitations have become increasingly impossible" ("Collected Works of Marx and Engels," Vol 1, pp 254, 255) The relations of interdependence mentioned by Marx and Engels have today witnessed great development. In the economic field alone, there are mainly the following several manifestations. First, the relations of interdependence between capitalist countries have been strengthened, their production and capital developing in the direction of internationalization. At present, mutual investment among developed capitalist countries accounts for 70 percent of their total foreign investment in a switchover from the pre-World War II situation of mainly investing in colonial and semi-colonial states. Trade among them represents 85 percent of their total foreign trade. Second, economic ties and exchanges between capitalist and socialist countries have also been on the increase. Soviet trade with the West in 1960 accounted for only 19 percent of its total foreign trade. In 1980, it reached 33 percent. With the reform of the economic system of socialist countries, capital of developed capitalist countries has also begun to enter socialist countries. This will further cement economic ties between the two social systems. Third, the trend toward integration has been developing. Most prominent is integration involving the European communities. At present, there has been development from economic integration to political integration. Military integration is also being sought. In addition, there are also many regional cooperation organizations. Economic and political integration among relevant member countries has also been increasingly strengthened. Such relations of mutual reliance and the trend toward integration have given rise to a situation in which "you have me in you, and I have you in me."

In sum, the trend in the development of the international situation shows that the risk of war has not been completely eliminated, but a world war can be avoided with sufficient effort and struggle. Thus, an environment of international peace over a relatively long period of time is likely to be provided for our construction effort. Such a change of view on the situation of war and peace carries great strategic significance. It provides an important basis for shifting the focus of our work to economic construction and an important basis for formulating economic and national defense development programs and introducing the policy of opening up to the outside world. As far as national security is concerned, it helps in fundamentally safeguarding national security and development through strengthening comprehensive national resources and through realizing modernization, including the modernization of national defenses.

Foster the Concept of Modern National Defenses and Direct Efforts Toward Increasing Comprehensive National Resources

So-called "national defense" means national defense construction carried out to safeguard national security and resist foreign invasion. In a general sense, this covers

the building of armed forces, the development of national defense science and technology and national defense industries, construction related to coastal defense and battlefields, the accumulation of stocks of strategic materials, the mobilization of soldiers, national defense education, and so forth. Essentially, national defense is closely related to war and chiefly for the purpose of coping with war. But war has traditionally never been purely a military problem. Engels pointed out: "The victory of violence is based on the production of arms. The production of arms is also based on overall production and is thus based on 'economic strength,' on 'economic conditions,' and on material supplies embraced with violence." ("Anti-Duhring," p 164) The economic factor is clearly defined as the fundamental cause of victory in war. Lenin also said: "War is a test of every nation's overall economic strength and organizational strength." ("Collected Works of Lenin," Vol 4, p 97) Comrade Mao Zedong more concisely pointed out: The outcome of a war is chiefly determined by the military, political, economic, and natural conditions of both sides at war and also by their capacity for subjective guidance. In the two world wars, the influence and restraining effects of political, economic, diplomatic, scientific, technological, spiritual, and other factors on the outbreak of a war, its progress and its end were unusually obvious. The appearance of a post-war peaceful environment of 40 years of relative stability is closely related to the progress of human society and economic, scientific, and technological development. At present, the U.S. "Star Wars" program, the West European "Eureka" program, Japan's "Outline Policy on Science and Technology," the "Wide-Ranging Program for Scientific and Technical Progress" of the Soviet Union and Eastern Europe, and so forth all aim at achieving superiority in the 21st century by making a start with scientific, technical, and economic development through increasing comprehensive national resources. This shows that we must change the narrow sense of national defense and foster a modern concept of national defense, and safeguard national security through strengthening comprehensive national resources. This has become an objective need in the development of human society and the development of the current world situation.

Of the various factors making up comprehensive national resources, the fundamental one is the economic factor that plays a decisive role in times of peace and war. With social development, the relationship of war depending on the economy has become increasingly prominent. In the buildup of military strength, arms and equipment have become increasingly advanced and complicated, with their manufacturing costs rising sharply. Ever more exacting demands have been imposed on the military quality, political quality, and specialized knowledge of the Army, which depend on the social economic system and economic capacity. There has been continuous development in fighting techniques, strategies, battles and tactics, which not only rely on the economy but also set more exacting demands on the

economy. In the matter of preparing for and waging a war, the scale of war, its duration, its intensity, the final outcome, and so forth all depend on the economy. In World War I, 33 countries with an estimated population of 1.5 billion were involved. Spending on war based on the national budgets of warring countries totaled \$208 billion, with military spending accounting for 15-37 percent of national income. The several local battles after the war, though small in scale, caused shocking consumption. In the fourth Middle East War, the total number of tactical ballistic missiles fired in the first 3 days by both sides equaled all the NATO inventory in Europe. In 18 days of war, 3,390 tanks were destroyed, 1,000 more than the total number of tanks of the U.S. forces stationed in Europe. Five hundred and sixty airplanes were lost, a figure equal to the total deployed by U.S. forces in Europe. The 100,000 tons of ammunition stockpiled by Israel before the war were all gone in only a dozen days or so. Therefore, in a certain sense, modern warfare is an economic war on a still greater scale. Without a strong economic foundation, involvement in war is almost impossible.

Apart from such a fundamental factor as the economic one, the scientific and technological factor is more noticeable in the contemporary era than at any time in the past. It plays a leading role in building comprehensive national resources. The highly technical and sophisticated nature of arms and equipment, and the automation of command, control, and communications have brought fundamental changes to modern warfare. Divorced from advanced military science and technology, we cannot possibly build an army capable of stopping and winning a modern war.

In sum, as things stand today, national defense is richer in content and is marked with new features. Our ideas and concepts must be in line with this new situation. We must develop a modern national defense concept and establish a modernized national defense structure backed up with solid comprehensive national strength.

Make Rational Strategic Plans and Do a Good Job of National Defense Construction in Peacetime

In the present historical period, economic construction represents the overall situation of the country. National defense construction should be subordinated to and made to serve economic construction. But we cannot wait until the modernization of industry, agriculture, and science and technology is realized before we get involved with the modernization of national defenses. The creation of a peaceful environment and the development of the state's economy and science and technology must be safeguarded by powerful national defenses. In line with the needs of the state in its security, construction, development, and maintenance of world peace and in line with the state's economic capacity and technical level, we must take modernization as the center and the development of military science and technology

as the focus in following the road of integration of efforts in times of peace and war and integration of the military and civilians and building modernized national defenses with Chinese characteristics. To this end, we should emphasize properly handling work in the following fields:

First, we must properly handle the fundamental buildup of a standing army. The buildup of an army represents the core of national defense construction. In regard to guiding ideas, we must make a switchover from being prepared for fighting at any time and directly making preparations for war to involvement in the fundamental buildup of the Army. We must strive to properly reorganize army units, refine weapons and equipment, train cadres well, establish and perfect some regulations and systems, and straighten out certain relations within the Army.

In streamlining administration and carrying out reorganization, we must pay attention to strengthening the scientific nature of the mix of internal strength in the Army and improve its military quality on an overall basis. "We would rather have better troops than have more troops." This is a time-honored military principle. Given modern conditions, it still carries guiding significance. Being "better" represents not just the concept of quantity but also the concept of quality, which calls among other things for rational reorganization, the establishment of a scientific system for staff organization, and the improvement of the overall fighting capacity of the Army. A prominent feature, as demonstrated in several modern local wars, is that only an army based on a rational system of organization and administration, provided with fine arms and equipment and well trained, can win a war. As to an understanding of fighting capacity, we must switch over from customary attention to quantity to emphasis on quality.

Modern warfare is a trial of strength conducted by people with modern scientific and technological knowledge using highly modernized military technology and weapons and equipment. To meet the standards for revolutionization, a low average age, knowledgeability, and specialization, in establishing a modernized contingent of cadres, we should put the emphasis on proper attention to education provided by military academies and institutes, turning such academies and institutes into a base for the modernization of cadres in matters of national defense. Meanwhile, we must establish as quickly as possible a regular cadre system, putting the use of cadres on a more rational basis. Second, we must pay attention to training large numbers of military and technical personnel. The cycle of modern warfare has been considerably shortened. The demand for technical personnel has greatly increased. The time needed to train technical personnel has also obviously increased. The practice of "learning warfare in the course of war" will be especially difficult and will even demand a big price. Third, we must properly handle the training of personnel capable of serving both the Army and relevant localities.

This is an unprecedented move in the history of the building of our Army and represents the application and development of Comrade Mao Zedong's idea on "three teams" (the fighting team, work team, and propaganda team) given modern conditions. It fits in with the objective needs of our current economic construction and national defense construction efforts and is a major strategic measure for carrying out national defense construction in times of peace and has great vitality.

The modernization of arms and equipment is an important mark of national defense modernization. After several decades of construction, our Army has been equipped with nuclear weapons. There has also been considerable improvement in its conventional weapons. But compared with advanced countries, the level of modernization still shows a very big gap. The manufacturing costs of modern arms and equipment are high. They must be upgraded quickly. We need to formulate a scientific development plan compatible with the economic, scientific, and technological realities of our country. We must have ideas and measures "far ahead of the time of requirement." We cannot launch an overall attack and try to catch up every step of the way. Therefore, we should appropriately concentrate funds and shorten the front of arms and equipment. We must give prominence to priorities, pay more attention to research and manufacture than to equipment, and avoid production in large quantities and a change of equipment in large quantities. Research and manufacture should focus on technology related to sophisticated weapons. We must first press on with most urgently needed advanced weapons and equipment and gradually narrow the gap, making proper technical preparations for surpassing advanced world levels.

Second, national defense science- and technology-related industries must follow the road of development calling for integration of efforts in times of peace and war and integration of the military and civilians. Modern science and technology are only different in their application where the areas of military use and civilian use are concerned. There is no absolute line of separation in the scope for application. For example, electronics technology, atomic technology, aviation and space technology, and so forth were first oriented to military needs. But once shifted to the area of civilian use, radar was the origin of television, and nuclear weapons were converted into a new source of energy and jet planes into their passenger counterparts. Such things have yielded tremendous technological and economic results and stimulated the development of the whole world economy. Therefore, we must insist on following the road of integrating efforts in times of peace and war and integrating military and civilian in developing national defense science and technology industries and serving economic construction. This is not only highly necessary but also holds out great prospects for development.

As far as the laws governing the development of science and technology themselves are concerned, our country's national defense science and technology industrial front

has pooled a contingent of engineering and technical personnel of a relatively high level with the courage and the expertise in tackling tough problems. They have a collection of relatively advanced and complete technical equipment. This is in addition to relatively great superiority in nuclear energy, space navigation, electronics, computers, automatic technology, new materials, and other areas, as compared with the area of civilian use. Therefore, on the road of development with the integration of efforts in times of peace and war and integration of the military and civilians, we can readjust the product mix. This means a gradual switchover from the past pattern of war materiel to varieties for both military and civilian use, or the special organization of the research and production of civilian goods with a guarantee for the simultaneous research and production of war materiel, thus providing support for the latter effort. Also, we can reorganize scientific research forces. This means a switchover from devoting all scientific research forces to war production to the practice of using only a small force of high quality to engage in the research and manufacture of new weapons and equipment and using a still larger force to participate in national economic construction. Meanwhile, the technological products already achieved in the military field are quickly shifted to the civilian field, enabling war industries to play the role of a trouble-shooting team in the scientific and technological fields. Thus, the gap between civilian technologies and military technologies is narrowed, stimulating the quick development of the national economy. A new source is also at the same time opened up to raise the level of national defense construction.

Third, we must pay attention to fundamentally strengthening the potential in national defense and carry out the guideline of preparing for war with the integration of efforts in times of peace and war and integration of military men and civilians. Under modern conditions, preparations for war involve various factors, such as politics, economics, military strength, human resources, material resources, scientific and technological levels, and so forth. The sum of these various factors is the limit to the potential in national defense. For quite a long time, our Army made preparations for war from the standpoint of "fighting early, fighting in a big way, and fighting a nuclear war," leading to the abnormal development of the various factors that make up the potential in national defense. This resulted in great waste and had many after effects. Preparation for war suffered in the end. To change this situation, we must observe the objective laws governing the development of national defenses and, with the features of army building in times of peace in mind, focus preparations for war on efforts to tackle fundamentals and lay the foundation.

By upholding the guideline of integrating efforts in times of peace and war and integrating the military and the civilian, we mean that we must closely combine various tasks of war preparation with national economic construction, integrating military men with civilians and integration efforts in times of peace and war. In so doing,

we must enable army units to act in close cooperation with given areas, and properly handle the relations between economic results and the results of preparations for war. We must not only actively carry out construction in preparation for war but also act according to our capability, with needs and possibilities taken into overall consideration. We must properly handle the relations between partial interests and overall interests. With submission to the overall interests of the state taken as a prerequisite, in carrying out construction in preparation for war, we must take economic development into consideration. In carrying out economic construction, we must also take care of necessary preparations for war. We must properly handle the relations between immediate interests and long-term interests. When a conflict arises between the two, we should consciously put long-term interests first. For example, transportation and communications represent the important sectors of the national economy. They are also the weak links and represent exactly the important contents of the effort to prepare for war. This calls for overall arrangements. We must ensure that preparations for war related to transportation and communications are consolidated and strengthened in developing transportation and communications in normal times. With military needs guaranteed, in construction efforts involving coastal defense, border defense, ports, airports and important projects, we must try our best to take into consideration application in normal times and economic results. Army unit training and especially the exercises and demonstrations of specialized technical forces and militiamen should by all possible means be linked with economic construction, with work taking the place of training. Thus, not only is military quality improved but economic results are achieved. War preparedness-related projects and facilities and materials, especially those materials and equipment long left unused and requiring large amounts of money for maintenance and repairs, may, in light of concrete conditions, be quickly transformed and linked up as parts of the whole, being opened up to the public and used in a planned way. Neglected things are thus turned into useful things, serving economic construction. In addition, an important aspect of the effort to strengthen the potential in national defense calls for strengthening the buildup of militiamen and reserve forces, establishing a system for rapid mobilization and building up a powerful reserve force. We must also conduct education on national defense among all the people and strengthen the sense of national defense. To really achieve the aim of integrating the military with civilians we must keep fewer soldiers in ordinary times and deploy more soldiers in times of war. Once a war breaks out, we can, under modern conditions, wage a people's war on the basis of a new solid foundation for war goods.

