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CHINA REPORT

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No. 4, 16 February 1982

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

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PULL OURSELVES TOGETHER IN ESTABLISHING A GOOD PARTY WORK STYLE

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 2-5

[Article by Editorial Department]

[Text] Over 5 years have passed since the smashing of the "gang of four." The history of over 5 years can be subdivided into three stages. The first stage was from the smashing of the "gang of four" to the 3d Plenary Session of the 11th CCP Central Committee. In these 2 years, we did a lot of work but there were also some shortcomings in our work. Comrade Deng Xiaoping referred to this as advancing amid hesitation. The second stage was from the third plenary session to the sixth plenary session in which we brought order out of chaos in an all-round way and began to shift the focal point of the party's work to economic construction. The third stage was from the sixth plenary session, that is, from July 1981 to the present. The communique of the sixth plenary session states: "This session will go down in history for fulfilling the historic mission of setting to rights things which had been thrown into disorder in the guiding ideology of the party." That is to say, in the guiding ideology of the party, the historic mission of setting to rights things which had been thrown into disorder has been fulfilled. Naturally this does not mean that in practical work all the tasks of bringing order out of chaos have been fulfilled. For example, in implementing the policies a lot of work is yet to be accomplished and there are also similar cases in other aspects. What should we do then in the days to come? What is the focal point of the work of the whole party? The resolution of the sixth plenary session states: "This session calls upon the whole party, the whole army and the people of all nationalities to act under the great banner of Marxism-Leninism and Mao Zedong Thought, closely rally around the CCP Central Committee, preserve the spirit of the legendary foolish old man who removed mountains and work together as one in the defiance of all difficulties so as to turn China step by step into a powerful modern socialist country which is highly democratic and highly cultured." The most important part of this paragraph is the spirit of the legendary foolish old man, of working together as one, defying all difficulties and building a powerful modern socialist country which is highly democratic and highly cultured. The task has been presented very explicitly. According to this guideline, in reviewing the historical process of the past 5 years and more, we can summarize it into the following points: First, putting an end to the confusing state of affairs; second, setting to right the reversal of

right and wrong; third, developing the national economy; and fourth, building socialist spiritual civilization. It will take several decades of arduous struggle to gradually build our country into a modern socialist country which is highly democratic and highly cultured. As stated by the sixth plenary session, it is all the more necessary for us to concentrate our efforts on the socialist modernization drive and build socialist material and spiritual civilization in an all-round way. Efforts should be made to achieve greater progress year after year in the economic, political, cultural and social development of our country.

To promote our cause year after year, the crucial issue is that of the party, that is, to build our party well. Building our party well depends on, first, whether the party's line, principles and policies are correct and second, whether the party's ranks have firm combat strength. It is necessary for all the comrades in the party to constantly pay close attention to the two questions. On the question of line, principles and policies, Comrade Mao Zedong was quoted as saying that line decides everything, which means that the correctness or incorrectness of the line, principles and policies and their conformity or lack of conformity with reality decide the success or failure of the entire cause of our party. Over the past 3 years, that is, since the third plenary session, China's internal situation has improved immensely under the guidance of the whole series of correct line, principles and policies of the CCP Central Committee. Naturally, with the constant development of history, new situations and new problems have constantly emerged, and the party's line, principles and policies should also be constantly enriched, developed and perfected. Therefore, all comrades in our party should unswervingly and unhesitatingly support the present line, principles and policies of the CCP Central Committee. At the same time, we should also open up new prospects by constantly studying new situations, finding new methods and solving new problems. All comrades in our party should pull themselves together and be prudent in order to remain sober-minded and correct in the line, principles and policies and avoid making great mistakes.