Fourth, we must energetically carry out military science studies and develop advanced military affairs theory. Military science is a science which involves the study of the laws of war and which is used as a guide to practice in war. National defense construction in times of peace

or the act of fighting in times of war cannot be divorced from guidance from military science theory. Our armed force developed from nothing to something, from small to large, and from weak to strong. In many revolutionary wars, it was capable of using poor equipment to triumph over a powerful enemy with superior equipment. This was thanks to guidance from such military science as Marxist-Leninist military theory and Mao Zedong's military thinking. In the present era of peace, the strengthening of the study of military science theory especially carries particularly great significance. Modern science and technology have shown everchanging improvements. Social productivity is rapidly rising. The area of military struggle is continuously expanding with increasing contents. Future wars will assume a new aspect. If we do not strengthen military science studies and do not strengthen the business of forecasting future wars, the national defense construction effort in ordinary times will be marked with blindness and we will suffer defeat in war. A mistake in making military policy decisions is the greatest one. What policy on military affairs should be adopted by a country in normal times and what army should be maintained and built up by it in ordinary times when it can keep national defense spending from being too excessive and from interfering with national economic development and can also safeguard national security and cope with future wars? This is a major issue of universal concern to various countries in the world.

Historical experience tells us that the key to the development of military science lies in upholding the Marxist-Leninist scientific attitude and upholding the ideological line of basing everything on reality and seeking truth from facts. Only by upholding and developing Marxist military theory and Mao Zedong's military thinking, correctly treating our Army's experiences and absorbing the useful experiences of foreign armies and giving full play to academic democracy can we enable military science research work to continuously advance along the correct track.

Some Questions Concerning Reform of the Commodity Circulation System

*HK221001 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 pp 24-28*

[Article by Wan Dianwu [8001 0368 2976]]

[Text] The reform of the commodity circulation system is an important component part of the economic structural reform. The progress of this reform has an important bearing on the reform and development of agriculture, industry, and other sectors and is closely related to the livelihood of millions upon millions of people. What kind of a commodity circulation pattern should we establish through reform? Proceeding from the actual situation of China being at the initial stage of socialism, in light of the requirements of developing a planned commodity economy, and in accordance with the practical experience of the recent reform of the commodity

circulation system, I think we should explore a commodity circulation pattern with Chinese characteristics other than the capitalist circulation pattern and the centralized distribution pattern of traditional socialism. On the one hand, this pattern should allow free circulation of commodities according to the objective economic laws; and on the other hand, the state should exercise indirect macroscopic regulation and control. The combination of the two forms a commodity market where voluntary transfer and exchange at equal value are carried out under the macroscopic regulation and control of the socialist state which can be abbreviated as free circulation under indirect macroscopic regulation and control. In the following, I would like to explore some questions concerning the train of thought of the above-mentioned reform.

I. The Reform of the Commodity Operation and Management System

Commodities are the cells of a commodity economy. Commodity circulation is formed through the exchange of millions of types of commodities. The reform of the commodity circulation system should first answer the following question: How should we reform the commodity operation and management system? The natural attributes of a commodity include freedom of exchange, implementation of the principle of "voluntary transfer," elimination of commodity—currency, currency—commodity, and other additional conditions or mandatory interference, and remove the barriers erected between regions and departments. Our envisaged commodity operation and management system should promote free circulation of commodities according to these laws governing the development of commodities. In recent years, we have done a great deal of work in this regard. We have gradually abolished the system of state monopoly for the purchase and marketing of farm produce, manufactured goods, and some capital goods. The range of free circulation of commodities has become more extensive than the period prior to the reform. Correspondingly, the planned management system concerning commodity circulation also underwent reform which resulted in a decrease of the variety of commodities under planned management. For example, the variety of commodities under direct planned management of the Ministry of Commerce were reduced from 188 to 23 and that under direct planned management of the State Bureau of Materials and Equipment supply fell from 256 to 20. However, although restrictions on planning are lifted, the prices remain fixed and although restrictions are relaxed at the higher levels, the barriers between regions and departments at the lower levels are not yet removed. The direction for advance is to carry out further reforms and perfect the reforms already introduced according to the objective laws governing a planned commodity economy and commodity circulation.

There are various types of commodities and farm produce, manufactured consumer goods, and capital goods respectively have their own characteristics which should

be differentiated in the commodity operation and management system. Farm products are generally produced in a decentralized way and marketed in urban areas or distributing centers. Therefore, the operation and management system of farm produce should be based on counties and the combines of farmers and have direct contacts with the marketing places. Meanwhile, comprehensive or special wholesale and exchange centers should be set up at various levels in the distributing centers so as to provide places for public transactions between the vast numbers of buyers and sellers. The operation methods of farm produce should be varied including specialized operation as well as agriculture-industry-commerce joint operation. The commodities should be dealt with in different ways according to the actual circumstances. Farm production is usually unstable because it is restricted by natural conditions and small-scale decentralized production. To protect the enthusiasm of the peasants for production and also undertake certain risks, an insurance fund can be established for a small number of major commodities including grain and cotton which should be undertaken jointly by the state, enterprises, and peasants. China has a big population with limited arable land. Proceeding from these national conditions, we should specially and prudently deal with the operation system of grain. Regarding reform of the operation system of manufactured consumer goods, we should establish a lateral wholesale network at various levels based on the key cities and develop wholesale business by special departments as well as factories. The transformation from the operation system of capital goods (usually called "materials" in China) to the operation system of commodities is the correct orientation of reform. The main points of the reform include: first, commercialization of "materials," changing the traditional concept which holds that capital goods are not commodities, and effecting a fundamental change in our views; second, gradually turning the warehouses of capital goods and supply centers into commercial shops and lifting all restrictions on operation; and third, enterprises assuming sole responsibility for profits and losses and carrying out independent operation of the means of production.

Regarding commodity prices, various price differences and parities should be formed in the operation activities and competition between the commodity producers and operators according to the law of value and the laws governing supply and demand. We must create a market environment for commodity producers and operators to carry out free competition and compare the quality and prices of their commodities so that only the best can survive, prices can become an important economic lever to adjust supply, demand, and the product mix, and the environment is suited to the consumption structure. As the producers and vast numbers of consumers are extremely sensitive to the drastic fluctuations of prices, we should act according to our financial and material resources and be prudent in carrying out pricing reform. We should carry out the reform by stages with great care and never attempt to reach the goal in one step.

II. The Question of Ownership Structure in Commodity Circulation

The question of who will operate the commodities and the composition of various commodity operators are extremely important to the social nature and progress of commodity circulation. This is what we mean by the ownership structure in commodity circulation. In recent years, China adopted resolute reform measures in this regard and achieved marked successes. We encouraged the initiative of the state, the collective, and the individual and encouraged the industrial and agricultural enterprises to market their own products. As a result, various circulation channels and various economic sectors coexisted in the field of commodity circulation. Of the country's retail sales in 1978, the public sector (at that time, the supply and marketing cooperatives belonged to the public sector) accounted for 90.7 percent, while the collective sector accounted for 7.2 percent, the individual sector, 0.1 percent, and retail sales by peasants, 2 percent. In 1986, retail sales of the public sector accounted for 39.4 percent, while those of the collective sector (including the supply and marketing cooperatives) accounted for 36.4 percent, the individual sector, 16.3 percent, and sales by other sectors, 7.9 percent. In 1985 the number of commercial enterprises run by the collective totaled 159, an increase of 160 percent over 1978. A total of 8.7 million households with 12.21 million people were engaged in individual commercial business in 1985, a 46-fold increase over 1978. The increasing number of commercial shops which made things convenient for the inhabitants, the brisk market, and other noticeable factors have proved that this policy is correct and that the blind "transition of ownership to higher stages" in the past 20 years or so and the exclusive operation of state commerce and the supply and marketing cooperatives respectively in the urban and rural areas deviated from China's actual reality. On the other hand, owing to the imperfect legal system and improper management, there were also practices of selling fake and inferior goods, forcing people to buy or sell, and engaging in speculation which encroached upon the interests of the consumers and damaged the reputation of reform. Some trades went so far as to blindly carry out operation or indiscriminately transcend trades. All this can be solved through reform. This shows that we have not yet completed the readjustment and reorganization of a unified socialist market.

In the course of commodity circulation, wholesale and retail sales occupy a different position. Wholesale is the nerve center, while retail sales constitute the "nerve ending" network connecting circulation with the consumers. For this reason, the two links should be differentiated in the ownership structure. Wholesales should be based on public commerce (including wholesale by special departments, wholesale by industrial and agricultural departments and enterprises, and wholesale that transcends region, department, and ownership) and collective commerce, with the stress on the former. The individual sector may take part in the wholesaling of

farm produce and minor manufactured goods. Focused on the collective and individual sectors, retail sales should be carried out in the forms of cooperation, partnership, shareholding, and leasing. Catering and service trades should be based on the individual sector. The public sector should do a good job of retail sales and run the big, famous shops in catering and service trades well. The wholesale and retail sales enterprises can establish groups in a new ownership form by transcending region, department, and ownership. For example, based on large enterprises, they can establish groups according to the principle of voluntary participation and mutual benefit. With large factories manufacturing famous brand products, they can also establish an industrial and commercial wholesale system which integrates production with marketing;

In the readjustment of the ownership structure, the most difficult thing is the reform and perfection of the existing large and medium state-owned commercial enterprises and the supply and marketing cooperatives. I will discuss the reform of the state commercial system in the latter part of this article. Here I would like to emphasize the reform of the supply and marketing cooperatives in rural areas. The main question concerning reform of the rural supply and marketing cooperatives is to effect a fundamental transformation in guiding ideology and change from a "government organization" to a cooperative economic organization of the farm producers in the field of commodity circulation. It should implement the management system of "practicing independent accounting, assuming sole responsibility for profits and losses, and carrying out independent operation and democratic management" to the letter. In view of the existing defects, we should strive to realize the following: First, vigorously introduce the agent system and agriculture-commerce joint operation and link the interests of the supply and marketing cooperatives with the peasants in light of the method of distributing profits according to the sales of farm produce. Second, specialized supply and marketing cooperatives of various kinds should be established in the cotton, jute, tea, and fruit producing areas to promote sales for the producers and provide comprehensive services. The supply and marketing cooperatives should become leaders and organizers in developing commodity economy in rural areas. Third, the branches under the supply and marketing cooperatives at the basic levels should carry out contracted or leased operation. They can also invite staff members to become shareholders. By doing so, we can fully arouse the enthusiasm of enterprises and staff members for operation, tap the latent potential in enterprises, and eliminate the practices of large numbers of supply and marketing cooperatives incurring losses and assuming responsibility just for the profits but not for the losses. Fourth, in light of the principle of separating government administration from enterprise management and economic rationality, the method of establishing supply and marketing cooperatives according to economic

regions should be vigorously introduced to replace the existing system of establishing supply and marketing cooperatives according to administrative regions.

III. The Question of Large and Medium State-Owned Commercial Enterprises Carrying Out Independent Operation and Assuming Sole Responsibility for Their Profits and Losses

In light of the practice of reform over the years, the small state-owned commercial enterprises should resolutely implement the principles of "change, transformation, and leasing." "Change" refers to a change to collective operation but maintaining the nature of public ownership; "transformation" means transformation to collective ownership; and "leasing" refers to leasing to leaseholders. Many localities have gained experience in this regard which resulted in invigorating the small state-owned commercial enterprises and changing the outlook of operation. The leasing system has become particularly mature and should be extensively popularized within this and the next year. However, we should also avoid converting the enterprises that have undergone a "change" or "transformation" back to the leasing system for the sake of getting bonus tax exemption. We should also understand that our leasing system, which has Chinese characteristics, is not ordinary leasing. For example, economic compensation ability is not the only condition. Therefore, we should pay great attention to political and professional qualities while selecting leaseholders. We cannot hastily lease a state enterprise with funds totaling tens of thousands of yuan and scores of staff members to those who merely seek their own interests or those who are incompetent in management.

The reform of large and medium size state-owned commercial enterprises will be a bit more difficult. These enterprises are the backbone of the market. Only by invigorating them can we enliven circulation as a whole. It is necessary to resolutely implement the principle of separating the functions of the government and enterprises in large and medium state-owned commercial enterprises and foster the basic idea that enterprises are the main bodies of commodity circulation. These enterprises should carry out independent operation, assume sole responsibility for their profits and losses, and extricate themselves from the convention of unified distribution of revenue and expenditure and the state of being subsidiary bodies of the administrative departments. Only by encouraging these enterprises to enter into market competition can they have external pressure and can large numbers of entrepreneurs emerge from among the management personnel. We must try by every means to turn the "soft budget" of enterprises into "hard budget" so that they assume responsibility for their profits as well as losses and even declare bankruptcy. Only by doing so can enterprises have internal motivity.

Regarding the relations between enterprises and the state, enterprises should pay taxes according to relevant regulations. The profits retained after paying taxes may

be used by enterprises at their discretion according to the regulations concerning retention of profits. The activities of the government should be separated from that of enterprises. State enterprises should fulfil the tasks assigned by the state. However, they should have independent accounts. For example, the superprofits obtained from the profitable commodities imported for the state should be delivered to the state in full. The government or department concerned that instructs a state-owned commercial enterprise to purchase commodities at a high price or sell commodities at a low price should bear the subsidies.

Regarding the relations between enterprises and staff members, enterprises are encouraged to sign labor contracts with all staff members. While enterprises may fire staff members according to the contracts, the latter must also be allowed to flow reasonably. Thus, we can gradually eliminate the old "iron rice bowl" system. While implementing the various forms of the contracted management responsibility system, enterprises should duly widen the income gap between the staff members. Where conditions permit, enterprises can try out the floating wage system. Retail sales enterprises can also try out the method of contracting wages in the sales of every 100 yuan. In a word, we should adopt various methods to eliminate egalitarianism and smash the old system in which staff members shared food from the "big pot" of enterprises.

Regarding the separation of ownership from the right of operation, we can adopt various forms. Commercial enterprises have gained years of experience in implementing various forms of the management responsibility system. Facts have proved that this is a good form to separate ownership from the right of operation in the large and medium size wholesale and retail sales enterprises. As the system of manager assuming sole responsibility has legal effect, it should be implemented in earnest. A manager who occupies a central position, plays a key role, and assumes overall responsibility is a legal representative of an enterprise. Now we should vigorously explore the experience of the supervisory role of enterprise party organization and the system of a manager assuming sole responsibility and their coordination with the democratic supervisory role of enterprise workers' congresses. It is a new method to separate ownership from the right of operation which can be explored to form a joint stock enterprise complex or enterprise group with one or several state enterprises as the backbone and inviting other state or collective enterprises to become shareholders and to establish a board of directors which serves as the highest organ of power. In such a joint stock enterprise, the board of directors is responsible to the shareholders. As the managers are appointed by the board of directors, the former is responsible to the latter. Shares owned by the state in such joint stock enterprises can be possessed according to the relationship of administrative subordination. In the future, a state commercial investment bank or commercial investment company can be established to serve

as a management organ of the state's commercial assets and a representative of the shares owned by the state. The various forms of the contracted management responsibility system can also be introduced in the large and medium size commercial enterprises. While selecting the contractors, attention should be given to their ability and political integrity. In addition, they should be capable of giving consideration to the interests of the state, enterprise, and individual.

IV. The State's Indirect Macroscopic Regulation and Control Over Commodity Circulation

Under the circumstances of the ownership structure undergoing major readjustment and in the course of practicing voluntary transfer of commodities and exchange at equal value, the state's indirect macroscopic regulation and control over commodity circulation is extremely important. Lifting restrictions without control and allowing unrestrained freedom will only lead to confusion and loss of macroscopic control. Thus we should properly exercise management and work out plans with great skill.

First, the state should apply the means of planning to realize such indirect macroscopic regulation and control. However, it should be clearly pointed out that the word "planned" in a planned commodity circulation is indicated in reaching a balance of total supply and demand through the state's macroscopic regulation and control. It is by no means the direct management method of the past in which the state assigned planned quotas to the commercial enterprises at each level. In other words, in the proportion of agriculture, light industry, and heavy industry; the proportion of accumulation and consumption; and in the balance of foreign exchange, finance, credit, and materials, the state will exercise macroscopic regulation and control over commodity circulation through the planning, finance, taxation, banking, and other comprehensive departments so as to maintain a balance of total supply and demand in the market and provide a spacious environment for the operation of the market mechanism. Guided by the market, the commercial enterprises will genuinely engage in commerce in an economic way and independently work out policies and operation plans. The activities of commercial enterprises will no longer be arranged by the state. Instead, they will be determined by the market. The state will produce a direct impact on commercial enterprises through the market.

Second, the state will only fix the prices of a small number of commodities including petroleum, coal, rolled steel, grain, cotton, and cigarettes that are of vital importance to the nation's economy and the people's livelihood. Restrictions on other commodities will be lifted. Regarding the management system of market prices, the state will merely exercise management over the general scale of market retail prices and the prices of a small number of commodities mentioned previously, while the commercial administrative departments will

draft the basic schemes for prices and enterprises will fix the prices. Prices for the remaining commodities will be fixed by enterprises independently. Heated controversies have taken place on the reform of the pricing system, the main question being the bearing capacity of the customers and consumers. In my opinion, the crux of the matter lies in the overall balance of the state's plans mentioned previously rather than prices. If a balance of total supply and demand is maintained, the measures taken to lift restrictions on prices will be advantageous to further meeting the consumers' needs of product mix, quality, and variety through the market mechanism. If we cannot maintain a balance of supply and demand and there are financial deficits, excessive credit, and a difference in commodity supply and demand, the measures taken to restrict and check the prices will merely alleviate the symptoms of an illness rather than effect a permanent cure. The old way of exercising rigid management over prices runs counter to the development of a planned commodity economy. The orientation of gradually lifting restrictions on prices in recent years should not be changed. When restrictions on prices are lifted, it will help readjust supply and demand and also impel the planning, finance, and other comprehensive, functional departments to maintain a balance of the major proportions.

Third, strengthen the work of the state functional departments over commodity transaction activities of the whole society. Although the recent development of commerce through various economic sectors and circulation through various channels constitute a breakthrough in operation exclusively by the public sector, a number of defects have been exposed owing to the imperfect legal system and improper management. If we do not have laws to follow or are not strict in enforcing the laws when

we attempt to open wider to the outside world and further invigorate the economy in future, speculation and unrestrained free competition will run wild. To exercise indirect macroscopic regulation and control over the transactions of the whole society, the state's new functional departments in charge of the circulation of all commodities should be good at applying planned, administrative, legal, and economic means. For example, they should work out guidance plans for the proportional development and operation of the public, collective, and individual commercial network. They have the administrative power to approve and annual the registration of enterprises involved in commodity transactions and also punish them. In accordance with the law and regulations, they have the right to examine and exercise supervision over all commercial activities. They also have economic powers which include management over prices, accommodating funds, and distribution of subsidies and foreign exchange for market use.

Fourth, vigorously establish and develop the service system in various fields, particularly at higher levels. The state, particularly the city and county governments, should strengthen the building of wholesale markets, retail sales network, and other basic facilities in the fields of transportation, communications, highways, stations, ports, and warehouses so as to provide commodity circulation with the necessary convenient, advanced material conditions. It is also necessary to provide commercial operation with various services by offering compensated services, exercising enterprise management, and vigorously developing accounting offices, solicitors' offices, consultative companies, information companies, trust companies, agencies, research institutes, and training centers.

Statistical Data on the Achievements of 8 Years of Economic Structural Reform—Part V *OW290455 Beijing HONGQI [RED FLAG] in Chinese No 17, 1 Sep 87 pp 29-30*

[Article by the State Statistical Bureau]

[Text] V. Continual Improvement in the Management Mechanism and Means of Macroeconomic Management of Enterprises

The central link of the entire program of economic structural reform, which emphasizes urban reform, is to strengthen the vitality of enterprises. In recent years, with the continual development of reform of the management mechanism and internal administrative system of enterprises, the right of enterprises to make their own decisions has been substantially expanded, and the vitality of enterprises has obviously been strengthened. At the same time, reform of the planning, circulation, investment, financial, and pricing systems has been systematically deepened, and the means of macroeconomic management has also been improved accordingly.

Implementation of the System of Contracted Operation of Businesses, and Changes in the Form of Management of State-owned Industrial Enterprises

	End of May 1987	Proportion (percent)
1. Number of large and medium-sized state-run industrial enterprises investigated	12398	100.0
Of which: number implementing contracted responsibility system	9270	74.8
—number implementing contracted responsibility system with incremental profit	1508	12.2
—number implementing system linking total amount of wages with profits turned over to the state	523	4.2
—number implementing responsibility system with fixed profits and losses and the system of sharing profit with losses deducted from the profit	6250	50.4
2. Number of small state-owned industrial enterprises investigated	43,628	100.0
Of which: number changing form of management	18,765	43.0
—number converted to collective ownership	2328	5.3
—number adopting leasing and individual contracting systems	1162	2.7
—number adopting other forms of management	15,275	35.0

Note: Large and medium-sized enterprises are classified according to Ministry of Finance stipulations in the second phase of substituting taxes for profits.

Implementation of the Factory Director Responsibility System in state-owned Industrial Enterprises

	Number of state-owned industrial enterprises investigated	Of which: number implementing factory director responsibility system	
		Number of enterprises	Proportion (percent)
Number at end of May 1987	57,727	32,587	56.5
Accumulated GVIO, January-May (billion yuan)	221.14	158.95	71.9
Growth rate, January-May, compared with same period last year (percent)	10.4	12.5	
Total accumulated profit and tax, January-May (billion yuan)	46.12	34.95	75.8
Growth rate, January-May, compared with same period last year (percent)	6.9	7.7	

Note: GVIO is calculated on the basis of 1980 fixed prices.

Reform in Construction and Installation Enterprises

	End of June 1987	Proportion (percent)
1. Total number of construction and installation enterprises	10,502	100.0
Of which: number implementing contract system with wages calculated per 100 yuan of output value	3617	34.4
Of which: number implementing other types of contract systems	9527	90.7
2. Number of projects under construction	176,256	100.0
Of which: Number employing various forms of contracting	141,098	80.1

Note: This table includes enterprises owned by the whole people and collectively-owned enterprises in cities and towns.

Reform in Retail Commerce, Catering, and Service Industries at the End of 1986 (figures in thousands)

Number of organizations in:	Total	Owned by the whole people		Total	Collectively owned	
		State-owned, collectively managed	Management leased to individuals		Converted whole-people ownership	from own-
Retail commercial industry	241	34	4	1296	3	
—number of staff	3056	596	28	6522	46	
Catering industry	30	10	4	145	1	
—number of staff	524	181	33	1148	18	
Service industry	35	9	2	162	1	
—number of staff	626	149	19	1140	14	

Profit Retention Situation in State-owned Enterprises

	1979	1985
Total retained profit (billion yuan)	8.7	46.2
Percentage of profits and taxes retained as profit	12.3	46.2

Besides these figures, the number of industrial, mandatory-planned industrial products managed by the State Planning Commission has decreased from about 120 in 1984 to about 60 in 1986. The number of material items under state unified distribution has decreased from the stipulated number of 250 in 1984 to about 20 in 1986. The number of consumer goods directly managed by the state has decreased from 55 in 1978 to 22 in 1986. The number of commodities under the state unified pricing system has decreased from 113 to 25. The proportion of various types of commodities adopting the practice of floating and market pricing are: agricultural and agricultural sideline products, a share of 65 percent; industrial consumer products, 55 percent; and the means of production, 40 percent. Moreover, more than 1000 small commodity items have dropped the practice of fixed pricing by the state.

Marxist Concepts of Philosophy and War and Creativity in Military Literature
HK241501 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 pp 31-36

[Article by Fan Yongge [5400 0737 2047]]

[Text]

I

It was Comrade Qu Qiubai, as director of the Education Department and currently director of the Art Bureau under the Chinese Soviet Government, who laid down the cornerstone of China's revolutionary military literature, back in the days when he edited and wrote a preface for "A Collection of Bugle Calls" (lost), a sampling of short plays created by the Red Army. In more than half a century, China's revolutionary military literature has developed from a budding state of impromptu playwriting and instantaneous performance to the mastery of Marxist aesthetics and large-scale artistic generalization in depicting the people's revolutionary military life and struggle. It has always occupied a rather high place in socialist literature within the fixed quality that military literature defines. Take for instance, the development of military literature in the new historical period alone. It is not the least exaggeration to say, military literature has set up another grand monument with the scores of

substantial works it has contributed. We could hardly imagine how the literature in the new historical period in China would mature without it.

The decade of military literature flourishing in the new historical period began with the novels "The Orient" and "Song of the General," which serve as a convergence and reconstruction of the accomplishments of military literature in "the 17 years since the founding of the PRC." Following them were the successive appearance of a string of novels, "Anecdotes on the Western Front," "Private in the Depth of the Tian Shan Mountain Range," "Shooting Wolves in the Sky," "Wreath at the Foot of the Mountain," "Gunshot in the Suolun River Valleys," "Love by the Qiuxue Lake," "Heroes of Two Generations," "The Asia Waterfall," "Triumph at Midnight," and "Lovesick Tree on the Minefield," the collection of poems "The South Seas" and "The Magic Mountain," and reports "On This Land of China," "Surging Tidal Waves," "A Star Rising Beyond the River," and "The Earthquake in Tangshan." They are works depicting life in the army, bringing back to life "things cordial and vivid that belong to the present" (in Hegel's words), embodying the new breakthroughs in military literature in the sense of directly facing facts, leading the chorus of a lofty song, and bringing the chief melody of revolutionary heroism to a crescendo. The rise of "literature on marshals and generals," with "The Heavier the Frost, the Brighter the Color," "A Marshal and Diplomat," and "The Sea" as the representatives and a number of novels such as "The Last Winter,"

"Land Stained With Blood," "Green Blood," and "Waltz of the Sea," which link history to the present, and endow historical significance to realities or contemporary consciousness to history have, beyond doubt, extended the accomplishments of military literature, and enabled it to eventually get rid of the narrow pattern of "literature on life in a squad or platoon." In these works, the writers succeeded in making the life of contemporary soldiers and the army embrace a strong sense of social mission, sense of the mission of life, and sense of the mission of art, for the sake of the aesthetic mastery of the new behavioral mode and psychological structure of the soldiers. Eventually, they have opened up the second and even third battlefields (including lofty ideals, pursuits, struggles, experiences, rich feelings, and profound psychological activity and love) aside from the particular battlefield filled with gunfire, as in the usual pattern... With the blazing of new trails in depicting space, military literature has developed from portraying "frontal sketches" of soldiers, to illustrating "the souls in entity" of the colorful life of contemporary soldiers in green uniforms.

Under the social conditions of reform and opening up, the reason why military literature can continuously operate on the orbit of serving the people and socialism lies primarily in the fact that from its very birth, it had absorbed healthy nutrients from two aspects, namely the revolutionary tradition of "art for life's sake" as advocated by the May 4th New Cultural Movement and the revolutionary military literature, which had been set up and developed in the Soviet Union. Lu Xun, Qu Qiubai and others were forerunners of the May 4th new literature and art movement as well as the "Prometheuses," who were the first to spread Soviet revolutionary literature and art to China. The Chinese revolutionary military literature inheriting such traditions has from the very start sung the praises of the arduous struggles of the people's revolutionary wars, and regarded the expression of heroism and spirit of self-sacrifice of the Chinese revolutionary soldiers as their own duty, with bringing up new people needed by the new society in such spirit as their target. Then, the new conditions for the development of literature in reform and opening up as created by the 3d Plenary Session of the 11th CPC Central Committee have made possible the further weeding out of "leftist" and ossified guiding ideas for literature and art, proposed new concepts of military literature, and greatly emancipated the creativity of military literature. Because of the adherence to the fine tradition of military literature and simultaneous attention to updating the concepts of literature, the track of the Chinese military literature advancing along the trunk line can be seen explicitly in the decade between the downfall of the "gang of four" and the year 1985.

II

Since 1985, the Chinese military literature has entered into a so-called period of "uproar and turmoil." The activeness of literary creation and theoretical work takes

on a kaleidoscopic and colorful appearance. An important reason for this is the "influx" of Western Modernist philosophical ideological trends in Chinese military literature. As historical materialists and dialectic materialists, we should not affirm or negate Western politics, economy and culture in an all-round and oversimplified way; but face reality, and admit that the conversion from the state of cocooning to opening up will certainly bring vitality to the Chinese military literature. We should also start from the experiences in the growth of contemporary middle-aged and young writers of the army, and have a full understanding of the causes for the sympathetic response Western Modernist philosophy has aroused in them. However, all this cannot become grounds for confusing the fixed quality that military literature defines. Only by placing the blazing of new trails and exploration of military literature under the guidance of Marxist philosophical and war concepts will it be possible to avoid the loss of one's orientation and waste of one's talent. Here, I should like to consult with our friends in the writing and theoretical circles on some of my immature thoughts on a few issues in the theory of war literature.

For example, in the macroscopic study of war literature of the 20th century, some comrades regard the war literature of irrationalism and anti-heroism as literature of the highest level characterized by "entering into the level of human noumenon," on the ground that war literature, which enters into the tier of human noumenon, should be "indifferent to depicting slaughtering and the slaughtered." There are other comrades who believe that for writers engaged in war literature to attain the highest fulfillment in the major aspect in creation is the need to grasp those things that cannot be evaluated and analyzed in terms of whatever existing rational concepts of good and evil. Otherwise, Chinese military literature will always be stuck on a "highly rational theme, referring to the most basic level," namely, the theme of patriotism. Such a tier-dividing methodology leaves much room for discussion.