Now the major problem confronting us is that of the second aspect, that is, the lack of combat strength in the ranks of our party. This is a widespread problem and a very grave one at that. On many occasions during the Yanan period, Comrade Mao Zedong pointed out that the lack of combat strength in some of our party organizations was due to three factors, that is, ideological and organizational impurity and inappropriate work style. His analysis is still of great guiding importance today. This makes it necessary for us to pay constant attention to the ideological and organizational impurity and inappropriate work style in the party organizations. This is a fundamental question in striving for a decisive improvement in party work style.

Ideological impurity may have different manifestations in different historical periods. Before the Yanan period, ideological impurity manifested itself mainly as subjectivism, namely, dogmatic subjectivism. Today, ideological impurity manifests itself mainly as bourgeois liberalism and ultra-individualism that has contaminated the minds of some party members. They do not have confidence in the proletariat, in socialism or in the party. Instead, they have faith in the bourgeoisie and capitalist countries and

practice ultra-individualism. At the same time, some people still have remnant feudal ideas or have not eliminated the "leftist" ideas in their minds.

An inappropriate work style means bureaucracy and the serious tendency to be alienated from the masses. Comrade Deng Xiaoping in his criticism stressed bureaucracy and the tendency to be alienated from the masses. Overlapping and overstuffed administration, shifting responsibility onto others and arguing back and forth over small things, doing one's work without investigation and failure to criticize and fight unhealthy tendencies are all manifestations of bureaucracy.

Organizational impurity refers to the fact that there are party members who have totally departed from the party's correct stand and are completely unqualified for party membership. Some of them may be called remnants of the "gang of four" or the gang's cat's paws. They are "party members" who are shameless and who do not have the slightest bit of what it takes to make a Communist Party member. Are there a great number of these people? We must not overestimate their strength, but neither should we underestimate it. We should maintain a high degree of vigilance against it.

The tendency to ignore or even oppose the party's leadership as well as activities in violation of law and discipline are examples of problems in the party's ideology, work style and organization. Some people oppose the present policies of the CCP Central Committee under various banners. For example, they flaunt the banner of representing the interests of the party and the people or defending certain interests or even flaunt the banner of upholding the dictatorship of the proletariat, which in fact they oppose, the party's line, principles and policies, oppose socialism and oppose the party's guiding ideology--Marxism-Leninism-Mao Zedong Thought. Some other people wantonly engage in activities in violation of law and discipline, such as practicing graft, giving and accepting bribes and engaging in smuggling and selling of smuggled goods in a big way. In some localities, they have cheated the state of its property and caused several millions of yuan or tens of millions of yuan in property losses to the state. There are also some people holding leading posts who have been irresponsible in their work for a long time with the result that the work and the cause suffer and both the state and the people suffer losses. Furthermore, cadres at the county and commune levels in some localities refuse to go to work in order to do farm work at home all the year round. They receive wages from the state as usual while deriving income from farming. Can this state of affairs be allowed to exist?

At present, what merits our particular attention is that some cadres who are party members, and even some cadres holding leading posts, have also committed serious illegal and criminal acts, such as smuggling and selling smuggled goods, embezzling or taking bribes and grabbing large quantities of state property. These illegal and criminal activities in the economic field have damaged the party's prestige and aroused the indignation of party members and the masses of people. This is a life-and-death question for the party. The whole party must pay close attention to it and deal with it

resolutely, seriously and conscientiously. Severe punishment must be meted out to those criminals proven to have committed serious crimes, especially those who occupy leading posts. We should not be irresolute and hesitant, for to tolerate evil is to abet it.

Over the past few years we have talked about the question of party work style in our press almost every day. Comrade Chen Yun's words that "the question of work style of a party in power is one that has a strong bearing on the life and death of the party" in particular have been relayed to all people, high and low. There are quite a few people, however, who, when criticized, will say that it refers to others and that they are an exception. The words and deeds of these people who pose as exceptional party members and who disregard law and discipline have reached an intolerable degree of seriousness.