First, what is this absolute and isolated "level of human noumenon"? It is doubtful whether it exists at all. When Marxist philosophy abstracts the basic qualities and noumenon of man, it believes that only by placing man in his social relations and the concepts arising from which will it be possible to genuinely understand human nature. In his work "The 1844 Manuscripts on Economics and Philosophy," Marx pointed out, if such human functions as "food and sex" are "severed from other human activities and turned into the sole and ultimate objectives, then, in such abstraction, they will possess the characteristic of animalism." In Marx' "Outline on Feuerbach," when he proposed the inference that man is the sum total of his human encounters, he simultaneously negated the following concept: Man can be treated as some abstract individual away from society. Marx critically evaluated Feuerbach's concepts of humanism [renben zhuyi 0086 2609 0031 5030] and materialism, in which Feuerbach summed up things

social as pertaining to the individual. Marx pointed out: "Man is the human world, the state and society." To speak of "human nature" and "human noumenon" apart from man's social relations and the value concept based on which, one inevitably fails to see the "man existing in reality and action," as Marx put it. In sum, the so-called deepening of war literature in the direction of humane studies and the level of human noumenon becomes some empty and illusory theory in writing. In studying human noumenon in his social existence and social relations, Marxist philosophy is not satisfied with pointing out such social existence, but further indicates that man adopts an active, dynamic, and conscious attitude toward the world and the conditions for his survival, and that social relations themselves are not only the prerequisites but the consequences of man's activities in labor. Thus the dualism of humanism between rationalness and irrationalness is avoided. In Marxist philosophy, man is regarded as united in body and soul. Such a unity lives in his physical existence, in his feelings and passion. In any of his expressions in life, he is always human, and the expression is always interpreted as either good or evil, free or not free, base or lofty. If we study war and men in war in such a concept, we will find, because war is a continuation of politics, such cruel slaughtering always stimulates and crushes some of those characteristics in human nature, and makes conspicuous the political, social and class contents in the human nature. Because "man is a political animal truest in reality as well as in name" (Marx' words), the soldier is by no means involved in a war as an abstract and natural man. He could not kill or be killed indifferently. He does it either out of his love or hatred, or in the violent change from one to the other. This point determines the difference of human war from that between animals. Even in "Apocalypse Now," which is regarded as a movie of war theme at "a higher level," as it deals with slaughtering and being slaughtered indifferently, some of the scenes in the movie in question may give the impression that people slaughtered and were slaughtered in all their indifference; but do we not find that such "indifference" was the peculiar artistic form in the mastery of the playwright and director, who aimed to express the desperation and perversion of the war participants, and the peculiar form to embody the contemplation of the value of the war in question? This precisely explains why we can accept and evaluate this movie in the affirmative. The movie "Platoon," which won the prize for the best movie of the year in the 44th "Golden Globe Awards" and four Oscars including the best movie of the year at the 59th Academy Awards in 1986, was one with the Vietnam war as its subject matter; the movie portrays the experiences and psychological changes of a new recruit, a college student in the Vietnam battlefield. The reason why this movie was regarded as the most successful and truthful work of all movies with the Vietnam war as the subject matter does not lie in the fact that it has entered into "the level of human noumenon," transcending utilitarianism in irrationalness, but fallen in line with the ideological trends of the U.S. public demanding a reevaluation of the Vietnam war.

The characteristics of human war stipulate the nature of war literature. Speaking as a whole, war literature cannot but be very strong in politics in the realm of subject matters. It has a sharper quality of ideology than other subjects. But this does not mean that writers engaged in war literature will sacrifice their "major aspect." On the contrary, it is only when Chinese writers engaged in war literature rely on the fixed quality that Chinese war literature defines, namely in a literature that elevates man with extraordinary strength in a rational light filled with heroism, that the subjective aspect of the writers is realized. Because the fulfillment of the subjective aspect is inseparable from the needs of the objective aspect. Regarding Chinese readers, the overwhelming majority of them are people that have made sacrifices for the revolutionary wars under the CPC leadership, and won their emancipation. Concerning their emotional and aesthetic capacity, it is very difficult for them to accept literary works expressing life of the Chinese revolutionary wars in Western Modernist philosophical concepts and interpretation of war. In this aspect, the instantaneous successes of some Soviet writers in their works with the war in defense of the motherland as the subject matter have provided us with a positive example.

III

We should say, some comrades, who uphold that the Chinese military literature should become sub-rational or irrational, actually start from their good will of pushing forward Chinese military literature in the target of "humane studies" or "deeper levels." There is no need for us to deny that Chinese military literature went through a state of cocooning and super-stability; as a result, the malpractice still exists in which "the readers often show their regret for the lack of new ideas" in literary creation. We must admit, because of the ossification for years in the understanding of Marxism, Chinese military literature has met with many red lights on the road of "humane studies," some very normal artistic explorations were often censured; even today, its development is still in a pitiable state. For example, our expression of socialist humanism in literature is rather weak in contents. The criticism against the novel "Company Commander Guan" in 1950 might as well serve as the earliest example in this aspect. The charges against it in spreading "bourgeois humanism" were: First, on the evening when Company Commander Guan was ordered to march toward Shanghai, he took a look at the photo of his wife and children; and second, when charging at a Western-style building in suburban Shanghai, he decided not to fire at it when he found a group of children held hostage by the enemy. He asked somebody to cover him, and blasted the enemy stronghold from behind, while he himself sacrificed his life. If such a behavior was criticized as spreading "bourgeois humanism," it will not be too difficult for us to see the narrow-mindedness in the understanding of Marxism. For another example, Marxist discussions on humanism are very rich. For a long time, we believed that human nature contains only class nature, and in class society, human nature is equal to

class nature. Therefore, in literature, the stubborn disease of a unique, formularized type in abstract terms for one class of people emerged. On this issue, Soviet military literature has actually provided us with some precious experiences in correcting such mistakes. The reason why the novelette "The Forty-First" written by (Lavlenev) [Lafunieliefu 2139 3940 0441 3206 1133] in 1924 occupies a rather conspicuous place in Soviet military literature is that the author boldly cast out the formula that human nature is equal to class nature. (Maliutka) [Maliuteka 7456 2692 3676 0595], the heroine, is abandoned on a deserted island together with a White lieutenant, and the antagonistic situation changes with the girl, who is fond of writing poems, facing a wounded young officer from an intellectual background. Through their falling in love with each other, the author expressed the essences of human nature, namely what Marx said, "the essential force" pertaining to man "existing in him as natural endowments and ability as well as lust." However, the wisdom of the author was not confined to his expression of the omnipresent human nature. When at last the White lieutenant makes an attempt to run away, the relationship between the two once again turns into an antagonistic one between a Red Army soldier and a White officer; (Maliutka) eventually fires at him not without hatred and regret. This is naturally far superior than some of our works reflecting the war of resistance against Japan, the war of liberation and the counterattack in self-defense against Vietnam; in those works, the authors went in full lengths to preach love in the abstract or to one-sidedly moralize history.

Since the beginning of the new historical period, the explorers of Chinese military literature have marched arduously on the rugged path of pushing war literature toward humane studies, and have scored eye-catching accomplishments. As we have many articles dealing with this topic, here I should like to make two points briefly as follows:

First, the inverse contemplation on war and human relationship has led to the initiating of the pattern of humane studies in the Chinese war literature. In the 1950's and 1960's, when Chinese military literature reached a climax in its development, it was mainly characterized by the reproduction of campaigns. The starting point of the writers was to reflect how men had affected war. Hence, the negligence in exploring men themselves in the course of war. Just as A. Tolstoy pointed out, in such works, "only vague human shadows are seen, but not the people themselves." An obvious characteristic of the military literature in the new historical period is the rise of another category of works devoted to describing how war and army life has profoundly affected and altered men themselves. Such works have simplified the process of war, thinned out its background, but maintained its atmosphere, while expanding the space in describing the morality and ethics, or the psychology of love of soldiers in the course of war, thus getting rid of the non-literary trend of war

literature in making itself a footnote in the form of images of the science of campaigns, the science of tactics, and the science of war history.

We should see, in the development of war literature in the new historical period, two generations of writers engaged in works with war as the subject matter have failed to fulfill their historical mission. The first generation of writers engaged in works with war as the subject matter have advantages of a macroscopic aesthetic mastery of war. Writers of the second generation no longer rely on the advantages of the vision of war life in their writing. They think more of, and express the hidden effects of war on life and the shock at the deeper level of the national culture. If in dealing with history, writers of the first generation adopt an attitude of "looking forward to the future," namely, showing the prospects of the victory of war, then writers of the second generation do not necessarily attempt to show the prospects of war in their works, and their concern is the philosophical and cultural contents of war phenomena. In a considerably long period, the Chinese military literature will continue to maintain such a situation of competition between the two genres, which are both opposite and complementary to each other. The birth of a genuine epic, however, will take place only when the two categories of war literature merge at a still higher level.

The trend in changing from the unitary value affirmation of the characters' heroism to a more complex value judgment has led to the return to humanness from the deification of heroes; and the dignity and value of the common people are proposed as the new ideal objective in the practice of writing. The heroism of Liu Maomei in "Anecdotes on the Western Front" is different from the heroism of Ouyang Hai, as depicted in "Song of Ouyang Hai," the last piece of outstanding work of military literature in the "Great Cultural Revolution." Readers can strongly feel that those two heroes are creatures of two different literary times. While in such works as "Wreath at the Foot of the Mountain," "Shooting Wolves in the Sky," and "The Asia Waterfalls," all three aim to set up pyramids for the lowly, their contemplation of heroism is similar to that of "Anecdotes on the Western Front," which has attempted to show heroism in the common people as best it could. In the novelette "It All Took Place in a Flash," Jiang Hanmin, a new recruit, is mistaken for fearing death in the battlefield because of a subconscious gesture by chance; for 3 years, he has been misunderstood, and eventually leaves the troops not without a sense of humiliation in a flash. Shi Erwang, the soldier in "The Asia Waterfalls," and the veteran Red Army soldier Grandpa Kangba in the novelette bearing the same title have both failed to become genuine heroes in the eyes of those around them because of some "hard-to-clarify" problems. In each of the two stories, the authors expressed why people have failed to clarify themselves, why they cannot live a respectful life to prove their new thinking, while affirming their heroism by endowing those characters with genuine heroic actions and characters, so that they "may prove by

themselves" the moral strength and philosophical belief hidden in them. This is also a hot spot in the "literature of war prisoners," a new variety in the military literature of the new historical period. This shows the writers are trying their best to have a more extensive grasp of heroism, the general theme of military literature, and the efforts they have made in exploring more levels and more forms in external expression.

The reason why these efforts have effectively deepened war literature in the direction of humane studies lies in the fact that the writers do not start from naturalism and humanism [renben xue 0086 2609 1331], nor are they led astray by the "universal love" in humanism or the so-called "rational egoism" in humanism. This explains that only Marxist philosophy on man is capable of helping us to grasp the "level of noumenon" of the Chinese soldiers, and to dig into the depth of humane studies in military literature.

IV

Just as mentioned above, the influx of Western philosophical ideological trends is not dreadful, and the key lies in whether we have a healthy stomach to absorb them, whether we are able to have a sober understanding under any circumstances that only Marxist philosophy and concept of war possess the significance of methodology in guiding us to correctly observe and analyze the Chinese military life. Here, there are two facts for us to refer to and to ponder at. The first fact is, Lu Xun was deeply affected by the philosophy and aesthetics of Freud, Schopenhauer, and Nietzsche in his early days. However, while he buried himself in all those doctrines, he was able to come out of them. Lu Xun had always remained the Lu Xun of China; he never became Schopenhauer the Second or Nietzsche the Second. Lu Xun owed this to his own peculiar attitude of "take-inism." In his own writing, Lu Xun said his "take-inism" had two essential points. First, he upheld that young people should read some works of "imperialism." People should not shrink from going to the zoo to watch tigers and wolves kept in iron cages. Those iron cages were precisely criticism. Second, only fools will go deep into the mountain unarmed to watch tigers and wolves. To practice "take-inism," it is primarily necessary for anyone to remain cool and brave, and he must acquire the ability to distinguish things, and must not become "selfish." ("On Take-inism") Lu Xun acquired the above-mentioned four elements. He absorbed, criticized and made his selection from all, and finally, through comparison and evaluation, determined that only Marxist "historical materialism" was the most shining philosophy. The second fact is, just as some middle-aged and young writers put it, they have played all the tricks of the Western Modernist school in recent years, and proved themselves not a bit inferior in practice to those Western Modernists at that. The traditional approach in writing is thoroughly broken; however, the expected "literary explosion" similar to Latin American literature and

great masters worthy of the name have not emerged. If it is not our acting with undue haste, then shall we not owe it to our falling under the control of some blindness?

In fact, such blindness is self-evident. Just as it is correctly pointed out by some Chinese scholars of foreign literature, perhaps we may put it that modernism in coexistence with monopoly capitalism has focally revealed human anxieties and the sense of being lost, and successfully described human solitude, isolation and absurd existence with the emergence of a number of great literary masters including Faulkner and Kafka, then post-modernism in coexistence with the so-called "post-capitalist information society" is characterized by its turning separate and shallow concepts as well as subconsciousness into commodities, and is more and more showing the decline of its creativity. The phenomenon of Western Modernist literature returning to modern realism can be precisely regarded as the results of the reviewing of the Western cultural cycles. Because in Western philosophy and literature, human values take on the trend of forever falling: from the heroes in romanticism, to the common people in naturalism, to the loners full of anxieties and feeling lost in modernism, and to the broken-up slaves under the control of science and technology, sex impulse, and conditional reflection in post-modernism, man has been reduced to a non-human state. European and American literature seems to be developing into a kind of "humane studies" that are deteriorating, mildewing and rotting. Is there any deeper human levels to speak of under such circumstances? Therefore, it will not be too difficult to explain such phenomenon in the Western cultural market: There are fewer and fewer people who read true works of literature; the situation is either works depicting sheer pornography and violence are occupying more and more of the cultural market, or a preference is shown for Oriental literature. It is surprising that the best novel of the year 1980 recommended by the French journal (*ETUDE*) [dushu 6236 2579] was a Soviet novel entitled "No Females in War," a record of the war in defense of the motherland.