Over 5 years have passed since the smashing of the "gang of four" and over 3 years have passed since the convocation of the 3d Plenary Session of the 11th CCP Central Committee, but the party work style has not fundamentally improved. Why? There may be various reasons but, generally speaking, there are roughly four points:

First, there is a lack of good understanding of the situation. Quite a few CCP committees do not have a good understanding of the situation. What problems do you have in your units? Have you discovered them? Have you investigated them? They have no idea about them. A few CCP committees fail to investigate the problems when they discover them, but they always put in a good word for the cadres at the lower levels. They turn big problems into small problems and small problems into no problems at all by saying that the work in their unit is really a hard nut to crack and that there are a lot of practical difficulties and so on. Without understanding the situation, it would be impossible to make a correct strategic decision or a correct determination. Comrade Mao Zedong said while he was in Yanan that some people are completely in the dark about the situation and try to catch sparrows by closing their eyes. Sparrows can fly. How is it possible to catch them by closing one's eyes?

Second, some comrades do not keep a clear head or a clear orientation. For a time, improving party work style has been exclusively a question of eliminating special privileges, which is inappropriate. We do not mean that special privileges should not be opposed, but if we reduce the question of party work style, which has a bearing on the whole party and on various aspects, into one of special privileges, we will certainly come to grief. They are two basically different things. In improving party work style, it is first of all necessary to pay attention to the question of political line, to the question of ideological and organizational impurity and inappropriate work style and to their concentrated manifestations at present.

Third, some comrades have incorrect methods of work. That is to say, they do not bring into play the positive factors of the whole party and do not mobilize the masses. Good comrades account for the great majority in our party and it is necessary to ask them to air their views. It will not do to

rely on just a small number of people. We should rely on the numerous good cadres and the activists among the broad masses to overcome the unhealthy tendencies, to wage struggles against activities in violation of law and discipline and to punish the extremely small number of people who have seriously violated law and discipline, particularly those active criminals.

Fourth, some comrades in our leading organs, particularly the various departments and commissions of the CCP Central Committee and the leading organs at the provincial and municipal levels, do not have sufficiently strong determination. They always say that this matter involves numerous difficulties and it is impossible to solve it. First they say, "let us leave it at that" then, "let us go about it slowly." They say that lice will not bite when there are too many of them. How can that be? Since there are so many lice, it is necessary to catch them one by one. Naturally we should go about things steadily and reliably but we should have strong determination. Without determination, bringing order out of chaos is out of the question. Let us consider the following matters. Over the past few years we have brought order out of chaos on a few major problems. Can we achieve this without determination? The sixth plenary session has solved two major problems: one is the resolution on certain questions in the history of our party and the other is the leading body. Can we achieve this without determination? In dealing with some matters, we should be vigorous and resolute regardless of the difficulties and strictly enforce orders and prohibitions. Many of our good comrades have over the past few years acquired the bad habit of trying not to offend anybody. They do not dare to offend others and carry out criticism and self-criticism, preferring to "plant more flowers but fewer brambles." It will be impossible to improve party work style if the situation goes on like this. The CCP committees and discipline inspection commissions at various levels should unite closely around the CCP Central Committee, and an important sign of this close unity is to pull ourselves together in establishing a good party work style. How can we unite closely around the CCP Central Committee in the absence of this point? In brief, without having a firm grasp of party work style, we cannot begin to talk about uniting closely around the CCP Central Committee. If we succeed in establishing a good party work style and party discipline, all other problems can be easily solved.

In order to fundamentally improve party work style, all party members and party cadres, especially leading cadres at various levels, must strictly uphold the principles guiding the political life of the party and carry out criticism and self-criticism conscientiously instead of perfunctorily and superficially. Every Communist Party member should conscientiously examine his words and deeds, especially his behavior since the 3d Plenary Session of the 11th CCP Central Committee in order to determine whether he meets the criteria of a party member and whether he has fulfilled his duty as a party member. For example, we should ask ourselves: first, whether we have resolutely implemented the party's line, principles and policies; second, whether we are conscientious in the tasks entrusted to us by the party and in our jobs; third, whether we have exemplarily abided by and have not violated the principles guiding the political life of the party and the laws and decrees of the state; fourth, whether we have upheld the party principles and dared

to resist and wage struggles against bourgeois liberalism, ultra-individualism, anarchism, bureaucracy in the party as well as the erroneous words and deeds of forming factions and engaging in factional activities; and fifth, whether we have been concerned with the masses, have linked closely with the masses and shared the comforts and hardships of the masses. These are the major signs that determine whether a party member has a good party character, work style and discipline. We believe that so long as each of our party members sets strict demands on himself according to the criteria of party character, work style and discipline and is ready to correct his mistakes, there will certainly be a marked improvement in the work style of our party.

All party members must remember that our party's sole purpose is to serve the people. Over the past several decades, our party has made indelible contributions to the national liberation and the victory of the socialist cause and enjoyed the respect and confidence of the people of all nationalities throughout the country by fighting valiantly and advancing wave upon wave. Now we are shouldering the heavy historical responsibility of leading the people of the whole country in building a powerful modern socialist country. The 1 billion people are placing high hopes on us and the examples of innumerable revolutionary martyrs are encouraging us. Can we not continue to give play to our exemplary vanguard role and further raise the party's combat effectiveness? How can we tolerate the continued contamination of our party by various filthy elements? The noble character of our fighters lies in getting rid of the old to make way for the new. In the new struggles, the whole party should strive for new victories by promoting our militant spirit and uniting the people of the whole country!

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SEVERE PUNISHMENT SHOULD BE GIVEN TO LEADING CADRES WHO VIOLATE LAWS AND COMMIT CRIMES

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 6-8, 38

[Article by Commentator]

[Text] Since the beginning of the new year, the party committees at all levels and their discipline inspection commissions and the judicial departments of the governments at all levels have been paying close attention to investigating and handling major criminal cases, especially those involving leading cadres, involving smuggling, trafficking in smuggled goods, speculation, embezzling, taking bribes and appropriating large amounts of state property. They have been resolutely looking into these cases and thoroughly investigating them, and have punished the offenders in accordance with the law. This is something that has won the most vigorous support of the people and something that has immensely satisfied the people. Undoubtedly, this will vigorously promote the rectification of party work style and improve the general mood of society.

During the past few years, along with the development of the work of bringing order out of chaos, the CCP Central Committee has constantly exhorted the whole party membership and especially the leading cadres at all levels and told them that first, they should not take part in unhealthy practices, and second, they should combat all kinds of unhealthy practices. We must say that most of the leading cadres have lived up to the instructions of the party and the expectations of the people. They have not only maintained their integrity and persisted in always working in the interest of the public, but have also been able to conscientiously pay attention to the work of correcting the unhealthy trends and have striven to improve party work style. In the eyes of the people, what they have done is satisfactory. Nevertheless, we should not fail to see that there is still a small number of leading cadres who are not acting in this manner. Some of them turn a blind eye to the economic criminal activities that have been occurring right under their noses and allow these activities to go on unchecked. This shows how lax and weak they are. Others have adopted an indulgent attitude toward these activities, and thus they, in fact, have supported and shielded the offenders. Still others have even colluded with the offenders and directly or indirectly taken part in, or plotted behind the scenes, economic criminal activities. This is one of the major reasons why there still fails to be a basic change

in party work style as well as one of the major reasons why criminal activities in the economic field have remained unchecked.