Such reality in the cultural field has long posed a severe challenge to some of our comrades, who are overzealous about Western Modernist philosophy and literature. At the same time, it has made firmer our view: The ideological trend of "total Westernization" in literature as the inevitable "smallpox" in the field of literature should guarantee our immunity against it from now on. Every progression made in Chinese military literature along the road of affirming human values, upholding heroism and rationalness should become some kind of agent to hasten the delivery of a great and mature literature. A mature national culture should not be something wavering in the wind. In the course of recording the progress of human emotion, from pain to joy, from pettiness to loftiness, such literature will eventually affirm man's existence and genuine emancipation. Therefore, there is no ground for us to believe that the heroism, moral thinking and

high level of rationalness of the Chinese military literature belong to a "low level." Just as it was pointed out in "The Philosophy of Art" by Taine, "every grade in literary value finds its equivalent in its moral value. Given that all other aspects are equal, works expressing helpful characteristics are inevitably higher than those expressing harmful ones. Even when the artistic skills of two works are equal in introducing two kinds of natural forces on the same scope, the one portraying a hero enjoys a higher value than the other portraying a coward." Without being burdened by Western Modernism and post-Modernism, Chinese military literature is free to absorb their merits, while accepting the positive effects of Soviet military literature, overcoming the effects of some of its ossified patterns in literary thinking and expression on us. Under such conditions, it is possible for Chinese military literature to come to the forefront of the world military literature.

V

If we say that a period of integration following one of diversification is a normal phenomenon in the development of literature, then it is very essential to seriously contemplate the inadequate accomplishments of military literature in the new historical period, when it is entering into the second decade. We should see, because the linkage between literary creation and theory has never been so close as it is today, because the trends of repelling Marxist philosophical concepts and concepts of war in the realm of military literature are largely expressed in the form of theory, the tasks facing the theoretical study of military literature are especially severe. Facing the appeal of many writers in the army for the sense of war culture, some comrades are rather vague in their experiences and understanding of what sense of war culture is needed. The courage and determination of writers in the army to conduct artistic exploration at present are affected and weakened when they are facing the situation that the demarcation line between new and old concepts have not been clearly drawn in the theory of military literature, and in some cases, people waver between Marxism and non-Marxism, not daring to affirm those that should be affirmed or to oppose those that should be done so. The theory of military literature should face squarely and answer those questions if it is to make some accomplishments in developing literature and art with military affairs as the subject matter with Chinese characteristics.

True, it is necessary to overcome the tendency of divorcing from the masses regarding theory itself, resulting from either the difficulties in its wording, or willfully mystifying things, or adopting a lofty and out-of-reach attitude; but I believe the more important thing at present is to excavate as quickly as possible some very precious things which had long been neglected in the past in Marxist philosophy and science of literature and art. Only then, will it be possible for the contemporary middle-aged and young writers in the army, who have certain senses of loss, failure and disillusion because of

their painful experiences in the 10 years of turmoil, to be conquered by the thoroughness of Marxist theory, and to change their attitude of following Western Modernist philosophy and literature blindly to a self-confidence in daring to make a selection. In a cultural environment characterized by reform, opening up and the successive emergence of new theories, only such a self-confidence in making selection is capable of efficiently overcoming the angle of shallowness and impetuosity in military literature, and making it march steadily toward a new maturity.

Expositions on Several Important Views in the Revised and Enlarged Edition of 'Building Socialism With Chinese Characteristics'

OW291413 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 pp 37-42

[Seventh part of article by HONGQI Theoretical Education Editorial Office]

[Text] VI. On the Establishment of a Democratic Legal System

Luo Shugang [7170 2885 0474]:

18. "The democracy we stress cannot be copied indiscriminately from bourgeois democracy and cannot be of that form in which the three powers of government are in tripartite confrontation." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 150)

When the party Central Committee proposed the reform and perfection of our socialist political system, some people advocated using the "separation of the three powers of government," as practiced in capitalist countries, to transform and replace our country's political system. Some people, who are not very clear about the "separation of the three powers of government," also seemed to think that the "separation of the three powers of government" could overcome the defects of our political system. These words by Comrade Deng Xiaoping provide a clear reply on this matter.

The "separation of the three powers of government" is the basic principle and the organizational form of the political systems in bourgeois states. The origins of the theory of separation of the powers of government can be traced back to the times of ancient Greece and ancient Rome. In modern times, after the gradual strengthening of the bourgeoisie as a political force, it was the Englishman Locke and the Frenchman Montesquieu who developed the early ideology of separation of government powers and made this a political doctrine with a fairly complete theoretical format. Through development by Locke and Montesquieu, the basic contents of the "separation of the three powers of government" were set down: 1) State power is divided into the three components of the legislature, the executive, and the judiciary, and the powers of these three components should be

exercised by three different departments. 2) The relationship between these three departments in exercising state power is not purely one of separation but also should be one of mutual restriction. 3) Only when state powers are thus separated and are mutually restricting can abuse of state power be prevented. This doctrine became the political theory cornerstone in the establishment of the bourgeois state political systems. The putting forth and application of the bourgeois theory of "separation of the three powers of government" had progressive significance in theory and this was an ideological weapon in the hands of the bourgeoisie to oppose feudal autocracy, strive for political power, develop new capitalist relations of production, and liberate the productive forces. Following the establishment and consolidation of the ruling position of the bourgeoisie, the "separation of the three powers of government" had a role in harmonizing the internal interests of the bourgeoisie and in alleviating the tense struggle between the various interest groups. However, in the appraisal of the bourgeois doctrine of the "separation of the three powers of government," it certainly cannot be propagated as a universal truth that form in which the three powers of government are in tripartite confrontation. This is because:

1. The doctrine of the "separation of the three powers of government" discusses only the form of the state and does not reveal the nature of the state, and this is an insuperable defect. The Marxist theory of the state holds that the state system (the position of all social classes in the state) determines the political system (the constituent forms of state power) and that the political system must be in accord with the state system and is a form of manifestation of the state system. Only by examining the form of the state and the nature of the state in a comprehensive way is it possible to correctly explain the question of the form of the state. Discussing the form of the state divorced from the class nature of the state can only blur people's understanding of the nature of the state. The bourgeois theory of the "separation of the three powers of government" talks only about organizational forms of the state and avoids touching on the class nature; that is, the bourgeois state is a tool by which the bourgeoisie rules and oppresses the vast laboring masses. In a period when the bourgeoisie, as a single class, holds power, then it matters not how the powers are separated and balanced, as the proletariat and the vast laboring masses cannot really obtain power and freedom.

2. The bourgeoisie advertises that the "separation of the three powers of government" allows parliament to effectively supervise and restrain the executive head, ensure that public opinion can be respected and represented, and will not allow abuse of state power. However, capitalist political practice has shown that supervisory powers of parliament over the executive head are daily becoming weaker and that the powers of the executive head are being further expanded. The executive head can, through many avenues, veto bills which the parliament has passed and which are not of benefit to himself. He can also directly or indirectly influence and interfere

in the legislature. In fact, the executive head has already surpassed in many areas the containing powers he has over parliament as set down in the constitution and has also in many areas thrown off the controls, as set down in the constitution, which parliament has over him. The expansion of executive powers has destroyed the visualized relationship between separation of powers and balancing. This shows that the powers of supervision and restriction over the executive which are established through the "separation of the three powers of government" cannot guarantee that the executive head does not abuse his power. Moreover, the parliaments of bourgeois states in no way represent the will of the vast laboring masses and only reflect the wishes and interests of the bourgeoisie.

3. The bourgeoisie advertises that the "separation of the three powers of government" can achieve fair distribution of interests through the balancing of powers. Actually this distribution of power is only distribution among the different interest groups of the bourgeoisie and it excludes the vast laboring masses from the system of political power. This is a most unfair expropriation of interests. If there is a contradiction between the various interest groups of the bourgeoisie, there will be no way to basically harmonize their interests through the "separation of the three powers of government." The contradiction between interest groups of the bourgeoisie are produced on the basis of the basic nature of that exploitative class and the private ownership system. They are deeply rooted in the breaching of interests in economic relationships and cannot be basically resolved through a particular form of political structure. The system of the "separation of the three powers of government" only maintains the acute breaches between the various interest groups of the bourgeoisie within limits so that they do not lead to the disintegration of the capitalist system, and covers this situation with a veil of fairness so as to deceive the masses.

The narrowness of interests and the innate, insuperable contradictions represented by the "separation of the three powers of government" show that this is not what the bourgeoisie claims it to be when it says that it is the highest and most wide-ranging political system. Using a new-form political system which is of a higher level and more rational to replace, the "separation of the three powers of government" has become a historical inevitability. Marx and Engels, with an extremely rigorous scientific attitude, through tens of years of arduous exploration in which theory was combined with practice, finally discovered a "political form which can and should be used to replace the smashed state machinery." ("Selected Works of Lenin," Vol 3, p 219) The basic principle of this political form is democratic centralism. Our country's political structure used the principle of democratic centralism to establish the people's congress system. This political system affirms that in a socialist society the laboring masses who mainly consist of the workers and the peasants are the masters of the state and

have absolute, inextinguishable, and indivisible state power. They elect their own representatives who form people's congresses at various levels. These are the organs of state power. All the state organs are established on the basis of the people's congresses. The state organs at various levels are produced by the people's congresses. The state organs at various levels are produced by the people's congress at the same level, and they are responsible to the congress and report on their work to it. Voters and electing units have the power to supervise and, at any time, replace the representatives they have elected. This political system effectively guarantees the political and economic position of the masses as master. Of course, at present there are still many problems in our country and these need to be corrected through political and economic structural reform. The people's congresses themselves also need to be continually improved and developed. In the process of reform, development, and perfection, it is necessary to use as reference and critically draw in some concrete experiences of the capitalist political system in the organizational area and in market mechanisms. However, our country's political structure is basically more scientific, more advantageous, and has more development potential than the system which "separates the three powers of government." This point has passed the tests of history and practice.

Some people, on seeing that China's system of people's congress also has divisions of work between the legislative, judicial, and administrative areas, hold that our country has also implemented the bourgeois system of "separation of the three powers of government" and therefore deduce that the "separation of the three powers of government" is also appropriate for a socialist political system. This confuses the basic difference between the two types of political systems. On the theoretical level, the capitalist political system and the socialist political system are determined by the two different natures of the states. The doctrines which guide these two types of political systems are also under two basically opposed political theory systems. Seen from the practical level, although it is true that in our country legislative powers, judicial powers, and executive powers are exercised by separate state organs, this is not the system of "separation of the three powers of government." According to relevant stipulations of our country's Constitution, state legislative power is exercised by the NPC and the NPC Standing Committee, and the highest executive organs, judicial organs, and procuratorial organs are produced by them and are responsible to them.

Some other people hold that by adopting the "separation of the three powers of government" during our country's political structural reforms, we can prevent the abuse of power. This is also an incorrect understanding. As has been noted above, in bourgeois states the "separation of the three powers of government" cannot prevent abuse of power and the seeking of private gain. Practice has proven that in the exercise of supervisory functions and

in the prevention of abuse of power, the socialist political system is far more practical and effective than the "separation of the three powers of government."

Under the socialist system, the supervision exercised by the people over personnel doing state work is becoming daily more complete, systematic, and concrete supervision. It has cast off the incompleteness and falseness of the nominal supervision created by the separation of power. Of course, under the socialist system there still exists bureaucratism and corruption, but these demonstrate only that the socialist political structure is not yet complete. Because of this we cannot negate its conclusions. Following the carrying out of the political structural reforms, its supervisory functions will become more effective.

Over 150 years after the death of Montesquieu, the doctrine of the "separation of the three powers of government" entered China. At the time, the bourgeois reformists and revolutionaries of China tried to use this as a theoretical base on which to transform China. Sun Yat-sen also, on the basis of the doctrine of "separation of the three powers of government," established his own fairly distinctive doctrines of power, such as the "five-power constitution" theory, the theory of "separation of political power and administrative power," and so on. However, these theoretical and practical efforts were unable to rescue and transform China, and they ended in failure. It is as Comrade Mao Zedong pointed out: "The Chinese people studied much from the West, but it did not work and ideals could not be realized. Many struggles, including national scale movements like the 1911 revolution, all ended in failure." ("Selected Works of Mao Zedong," Vol 4, p 1407) Historical facts have proven that the capitalist "separation of the three powers of government" will not work in China and that China can only be saved through the socialist political system and economic system.

Li Maoguan [2621 5399 4619]:

19. "Through reform we must arrange well in China the relationship between rule by law and rule by man and resolve the question of the relationship between the party and the government." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 139)

Rule by law and rule by man are two types of contrasting methods of administering a state. Referred to as rule by law is the use of laws which manifest the collective will of the entire ruling class to administer the state. What is referred to as rule by man is reliance on the individuals who hold power to administer the state. Under socialist conditions, if the proletariat and the vast numbers of the people are to administer the state well, it is necessary to change rule by man and implement socialist rule by law. The question of the relationship between the party and the government is in essence a question of through what form our party, as the party in power, is to realize

leadership. Sorting out the relationship between the party and the government while avoiding having the party organs become power organs or administrative organs is the crux in effectively achieving party leadership over the life of the state.

China's current political structure was influenced by the Soviet Union's political structural model, and in accordance with the principles of the period of leadership of the revolutionary struggle, a system whereby party and government were combined and there was a high degree of centralized power was established. One of the major defects of this structure is that power is excessively centralized. "The phenomenon of excessive centralization of power is seen in that under the calls for strengthening unified leadership by the party, all power is centralized in an inappropriate and unanalytical way in the party committee, and the party committee's power is in turn often centralized in the hands of several secretaries, particularly in the hands of the first secretary. Thus everything is directed by the first secretary. The party's unified leadership thus often becomes leadership by individuals." ("Selected Works of Deng Xiaoping," pp 288-289) The result is that party organs at all levels manage things they should not manage, things they cannot manage well, or things they cannot manage at all. This affects the party's political leadership over the life of the state, harms the democratic life of the party, and obstructs the bringing into play of the people's enthusiasm for being masters of their own affairs. Thus, handling well the relationship between rule by law and rule by man and resolving the question of the relationship between the party and the government have become due parts of political structural reform. Of course, because of historical and practical factors, the implementation of socialist rule by law requires a process of gradual change from rule by man to rule by law. The resolution of the relationship between the party and the government also requires positive and stable regulated progress. How then through the reform of the political structure are we to gradually achieve socialist rule by law and resolve the question of the relationship between the party and the government?

First, there must be separation of party and government functions so that the division of work between party and government is gradually systematized and set down in a legal form.