How could economic criminal activities have run rampant, if, despite laxity and weakness, a few leading cadres in our party and government organizations and enterprises had not indulged, supported, shielded or even directly taken part in these criminal activities? Judging from various areas' major economic criminal cases which have either been investigated and handled or are currently being investigated and handled, we can see that these cases have the following points in common: establishing ties with both the higher and lower levels; domestic and foreign collusion; many cliquish activities; huge monetary sums; crafty operational methods; and generally speaking, cadres' involvement in these activities. In particular, some cadres holding leading posts not only give the green light to all types of criminals and act as such criminals' "protective umbrella" but also participate in smuggling activities, buy and sell smuggled goods, are corrupt, accept bribes and steal large amounts of state property. In fact, they themselves are criminals. The former CCP secretary and director of the Guangzhou Municipal Telecommunications Bureau, Wang Weijing, is just one such example. The number of such people is small, but their evil impact is very great and serious. This is because these people have power in their hands and their criminal activities are thus facilitated. They often conduct evil activities under the excuse of serving the interests of the "public" and try to make illegal activities appear "legal." They have not only caused especially serious economic losses but have also destroyed the prestige of our party and corrupted the work style of our party and the general mood of our society. This is an inestimable political loss. If we want to bring about a decisive change for the better in party work style this year, we should adopt resolute and powerful measures, including the important measure of handling gravely the problems of the illegal and criminal offenses of leading cadres. Failure to solve this problem will make it impossible to rectify party work style and to improve the general mood of society or to stabilize public security. We should never treat this problem lightly.

Our party is a party in the ruling position and our country is a socialist country under the people's democratic dictatorship. All our leading cadres at any level can only be the servants of the people, no matter how high their ranks are, how long they have been participating in the revolution and how many contributions they have made to the party and the people. They only have the duty to serve the people wholeheartedly, but have no special privileges. The power in their hands is endowed by the party and the people, and must be used to serve the people. Anyone who uses the power endowed to him by the party and the people for private ends is deserting the cause of serving the people. This will result in the masses of people losing confidence in him. Moreover, if he uses his power to engage in smuggling, trafficking in smuggled goods, speculation, bribery or other crimes, he will not be treated leniently under party discipline and under state law. The "guiding principles for inner-party political life" clearly and definitely provides that, "CCP members are never allowed to use their official positions to seek private ends." The following is also clearly and definitely stipulated in the "criminal law" of our country: "State functionaries who exploit

their offices to engage in smuggling and speculation must be severely punished." These regulations were not made without good reason. Some young people in society received judicial punishment because they pursued money and material ease and comfort and committed crimes of theft and robbery. We say that they got what they deserve. On the other hand, what should be done if some leading cadres cannot resist the bourgeoisie's attack with sugar-coated bullets, lose the morality and qualifications of a CCP member and pursue money and material ease and comfort by exploiting their official positions to engage in smuggling, trafficking in smuggled goods, speculation, embezzling, bribery and other criminal activities? Why should they not receive the legal punishment they deserve? The current problem is that those cadres who commit crimes have not been strictly dealt with according to law and that quite a few major criminal cases involving leading cadres have not been handled in a timely manner. These things really should not have happened. We must stress that everyone is equal before the law. Our party can never allow the existence of those special party members and cadres who are not bound by party discipline and state law. We must seriously investigate and handle all those major economic criminal cases that involve leading cadres. Proven criminal cases and serious offenses must be strictly handled as quickly as possible according to the law. We should prosecute and punish those people who should be prosecuted and punished and should also strictly handle those cases that should be strictly handled; otherwise, we will not be able to destroy the arrogance of criminals in the economic field. As Comrade Mao Zedong said well, "No matter how many good deeds you did in the past and no matter how high your post, if today you are not doing a good job, not solving problems correctly and thus harming the people's interests, they will not forgive you." ("Selected Works of Mao Zedong," Vol 5, p 422) We should never copy the practice of "senior officials are not liable to judicial punishment" which was prevalent in the old society.

Our party has always opposed the practice of bureaucrats shielding one another. Whoever has done things that harm the interests of the people should be criticized and educated, if his case is not serious, or be punished, if his case is serious. As far back as more than 40 years ago, Huang Kegong, the then leader of the sixth team in the anti-Japanese military and political university, shot and killed a female student in the northern Shaanxi government school, because he failed to coerce her to marry him. He was sentenced to death by the supreme court of the Shaanxi-Gansu-Ningxia border area. Although he joined the Red Army when he was very young and had a glorious record in taking part in the fighting in the Jinggang Mountains and the 25,000-li Long March, he could not be forgiven since he had committed a serious crime. In his letter to Lei Jingtian, presiding judge of the criminal court in the supreme court of the Shaanxi-Gansu-Ningxia border area, Comrade Mao Zedong said, "It is precisely because Huang Kegong differs from common people and it is precisely because he has been a CCP member and a Red Army man for many years that we cannot help but do so." "How can we educate our party members, our Red Army men and our revolutionaries or even our common people, if we pardon him?" It was precisely for the same reason that during the initial period after the founding of the PRC, in the campaign of the "three anti's" and the "five anti's," Liu Qingshan and Zhang Zishan were sentenced to death for embezzling huge sums of money. We did not pardon them

on the grounds that they had been CCP members and leading cadres for many years. We must apply the most severe legal sanctions against cadres who commit serious crimes and particularly against criminal cadres holding leading posts. This will demonstrate our party's qualities of being open, aboveboard and impartial. By so doing, the vast numbers of party members and cadres can be educated by and learn a lesson from such sanctions. The more important thing is that the broad masses of the people see that our party does not practice favoritism and thus can develop greater confidence in our party. At present, we are seriously investigating and handling major economic criminal cases and are publicly dealing with those leading cadres who have violated the law and committed crimes. The broad masses of the people are not dejected by such scum in our party and within the cadre ranks. On the contrary, they are inspired by our current actions and now have greater faith in the prospects of our party and our country. This is a matter of course.

We all know clearly that we can never completely avoid the occurrence of a few people in the ranks of our party and our cadres violating law and discipline, doing evil things or even committing crimes. In the prolonged course of revolution, it is inevitable that a small number of evildoers have wormed their way into our ranks, and it is also inevitable that some weak-willed people in our ranks degenerate. This is especially true now after the decade of turmoil. Under the present specific historical conditions, there are, in our cadre ranks, remnants of the Lin Biao and Jiang Qing counterrevolutionary cliques, people who have been deeply influenced by the two counterrevolutionary cliques' reactionary idea of "power means everything," scum of the old society who have sneaked into our cadre ranks during the decade of turmoil and the degenerate elements who have not been able to resist the corrosion of bourgeois ideology since we began to carry out an open-door external policy. These people have nothing in common with a communist or a revolutionary, and it is impossible for them to observe law and discipline. The key lies in what attitude we adopt toward them. "Fostering wild grass will harm crops and leniency to criminals will harm the people." We should constantly purify our ranks and should never allow these people to commit evil deeds, damage the party's prestige and harm the interests of the people. If we do not sternly deal with the leading cadres who have violated the law and committed crimes but indulge them, then unhealthy practices and trends will develop unchecked and the ranks of our party and cadres will be corrupted and we will be seriously divorced from the masses. The result will be unimaginably evil.

At present, concerning the handling of the criminal cases in the economic field, some people are advocating the idea that "we should be lenient this time and for just one time." In fact, by "being lenient for just one time" they mean, to make it very clear, shielding criminals. This will create the precedence of shielding offenders and criminals in the future. By so doing, on the surface, we would seem to have investigated and handled the cases of smuggling, trafficking in smuggled goods, speculation, embezzling, bribery and other offenses, but in reality, we would not have solved any problem. By so doing, we will neither mete our proper punishment to the criminals, nor facilitate the rectification of party work style and improve the general

mood of society. What is even more serious, by so doing, we will inevitably be divorced from the masses. People may say that we are still conducting the practice of "bureaucrats shielding one another," and, therefore, lose confidence in our ability to rectify party work style and improve the general mood of society. That is why we must sternly handle the illegal and criminal cases of smuggling, trafficking in smuggled goods, speculation, embezzling, bribery and other offenses that have been committed by leading cadres. That is why we must never indulge these leading cadres under the excuse of "being lenient for just one time."