Comrade Deng Xiaoping has repeatedly proposed "the separation of party and government functions." This has been put forward in response to the defect which exists in our country's political system under which party and government functions are not separated and the party replaces the government. What is referred to as separation of party and government functions means that party and government responsibilities must be clearly delineated and a separation of the functions of the party and the functions of the government must be achieved, so that party leadership over the government is democratic and scientific. For a long period, we mistakenly believed

that leadership by the party meant that the party took on everything and intervened in everything and that if this were not so leadership by the party would be weakened. The lack of separation between the party and the government and having the party replace the government not only obstructed state organs from exercising their functions in an independent and responsible way and was non-beneficial to motivating the enthusiasm of the cadre masses, but weakened party building and in fact reduced the leadership role of the party. At the same time, this defect provided conditions for the possibility of leaders operating patriarchal systems, leaders having the sole say, bureaucratism, and using power to replace the law. It also provided easy opportunities for a small number of careerists and schemers to usurp party power. Since the 3d Plenary Session of the 11th CPC Central Committee, the Central Committee, at the same time as strengthening democratic party building, has done much work in putting in order the relationship between the party and the government, and has achieved major breakthroughs in this. However because the principle of party and government separation has not yet been systematized and put in a legal form, there still widely exists the phenomenon of party committees and a small number of leading cadres interfering with state organs which are carrying out their legitimate functions in accordance with legal procedures. Thus, through the reforms, on the one hand, we must further strengthen democratic party building and on the other hand must formulate necessary party regulations and state laws which formally set down the relationship between the various levels of party committee and government organs and the limits of their responsibilities. These must also set down the leadership powers of the party and the management powers of the government as well as the procedures through which the leadership and management functions should be carried out. Only in this way will we be able to ensure that the party exercises correct and effective leadership over government organs and firmly guarantee that the various levels of party committees act within the bounds of the Constitution and the law. At the same time, this will also assist the masses in carrying out supervision of the work of party committees at all levels.

Second, we must truly strengthen the people's congress system and fully bring into play the roles of people's congresses at various levels as well as their standing committees.

The people's congress system is the basic political system by which our countrymen are masters and exercise state powers. It is a basic guarantee in our implementation of the rule of law and is an important measure by which to improve leadership by the party and realize the separation of party and government functions. In the last 8 years, we have carried out some major reforms in perfecting the people's congress system and have realized obvious achievements. In particular, major successes have been achieved in the legislative area in the NPC and its Standing Committee. However, seen in terms of

reforms and the four modernizations, our people's congress system still does not accord with the needs of the developing circumstances. The situation where the authority of organs of power, especially local people's congresses, is inadequate, their position is not high, their role is not major, and their personnel not strong has not yet been basically changed. Thus through reform we must, by regulations and laws, further improve the position in state life of the organs of power, strengthen their legislative, decisionmaking, appointment and dismissal and supervisory functions, and establish their due authority so that the people's congresses truly become organs through which the people exercise state power. At present, we must pay attention to strengthening the building of the standing committees of local people's congresses and in the areas of structural setup, personnel arrangements, guiding ideology, and work methods, we should adopt powerful measures so that they are in accord with their legal position and the demands of the functions they exercise.

Third, we must strengthen the building of the administrative legal system and especially do well in the reform of the cadre and personnel systems.

Back in 1980, Comrade Deng Xiaoping succinctly pointed out: Our management system with its highly centralized power is a major source of our characteristic bureaucratism. Another cause of the problem is that party and government organs as well as leadership organs in various enterprises and facilities have long lacked a strict top-to-bottom administrative legal system and individual responsibility system. Further there has been a lack of clear stipulations in respect of limits of responsibility between individual organs and individual persons. Thus there was often no rule to follow in work which meant that the cadres could not handle, with independent responsibility, those matters they were supposed to handle. Thus they had no option but to submit, all day long, requests for instructions and requests for approval. (See "Selected Works of Deng Xiaoping," p 288) At present, the building of an administrative legal system in our country is a weak link and there is still no complete administrative law. There is still much work to be done in the areas of administrative legislation and in administrative judicature. How we are to implement the rule of law in the management of cadres and personnel matters is an especially urgent matter. At present, the appointment, dismissal, promotion, and transfer of some local cadres is still determined by the individual say of a small number of leaders. The necessary democratic procedures and supervision by the masses is lacking. We must thoroughly change, through regulations, this abnormal situation. We must reform the management system whereby the party committees and their organizational departments manage, in a unified way, party, government, mass organization, and enterprise leading cadres, and appropriately delineate the management limits for cadres in different departments. We must gradually perfect the selection system, develop the system of appointment through examination and calling for

applicants, reduce appointments by party committees and decide on cadres' appointment and dismissal, promotion, rewards, punishments, and progress in accordance with the law. We need to combine the reform of the cadre and personnel systems with the overcoming of bureaucratism, with structural reform and with the adherence to and development of socialist democracy. We must then gradually establish a complete scientific and democratic management system for the selection, examination, appointment and dismissal, assessment, impeachment, rotation, reward and punishment, and supervision of cadres. By so doing cadre and personnel management will be conducted in accordance with rule by law.

Fourth, we must complete the legal supervision system and strengthen supervision over cadres to ensure that they act in accordance with the law.

Perfecting the legal supervision system is a basic condition for democratizing the political structure and is also an important part of reforming the political structure. Only by establishing a complete system for enforcing legal supervision within which authority is great, effectiveness is high, organization is complete, regulations are consummate, and work is coordinated will it be possible to guarantee that cadres at all levels do their work in accordance with the law. We must firmly ensure, in terms of regulations, that various levels of specialized organs like the people's procuratorate and the organs of power like the various levels of people's congresses have the power and are able to supervise the implementation of the law, and especially exercise effective supervision over state cadres who violate law and discipline. We must pay attention to strengthening supervision of upper-level state organs over lower-level state organs and to strengthening mutual supervision among state organs, government and party organizations, social groups, and the CPPCC. All levels of party organs must guarantee, not only on the ideological level but also on the organizational and regulations levels, that political and legal departments, party member cadres, and other workers strictly implement and observe the laws and that the masses and party members supervise the cadres, especially leading cadres.

Fifth, we must firmly guarantee, in terms of systems, the independent exercise of judicial department functions.

According to the stipulations of our country's Constitution and laws, the people's courts and the people's procuratorates are to independently exercise judicial authority and procuratorial authority and should not be subject to interference from any organ, group, or individuals. However, in actual life, there are still party, government and military leading organs and leading cadres who, relying on their privileges, arbitrarily interfere in the regular work of judicial organs; change or refuse to implement court rulings; transfer impartial judicial cadres; and even compel public security and judicial organs to engage in illegal activities that infringe

on the rights of citizens and on democratic rights. They thereby seriously affect the independent exercise of judicial organ functions. Thus, if we want to implement rule by law and change rule by man and enforce strict division of work between the party and the government so that judicial cadres can truly act strictly in accordance with the law, then under the precondition of the party showing ideological and political leadership over judicial work, we must formulate some specific laws and regulations to truly guarantee that the judicial organs can repel any illegal interference in their concrete work by any organizations or leaders, including party committees. We must truly achieve the situation of "when there are laws, they are adhered to; implementation of the law is strict; offenders are prosecuted"; and "citizens are equal before the law." We must fully bring into play the functions of judicial organs.

When we stress the perfection of the legal system and the implementation of rule by law, we certainly do not overlook the rule of the people. Further perfection of the legal system must be achieved by the people. Thus, together with perfecting the legal system, we must pay attention to doing well building party spirit and building cadre contingents. By correcting party style, cadre training, and so on, we must ensure that the vast numbers of party cadres, especially leading cadres, strengthen ideological training and tempering of party spirit; increase their knowledge of the law; and continually improve laws, and work styles. Thus, in a model way, they will implement laws, observe laws, and conduct work strictly according to laws. Only in this way will we be able to achieve socialist rule by law.

Ba Li [6671 0500]:

20. "Human rights" referred to in the Western world and what we call human rights are two different things: the viewpoints are different." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 111)

These words of Comrade Deng Xiaoping clearly indicate the essential difference between the bourgeois theory of human rights and the proletarian theory on the rights of people. The Western bourgeoisie always poses as protectors of "human rights," advertises its countries as the "free world" "respecting human rights," and attacks socialist countries for "violating human rights" and for "not having human rights." A very small number of hostile, antisocialist elements within our country also slander our country's democratic dictatorship by the people and often clamor about "striving for human rights" and "striving for freedom." Under the influence of the ideological tide of bourgeois liberalization, a small number blindly worship the Western world's so-called "human rights." Thus, it is extremely necessary to use a Marxist viewpoint to explain the basic difference between so-called Western bourgeois "human rights" and what we call "human rights."

It should be pointed out that Marxism generally does not negate human rights. Marxism holds that the theory of human rights put forward by the bourgeoisie in the struggle to oppose the feudal autocratic system, which has as its major components freedom, property, security, and opposition to oppression, is a reflection in political ideology of capitalist economic relations, and that in opposition to feudal autocracy and religious theocracy, it plays a certain progressive role. The proletariat also does not reject the use, in a certain historical period, of the human rights slogan to reveal and oppose the rule of the bourgeoisie and to strive for and guarantee the rights of revolutionary people. After World War II, following the rise of national liberation movements and the increasing role played by Third World countries in international affairs, the human rights question was further internationalized, and the concept of human rights gained major new contents. We firmly support the demands for a series of rights such as international sovereignty, national self-determination, development rights, and basic human rights put forward by Third World countries; we support their international struggle toward this end. It can be seen that the essence of the problem does not lie in whether or not one uses the slogan of human rights or whether or not one struggles for human rights, but in which class or which people are struggling to obtain human rights and what sort of human rights they are struggling for. On this basic question, we have a basically different viewpoint to Western bourgeoisie.

First, the Western bourgeoisie does its utmost in preaching the theory of "natural human rights" and says that human rights are eternal and above class. Marxism holds that human rights are a product of mankind's social history and that human rights are always specific and have a class nature. It holds that abstract human rights that are beyond class do not exist.

What are referred to as rights mean certain rights and interests that the law allows people to enjoy. Rights are closely related to certain social and economic conditions, class, state, and laws. Different economic conditions and different social and political systems have different kinds of rights. Thus, abstract rights which completely exclude differences such as country, nation, sex, and times, and especially the differences of class, actually do not exist. It is as Lenin pointed out: "We cannot forget that all democratic rights include, for example, class content." ("Complete Works of Lenin," Vol 19, p 527) The bourgeois "theory of natural human rights" uses abstract "man" to replace class man and uses the "universality" of interests to replace the class nature of interests, and this is intended to cover up the class nature of bourgeois democracy. The authors of the Marxist classics long ago revealed the real meaning of so-called bourgeois "human rights." Marx pointed out: "The practical use of human rights to freedom is the right to private ownership of property." ("Complete Works of Marx and Engels," Vol 1, p 438) Engels also pointed out: "What is proclaimed as one of the most important human rights is the bourgeois right to ownership."

("Selected Works of Marx and Engels," Vol 3, p 57) In capitalist society, the proletariat and the vast masses of laboring people either own nothing or else own very little; are stuck in a position of being exploited and oppressed; and can only sell their labor "freely." Meanwhile, the bourgeoisie, through the means of production and state power it holds, exploits and enslaves the proletariat and other laborers. This economic and political inequality determines that the proletariat and other laboring people cannot equally enjoy the right to democracy and freedom enjoyed by the bourgeoisie. Thus, as far as the proletariat and the vast numbers of laboring people are concerned, the so-called "human rights" of the bourgeoisie are a sham.

Second, the so-called "human rights" of the bourgeoisie are enjoyed only by a small number of people while the proletariat must struggle for and realize democracy and freedom rights that should be enjoyed by the majority of the people.

On the bourgeois theory of human rights, Comrade Deng Xiaoping has succinctly pointed out: "What are human rights? How many people are they the rights of? Are they the rights of a large number of people, the rights of a small number of people, or the rights of the people of the whole country?" (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 111) In any society with private ownership, the exploiters constitute a small part of the population, while the exploited constitute the majority. Thus, regardless of how fully the democracy of the exploiting class is implemented, it can only be a democracy of a small number of people. Under a capitalist system, the bourgeoisie which constitutes only a small part of the population enjoys the power to manage the state and other democratic rights, while the proletariat and other laboring people who constitute the majority of the population do not enjoy or enjoy very little of the rights. If we take the system of universal suffrage—which the bourgeoisie flaunts—as an example, it cannot guarantee that the vast numbers of laboring people universally participate in voting and cannot guarantee that laboring people have the opportunity to be elected. Bourgeois laws and regulations impose all sorts of restrictions on electors, which really deprives the laboring people of the right to vote. For example, the 1971 French Constitution clearly stipulated that citizens were divided into "active citizens" and "passive citizens" and only "active citizens" had the right to vote. These people constituted only 15 percent of the total population of France at that time. The United States has at least 50 restrictions on voters, including years of residence, age, property, tax payment, educational standard, race, and so on. In the last few years, driven by the struggle and pressure of the laboring people, Western bourgeois states have relaxed restrictions on voter qualifications, but they still use various covert restrictions to deprive the laboring people of the right to vote. Thus a small number of people enjoy democracy, the rich enjoy democracy—this is the essence of bourgeois "human rights." However, under the socialist system, because all

state rights belong to the people, it is thus guaranteed that the laboring people who constitute the majority of the population enjoy the wide-ranging democratic rights of being masters. Only a very small number of hostile elements have had these rights taken away from them. This is a new style of democracy unprecedented in the history of mankind. In our country, the vast numbers of people all enjoy democratic rights such as participating in state management and so on. Our Constitution stipulates that all Chinese citizens who have reached 18 years of age have the right to vote and the right to be elected. This fully shows that our country's socialist democracy is the widest-ranging democracy enjoyed by the majority of the people. The democracy of no bourgeois country can compare with this.

Third, the so-called "human rights" of the bourgeoisie in the West are only formalistic democracy. As far as the vast numbers of laborers are concerned, it is a name without reality. However, the people's rights struggled for and realized by the proletariat are manifested in unity of form and content and have dependable legal and material guarantees.

The divorcing of principle and practice and the separation of form and content are the basic characteristics of bourgeois democracy. The core of bourgeois democracy is clamoring about high-sounding freedoms and rights but in reality not allowing the majority of the people to fully enjoy their freedoms and rights. Although in their constitutions they stipulate that citizens enjoy various rights and freedoms, there are very few legal and material guarantees. In capitalist society, the laboring people do not control the means of production, and bourgeois countries do not provide the laboring people with places to assemble or with broadcasting and printing equipment. As far as laboring people are concerned, the so-called right to participate in politics and the freedoms of speech, publication, assembly, and association are just empty promises. However, under a socialist system, the wide masses of laboring people, represented by the proletariat, control state power and are masters of the state society. The socialist economic system and the political and legal systems fully guarantee from various angles the true realization of the people's democratic rights. Following the development of socialist economic construction and the further perfection of the system of socialist democracy, the democratic freedoms and rights enjoyed by the vast numbers of the masses will be increasingly expanded and increasingly guaranteed.

Fourth, so-called Western bourgeois "human rights" separate rights and obligations, while socialist democracy unifies rights and obligations.

In capitalist society, because of the basic antagonism of the interests of the bourgeoisie and those of the working class, and the existence of bourgeois privileges, bourgeois democracy has the characteristic of the democracy of all exploiting classes, whereby rights and obligations are separated. In capitalist countries "virtually all rights are

given to one class and virtually all obligations are placed on another class." ("Selected Works of Marx and Engels," Vol 4, p 174) The bourgeoisie shoulders virtually no obligation and enjoys rights, while the vast numbers of laboring people are forced to shoulder heavy obligations and cannot enjoy or enjoy only a small number of rights. Under a socialist system, because of the implementation of the system of public ownership of the means of production and the implementation of the system of "from each according to his ability and to each according to his work," class exploitation and oppression have been eliminated, and the basic interests of the state and the people are the same. This then determines the identity of citizen's rights and obligations. Our country's Constitution, while stipulating wide rights and freedoms enjoyed by citizens, also stipulates the obligations citizens must undertake. Our country's laws guarantee the legitimate rights and freedoms of citizens and will not allow any organization or individual to violate them. At the same time, they will not allow any person to use these rights and freedoms to carry out antirevolutionary activities or other illegal activities that harm the stability and unity of the state; harm state, social, or collective interests; or harm the legitimate freedoms and rights of other citizens. This is the essential requirement of socialist democracy.

To sum up, so-called Western bourgeois "human rights" and the human rights we speak of are two fundamentally different things. We certainly must clearly distinguish the two and clearly recognize the class nature of so-called Western bourgeois "human rights."

Fourth Lecture of Forum on Socialist Commodity Economy: The Role of the Law of Labor Value in the Socialist Commodity Economy
OW070725 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 pp 43-46

[Article by Ren Weizhong [0117 5281 1813]]

[Text] A significant reason that China's economic management system has long been rigid is because it lacked a good understanding of the status and role of the law of value. The communique of the 3d Plenary Session of the 11th CPC Central Committee stressed: "We should act resolutely according to the economy law and attach importance to the law of value." It is further pointed out in the "Decision of the CPC Central Committee on Reform of the Economic Structure" that: "A socialist planned economy must voluntarily depend on and apply the law of value and is a planned commodity economy based on the public ownership system." To boost the economic vitality, we must, in the course of developing the socialist commodity economy, study well and make good use of the law of value.

First, what is the law of value?

The law of value is the basic law of commodity economy. The law of value exists whenever there is commodity production and circulation. This law inevitably plays a role in our socialist economy, for it is a commodity economy. However, we still do not fully understand the law of value or the fact that the result of voluntarily making use of the law differs from that of letting it take its own course. When we understand it and voluntarily apply it, we may promote scientific and technological advancement, improve the economic results, as well as readjust and develop a smooth production and circulation process. It therefore brings vitality to the national economy. However, if we neither understand nor acknowledge it, it will turn into a blind force and we shall lose our initiative in the economic work.

What kind of law is exactly the law of value? Generally speaking, the law of value is an objective inevitability that the necessary labor time required by society determines the commodities' magnitude of value. That the necessary labor time required by society determines the value means that because of different subjective and objective conditions, different producers consume a varying amount of labor time on making the same kind of goods. However, all goods must be judged by the yardstick of society, that is the necessary labor time required by society. No matter how much labor time an individual has spent, the value of his goods must be determined by the necessary labor time required by society. One will gain more profits when his individual labor time is less than the necessary labor time required by society. Otherwise, he will get less profits or even suffer loss if his individual labor time is more than the necessary labor time required by society. That the necessary labor time required by society determines the value further requires that the exchange of two different kinds of commodities should be one of equal value. Price is the manifestation of value in terms of currency. Essentially, the price level is determined by the value, that is the necessary labor time required by society. However, it is often higher or lower than its value because of other factors, particularly the influence by the supply-demand relations of commodities. As value plays a decision role in pricing, the price, judging from its trend, often fluctuates within a range focused on this level, no matter how wide the range is or how long it takes from one extreme to another.

Second, the role the law of value in the socialist commodity economy

Generally speaking, the law of value plays the following roles in the socialist economy.

First, it promotes technological advancement, saves labor time, and improves labor productivity. Both the conservation of labor time and the improvement of labor productivity are two aspects of the same issue. The former shows the reduction of labor time consumed on the production of a unit commodity, while the latter shows the increase of production output within a unit of

labor shows the increase of production output within a unit of labor time. The amount of necessary labor time required by society for producing commodities varies in the wake of changes in the labor productivity. Commodities' magnitude of value is in direct proportion to the amount of labor incorporated into them, while it is inversely proportional to the labor productivity. Labor productivity is determined by various factors, including workers' average degree of skillfulness, the development level of science as well as its degree of application to the production techniques, social integration for the production process, the scale and efficiency of the means of production, and the natural conditions. How does the law of value play a role in the promotion of labor productivity? After an individual producer has taken the lead in improving their labor productivity by adopting various measures, the labor he spends on producing a unit of commodity is less than the average necessary labor consumption required by society for making that kind of commodity. He thus gained extra profit, they will become very concerned about the quality of labor as well as workers' education, vocational and technical training, to heighten their level of skillfulness. Also they will pay attention to improving their operations and management, study advanced management skills, coordinate their internal and external relations, and mobilize the initiative and creativity of staff and workers. They will strengthen the work of business accounting, cut their expenses, lower their production cost, and improve economic results. They will adopt a production scale that is technically and economically feasible, so as to make use of the economic of scale. They will also pay attention to conserving raw materials and rationally utilizing the natural resources. Today, the advancement of science plays a decisive role in the improvement of labor productivity. Whoever adopts the advanced technology first will quickly reduce his labor consumption, thereby gaining more additional economic benefits. China's old pricing system was very irrational and unfavorable to the promotion of technological advancement or the conservation of labor consumption. Some commodities were priced according to the labor consumption of a few superior enterprises. As a result, most enterprises gained little profit or even suffered losses, and they were simply unable to undertake technological transformation. Moreover, some products were priced according to the labor consumption of inferior enterprises. Therefore, a large number of enterprises whose technological level was low and whose management skills were backward were protected, and the advancement of technology was hindered. In order to greet the new technological revolution of the world and to quickly switch China's economy onto the track focusing on the improvement of economic results, we must respect the law of value and reform the pricing system so that the price of all commodities will generally reflect their values, thereby encouraging the advanced producers and stimulating the initiative of the backward ones.

Second, it promotes the improvement of product quality and the active development of new products. That the

necessary labor time required by society determines the commodities magnitude of value takes commodities that pass the quality check as the standard. A production unit will be regarded as saving the individual labor consumption if makes quality products by employing the same amount of labor consumption, and thereby gaining extra profits. All enterprises will, in order to obtain such profits, vie with each other to adopt various measures for improving and enhancing their product quality. In the past, many of China's commodities were priced indiscriminately despite their grades. The price of some famous brand products were even below that of ordinary and inferior commodities. Such policy violated the law of value and was extremely unfavorable to the improvement of product quality. Only when we put an end to this irrational pricing policy and insist on pricing according to grades, can we stimulate enterprises to improve their product quality and prevent the inferior products from entering the market.

New products are made according to new designs and by adopting new techniques and technology. They possess new functions and uses that may satisfy the new demands of society and enable opening new market. As the stages of scientific research, experiment and trial production are needed to make new products, these processes require the payment of numerous extra expenses. In some cases, loyalty payment may also be required. Their sales price should therefore be higher than that of the old products. In addition, when a new product is introduced into the market, it is often solely produced by the enterprises that has first developed it. The situation is marked by monopolization and the product is always in short supply. Furthermore, to a certain degree, an investment in a new product requires risks, which determines that its price is generally higher than the value so that the producer may gain extra profit, and enterprises are encouraged to develop new products. China has adopted many measures for supporting the development of new products. However, it is still not enough. Products of many old enterprises remain unchanged. The status of many scientific research projects is still at the stage of making samples and exhibits instead of entering the stage of normal production. All these are related to the abnormally low price of new products. To determine a rational price and to support the development of new products by using such economic levers as taxation and loans are a major topic in the work of voluntarily applying the law of value.

Third, it readjusts the industrial structure, product structure and technological structure, as well as readjusts the significant proportions of the national economy, through readjusting the distribution of aggregate social labor among various departments. Marx said: "The law of value of commodities determines the amount of time that a society can spare out of its total labor time it supports on making every particular kind of commodities." ("Completed Works of Marx and Engels" vol 23, p 394") The readjustment role of the law of value in production is realized through pricing. However,

whether or not the price of a product equals its value, this kind of readjustment takes place. When its price equals its value, the means of production and the labor force will gradually flow from the backward enterprises to the advanced ones due to the difference in interests that arise from differences between the individual labor consumption and the necessary labor consumption required by society. Such flow is significant in terms of scientific and technological advancement as well as the enhancement of social productive force. The fluctuation of prices among various departments brings about redistribution of productive force and the means of production among various departments, and readjusts the proportion of various productive departments. when a product is in short supply, its price will go up and thus will attract the labor force and the means of production from other departments. when the production growth becomes over-abundant, its supply is greater than its demand and its price comes down. the means of production and labor force will then flow to other departments which earn more profits. to conform to the requirement of the law of value and in order to increase the availability of products that are in short supply, we should increase the price of such products so as to stimulate their production. at the same time, we should lower the price of products that are in abundance so as to cut production.

Fourth, it regulates commodity circulation through pricing. the principle of exchange at equal value requires that only the necessary labor time required by society for making a commodity is recognized, and that the aggregate output of various commodities must meet their aggregate supply in society. if the supply of a particular kind of commodity is too much, the price will fall. this will decrease the production and reduce the supply while stimulating consumption and increasing the demand. if the supply of a particular kind of commodity is scarce, the price will rise. this will stimulate production while reducing demand. in order to alleviate the contradiction between supply and demand, we have applied the law of value of the realm of circulation, in addition to relying on the readjustment of production. the price of a commodity economy will rise appropriately whenever it is in short supply. the price will also fall appropriately whenever it is in over supply, so as to stimulate consumption and increase the demand. furthermore, to a certain extent, the price fluctuation may change people's consumption tendency and lead to changes in the structure of demand. the consumption power of people will be on other commodities when the price of a particular commodity becomes too high. china acted according to this principle several years ago when it raised the price of cotton cloth and lowered that of chemical fibre cloth. the level of price also determines the direction of commodity circulation. when the circulation of commodities is not limited by regions, the supply of commodities generally goes to places where the price is higher. on a local market, the high price of a particular commodity can attract the same commodities made by other regions. when the price is low, the locally made commodities go

to other areas. in order to promote a smooth circulation of goods and regulate the supply situation of various localities, we must do away with the regional limitations and let various localities flexibly determine their commodity prices according to their specific conditions.

The role played by the law of value in the process of circulation is also reflected by the requirement that the amount of currency in circulation is corresponding to that of commodities in circulation. the price will go up and demand will be reduced when the amount of currency in circulation is greater than that of commodities in circulation; otherwise, the circulation of commodities will not be smooth and there will be difficulties in selling the commodities. only when we have mastered the law of value and handle well the release and withdrawal of currency in connection with the commodity circulation and price situation, can we strike a basic balance between the amount of commodities in circulation and that of currency in circulation and maintain a basically stable price.

The readjustment role of the law of value in production and circulation functions in every aspect of and throughout the commodity economy. The socialist economy is a planned commodity economy in which both the consumption materials and the means of production are commodities and are put on the market. Therefore, their production and circulation are subject to readjustment by the law of value. a socialist economy must adopt the planned readjustment. But such planned readjustment does not conflict with the readjustment by the law of value. In the course of planning, we must give full consideration to the requirements of the law of value, which functions through the market as well as the planning. If the commodity production and the exchange of commodities of an enterprise are conducted according to the mandatory planning of the state, the role of the law of value is embodied into various targets set by the mandatory planning. In the course of preparing scientific mandatory plans, we shall inevitably take into consideration the role played by the law of value. If the commodity production and the exchange of commodities of an enterprise are conducted according to the guidance planning of the state, the law of value will function through various economic levers managed and controlled by the state. In the case of free production and a free market, the law of value will spontaneously play its role in them. Of course, to say that the law of value plays a universal readjustment role in the socialist commodity production and commodity circulation does not mean that the law of value is the sole readjuster of socialist commodity production and circulation. The state must also make use of the national economic plan, various administrative means and legal means for the readjustment.

Third, several issues worth our attention during the application of the law of value.

First, we should proceed from reality and master the skill of readjustment. The law of value functions in various aspects, and is present in all realms of the commodity

economy. To apply the law of value is a kind of special science. Let's take the economic lever of pricing as an example. We should first pay attention to the direction of readjustment. The price of a commodity should be raised whenever it is in short supply; whereas it should be lowered whenever it is in abundance. The situation will become chaotic if we reverse the order. The shortage and oversupply of those commodities become worse than ever. China faced a long-term shortage of grain prior to the 3d Plenary Session of the 11th CPC Central Committee, but is protractedly adopted the policy of keeping the grain price low with the result that the grain production did not improve and the demand was not met. Following the 3d Plenary Session of the 11th CPC central Committee, the grain price was raised several times. This quickly achieved the result of stimulating the growth of grain production. In addition, we must act appropriately. We may lower the price whenever supply exceeds demand. But we should cut it appropriately so as to strive for a balanced situation. If the price is excessively cut, the result will be the reduction of production and short supply. We experienced such a situation when we readjusted the price of cotton several years ago. Moreover, opportunity also plays a role in the price readjustment. We shall achieve good results if we act at the opportune moment. Otherwise, we shall make the national economy suffer losses. Also, price readjustment involves work in many areas, such as the solution for the difference between the purchase and sales price of grain on the market and that fixed by the state, which involves both tens of thousands of households as well as the financial ability of the state. It thus merits our careful and cautious consideration during our planning.

Second, we should consider both the individual interests and the collective interests, as well as both the local interests and the interests of society. In a commodity economy, the law of value plays its role through the mechanism of economic interests. This can mobilize the initiative of socialist enterprises and workers, but may create contradictions as well between the economic interests of the enterprises and those of society, between the short-term interests and the long-term ones. As we stress on making profits, there may arise some phenomena which go contrary to the interests of society. The existence of currency may develop the unhealthy tendency of "indiscriminately judging everything by its money value." Therefore, when applying the law of value, we must pay close attention to strengthening the ideological and political work; take care of the interests of the state, collectives, and individuals; and take care of both the short-term and long-term interests so that everyone's needs are satisfied.

Third, we should avoid acting blindly. Because of the lapse of time, as well as different location, between purchasing and selling, the exchange of commodities incorporates the possibility that the production cannot satisfy the demand, as well as the seeds of economic crisis, following the introduction of currency. In the capitalist society, such possibility becomes a reality

because of the contradiction between private ownership of the means of production and social production. Consequently, the production of society as a whole is at an anarchist status, and economic crisis takes place periodically. However, the cause for developing periodical economic crisis is eliminated because the socialist economy bases itself on the public ownership of the means of production. Since there are commodity economy, currency, and the law of value, there is also the possibility that the production cannot satisfy the demand. If we allow the law of value to spontaneously readjust all of our production and circulation channels, we shall act blindly and bring about the phenomenon in which there are duplicated investment projects, construction projects, and importation as well as blind production. In order to avoid this, we must give play to the advantages of the socialist planned economy, voluntarily apply the law of value, and strengthen the macro-control and guidance of the state over economic activities, so as to promote a smooth, rational, and planned development of the national economy.

Selected Topics of the 'Lectures on Socialist Commodity Economy'

OW070715 Beijing HONGQI [RED FLAG] in Chinese No 17, 1 Sep 87 p 46; first paragraph is HONGQI introduction]

[Text] Four articles on "Lectures on Socialist Commodity Economy" have been published. Now, due to readers' requests, we publish as follows the selected topics of the lectures. Readers are welcome to air their opinions and suggestions on these topics, and we shall appropriately readjust the topics in the light of the situation.

1. Why must the socialist economy greatly develop commodity economy?
2. Characteristics of socialist commodity economy
3. Labor value is the theoretical foundation of commodity economy
4. Role of the law of value in socialist commodity economy
5. Social division of labor is the foundation of developing commodity economy
6. Commodity economy and currency circulation
7. Enterprises are relatively independent commodity producers and commodity operators
8. Structure of product cost among socialist enterprises
9. How do we deal with profits derived by the socialist economy?
10. Wear and tear, depreciation, and replacement of fixed assets
11. Circulation and economic results of liquid assets
12. The practice of distribution according to work under the commodity economic conditions
13. Planned prices and free prices
14. Discussion on comparative prices
15. Discussion on price differences
16. Planned economy and market mechanism
17. Unified market under socialism
18. Technological product price and technology market

19. Commerce and commodity circulation channels
20. Competition in socialist economy
21. Banking, credit, and interest
22. Discussion on taxation
23. Commodity import and commodity export
24. Foreign exchange and exchange rate
25. Land price and land rent
26. Finance, credit, and balance of goods and materials
27. Inflation and price stabilization
28. The development of commodity economy and "indiscriminately judging everything by its money value"

How Are You, 'Aiming High'?

OW282348 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 p 47

[Article by A-la-tan-tuo-ya [7093 2139 0982 2094 1246]]

[Text] "Let's work in full cooperation, be united in one heart, and aim high!"

"We should do our utmost from now on, and strive to score accomplishments!"

Upon hearing this I thought I was back in China during the 1950's. I read this article in the first issue of the 1987 NEWS REPORTER carefully and found that "when the writer visited the UNITED MORNING POST and the UNITED EVENING POST in Singapore in January this year, he saw that there were many slogans rousing people to go all out and strive for improvement. These slogans were posted on the wall of these two sister news offices." My suspicion disappeared at once, but certain feelings suddenly welled up inside of me.

The slogan of "aiming high" is a product that came into being during our country's Great Leap Forward era. As time flies, the Great Leap Forward has passed. It seems that such a slogan has turned into old words that nobody will bother to mention again.

The fact that I sighed with emotion does not imply that I affirm the significance of the Great Leap Forward. History proves that the "leap forward" practiced in those years was a definite failure. The reason for the failure is that subjective understanding deviated from objective conditions. How could it be successful when people acted with undue haste, craved greatness, and handled matters without taking into consideration the practical situation? An overturned cart is a warning to the carts following behind. The lessons that we learned in those times are very profound. One of these lessons is that no matter if we are engaged in building up the country or handling other affairs, we must be practical and realistic. We will be doomed to failure if we overestimate our abilities.

However, does the failure of the Great Leap Forward indicate that the kind of spirit manifested by the slogan of "aiming high" is also devoid of any merit?

It is true that through incorrect thinking, the "higher you aim," the greater the loss you may suffer. However, "aiming high" is a positive and death-defying spirit, and a work style and attitude toward work is still something that we cannot do without now and in the future. Practice has proven that the line, principle, and policy laid down by our party since the 3d Plenary Session of the 11th CPC Central Committee are correct. Regarding the guidance of this correct line, isn't it more necessary to carry out reform, open to the outside world, build socialism with Chinese characteristics, and develop the spirit of "aiming high"? However, I do not mean that we are to act blindly and in an unplanned manner or compete with one another in terms of the speed and scale of establishment. "Aiming high" is in no way contradictory to the demand for a scientific attitude. If the various lines of trade and business, especially leading organs and cadres at all levels, can adopt this elevated revolutionary spirit in their work, refuse to lag behind, and strive for excellent accomplishments, the situation will definitely improve, and bureaucratism will be eliminated. How wonderful it will be if all this really comes true!

However, it is unfortunately fairly easy to find people who easily become dispirited and dejected in real life. They are negligent in handling certain matters, and they are indecisive and inefficient in work. They even shift responsibilities onto others and adopt a careless and casual attitude toward work. It seems that the spirit of "aiming high" that inspires people to work hard and struggle has to a certain extent faded from the mind of many departments and people. Therefore, when I knew that the slogans we used to cry out about 30 years ago are now written down as a people's motto in foreign countries, I could not help but worry. Will we "take pearls as fish eyes, and discard an ancient wine vessel as if it is scrap copper"?

Even the silliest woman will not throw the baby out with the bathwater. The "two newspapers" in Singapore are making use of the spirit of aiming high to arouse the enthusiasm of their staff members. This illustrates that we should conscientiously summarize the mistakes we made in the past and learn lessons from them. However, at the same time we should also preserve what should be preserved. This is the only way in which we will not abandon our traditional glory and the wealth of spirit.

Do Not Stay Put, But Constantly Make the Universe Fresh—Reading Chen Jiguan's 'Prelude to the New Wave'

OW290024 Beijing HONGQI [RED FLAG] in Chinese
No 17, 1 Sep 87 p 48

[Article by Feng Lansan [7458 4539 0003]]

[Text] Heaven, great eagles, high mountains, red leaves, flood peaks, and thunders which are calling the moving trains, and the hearts and footprints of those people who smile on life all constitute the great and beautiful picture of "Prelude to the New Wave," a collection of short and

medium-length novels by Chen Jiguan. People will be greatly inspired after reading the collection. There are two distinguishing features in this collection of novels. First, it focuses on the wave movement of the new technological revolution. Second, it strives to be sensitive, substantial in information, colorful, forceful, and powerful.

Chen Jiguan devotes special attention to and enthusiastically portrays those people of the hour who are at the center of the whirlpool of the new technological revolution. The sense of history, reality, and future of the novel arises from this central theme. "The Spinning World" is the work that lays the foundation for the "Prelude to the New Wave." What it describes is not merely the change in people's life-style due to modern science and technology, but also the fact that people's traditional thinking will change in response to the change in life-style. With the end of rural sentiment, which is also a backward and stagnant life-style, the spiritual atmosphere in the Long family, characterized in the novel, has evolved with modern times and has become the miniature of our present-day society. In bidding farewell to their old habits, things so close to them in their daily life, people were a bit desperate, absent-minded, and embarrassed because "reason is no enemy of sentiment" for a temporary period of time. The above was wonderfully portrayed through plain description. The symbolic description of the scene that the whole race advanced toward the same destination from all directions at a different pace is fully charged with artistic charm.

People like the Long family; Qian Jiangchao, a youth scholar; Shi Qi ("Smiling on Life"), a workshop leader of a strawberry processing plant; Shu Xinbo ("The Magnetic Field of Heart"), a computer engineer; Li Zhuoran, a sociologist; Luo Lan ("Transport Away the Thunder"), a peasant entrepreneur, and others all became the representatives of the new productive forces and spiritual civilization because they were lucky enough to experience the new historical era. They were cast, refined, and propelled by modern science and technology. Chen Jiguan does not question whether the new productive force will build up a force equivalent to the ability of man, nor does he neglect the importance of political condition in the course of the development of talents. Chen is bold and clear in these respects. In the past, although Shu Xinbo was not satisfied with learning to be "better than one man only," and would like to be "better than tens of thousands of people," all these were merely dreams and wishes. He was finally able to make his wish come true during the new era and became a computer engineer. He was even able to raise his spiritual realm to a level unmatched by his seniors. Shi Qi, a peasant girl living on the river bank of Fuchen was very clever and brilliant. However, her mentality was not properly developed because she was isolated from the world. It was only after a few years' time that she became a peasant entrepreneur with a worldly insight. Qian Jiangchao demonstrated his outstanding talent and ability in various areas, such as classical literature, modern science,

technological innovation, gardening, rural development, information consultancy, foreign trade negotiation, and so on. He stood amidst the wave of the world's new technological revolution. It is even more worthy of our attention that he was not pedantic, but open-minded in pursuing his studies.... After reading these works, readers will find themselves deeply touched by the brightness, warmth, strength, wishes, faith, and poetic sentiment of life as if they themselves are characters of the novels; they smile on life, too. All these characters had the faith to sacrifice their fate for the great undertaking of the era, and the quest to ascertain personal value in the course of enthusiastically looking into the needs of society. Therefore, they were open-minded and strong and had the sparkle of the traditional spirit of their race, which was the element of the socialist moral principle. Under the interrelated functions of the two forces—the spiritual force of socialism and the material force of modern science and technology—Chen Jiguan has accomplished the task of portraying the new socialist people at the present stage. His experience is very enlightening to us.

The overall structure of "Prelude to the New Wave" is like a whirlpool. Characters like Qian Jiangchao, Shu Xinbo, and Ma Duola are at the center whirling action, Zhou Gongting, Shu Lifu, Ma Dashan, and some others are at the outer edge, and Huang Shigen, a mountain tunnel worker, is at the border area of the whirling area. In this way, though the collection does not touch on all areas of life, it can still give a general picture of the effects caused by the new wave. "A Corner of the Earth" is a very outstanding short novel. It gives us the following inspiration: Under the effect of the new wave, people are pushed to realize their value and be aware of democratic consciousness. However, apart from this, bureaucrats' indifference to the existence, value, psychology, and demands of man is sometimes an important shock as well as a great compelling force to people.

Chen Jiguan described how he pursued literature, saying: "Let the evergreen trees of life be exposed to the light of Marxism-Leninism, and be watered with literary accomplishment. Rich fruits of creative works will then be reaped." We will know that Chen's words are correct if we verify them by reading "Prelude to the New Wave." Of course, there are still some inadequacies in the collection. For instance, it tends to resemble a reportage to a certain extent; some information is inserted in a rather forced manner; vivid and lifelike figures and characters are too few; and so on. It is hoped that Chen can conscientiously improve the above-mentioned areas in his works in the future.

A Popular Reader of Political Theory With Unique Features—Reviewing 'Sixty Ways of Looking at Things'

OW290113 Beijing HONGQI [RED FLAG] in Chinese No 17, 1 Sep 87 inside back cover

[Book review by Li Maoguan [2621 5399 4619]]

[Text] Implementation of the party's policies on reform and opening has brought profound changes to our

country's sociopolitical, economic, and ideological aspects. Confusion and doubt have sprung from the complicated process of change from the old to the new, and the unprecedented vitality of various ideas. Does reform deviate from socialism? Is socialism inferior to capitalism? The existence of these ideological questions in our life is now demanding our ideological theory workers to fulfill and discharge their duties and responsibilities. "Sixty Ways of Looking at Things," published by the Jiangsu People's Publishing House, is a book edited and compiled by Wang Chunyan, Ji Baoli, and two other comrades. Under the new situation of reform and opening, many of the cadres and masses have ideological confusion and doubt. The book provides explanations for these ideological queries in the form of questions and answers, combining theory with practice. This book has won favorable comment from readers, and some institutions of higher education even include it in the reference book list for study in political theory. Since studies for adherence to the four cardinal principles is now advocated, the propaganda and education departments regard this book as very important, and it is well received by most readers.

If we are to score good results in ideological education, we must direct our efforts. The "60 ways of looking at things" were meticulously chosen for inclusion in this book. They basically reflect questions which are rather difficult to realistically resolve, but are generally the concern of the broad masses of cadres and people, and need to be rapidly clarified. Examples include: The way of looking at such phenomena as democracy, freedom, human rights, and workers' participation in enterprise management in a capitalist society; the current national condition, in which the level of productive forces is relatively low, high consumption cannot be practiced, and people have to keep on struggling and working hard; our society, which no longer takes class struggle as its main contradiction but still upholds people's democratic dictatorship; the fact that, while developing socialist democracy, we also strengthen the socialist legal system; policies related to reform, opening, and invigoration; and so on. These are questions arising from the different education conditions and actual life in different places; cadres and masses eagerly ask ideological theory workers to answer these questions. Authors do not sidestep these practical questions, related to the understanding of ideology and theory. They bring matters in close connection with practical conditions, and pay attention to important areas. They proceed from every specific question, and

discuss it in accordance with the predetermined direction. All these are done to help raise people's standard of ideological theory, and make them look at reality in a correct manner. Therefore, the book is very directional, aiming at specific targets.

If we are to score good results in ideological education, we have to be scientific, sensible, calm, systematic, and reasonable, and whatever inference is drawn should be based on facts. In this way, we can be more convincing. In analyzing the question of understanding, the authors adhere to Marxist standpoints, views, and methods. They are not only able to establish a correct line of argument, and give clear reasoning, but have also made use of much information and quoted many comparative figures and examples. The argument thus sounds more forceful and can better illustrate the point. For example, in answering the question of "how do we look at the price at a basically stable level," the authors not only explain related principles of Marxist economic theories, but also draw references from specific data and figures in order to illustrate that, should the commodity price be adequately adjusted, its basic stability will not be affected. The materials and figures quoted illustrate that, despite an adjusted rise and fall in commodity prices in our country during recent years, the people's actual standard of living does not fall in response to adjustment of commodity prices; instead it rises quite considerably. Such an argument and discussion is very convincing, because it is based on reason and evidence.

As a popular reader of political theory, "Sixty Ways of Looking at Things" is popular in language and plain in style; the argument is easy to understand, and readers have no difficulty in comprehension. Since it has a certain theoretical color and depth, it can meet the needs of readers at different levels. This is also a distinguishing feature of the book.

The merit of adopting the question-and-answer format for removing doubts is a sense of motivation. But such a format does not usually allow a systemized logical link between the different sections in the book. Besides, it always happens that some questions cannot be fully examined and discussed when there are too many questions to answer, but the coverage available is too limited. Therefore, as far as depth is concerned, some readers' demands may not be fully met. This also happens in this book. We need to work together and find a way to compile better books of the same kind.

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