Obstructions will be encountered in strictly handling according to law those leading cadres who have violated the law and committed crimes. Where do these obstructions come from? Such obstructions primarily come from the higher level. Of course, they also come from the lower levels. When a leading cadre violates the law or commits crimes, he often colludes with people at lower levels, some of whom help him and some of whom follow him. Moreover, there are cases of some leading cadres who have been corrupted by criminals under them and thus they themselves have become involved in offenses and crimes. Those who are involved in the offenses and crimes at the lower levels will inevitably create a variety of obstacles to our investigative work and they may even play the trick of sacrificing insignificant accomplices to protect the ringleaders. Besides, in some areas where factionalism is serious, the leading cadres who have violated law and committed crimes are often the leaders of certain factions and the members of their factions may try to protect them when they are being investigated. We should take all these factors into fullest account and should not treat the problem as being very simple. Nevertheless, we must also see that the broad masses resolutely and vigorously support us in investigating economic offenses and crimes. The obstructions from the lower levels are only a problem involving a small number of people and are therefore relatively easy to deal with, however serious they may be. What we should pay special attention to at present are the obstructions from the higher level, namely, the problem of whether the major leaders in some leading departments are not resolute and prompt enough. This is a problem of vital importance. As long as the higher levels are resolute and prompt and have adopted strong measures, the obstructions from lower levels can certainly be removed. The major reasons for not handling or for failing to finish some major cases over a long period of time are that such cases involve some leading cadres and that such leading cadres' immediate superiors are irresolute. In this respect, there are also many different causes. Some leaders find it hard to handle the cases sternly because these cases involve their old comrades or old subordinates. Others hesitate in thoroughly investigating the cases because they themselves have committed some mistakes and are apprehensive that a thorough investigation will not only expose the crimes and offenses of others but may also disclose their own mistakes. Still others have been affected by the decadent and philistine "study of relations" and tried to never offend anybody. There are also leaders who treat violations of the law and crimes as ordinary unhealthy practices and are of the opinion that it is difficult to handle these violations and crimes because so many people are involved. All these wrong ideas have directly hindered the investigation of the offenses and crimes involving leading cadres. Therefore, the prerequisite for investigating major criminal

cases and seriously handling those leading cadres who have violated the law in a serious way and committed serious crimes is that higher authorities must have great determination. Comrade Li Xiannian clearly pointed out on behalf of the CCP Central Committee that "this is a major issue that concerns the destiny of our party and our state and we must resolutely, vigorously and speedily deal with it and never relax our efforts until we really solve it." In order to strive to bring a decisive change for the better in party work style, we must resolutely deal blows at all serious offenses and crimes including smuggling, trafficking in smuggled goods, speculation, embezzling and bribery. We should make greater efforts to firmly and strictly handle major cases involving big shots in large organs. The leading groups at all levels must firmly maintain the stand of the party, overcome all variety of wrong ideas, give priority to the interests of the party, of the state and of the people, and do their duty in investigating major criminal cases. Otherwise, if they adopt a diametrically different attitude, turn blind eyes and a deaf ear to major criminal cases that are directly under their noses, or make perfunctory investigations and misrepresent major problems as small problems or even plead for mercy for offenders, absolve offenders from guilt and indulge and shield offenders, they will not be treated leniently under party discipline and state law.

Sternly handling major economic criminal cases and resolutely solving the problem of violations of law and committing of crimes by a small number of leading cadres is a major issue that concerns the task of ensuring that socialist material civilization is saved from damage and the task of promoting the daily development of socialist spiritual civilization. This issue has already aroused the close attention and concern of the broad masses of people. Our whole party membership and all work personnel in state organizations and enterprises who are party members should draw lessons from the handling of major criminal cases, especially those involving leading cadres. Thus they will regard pursuing private ends as a most shameful thing and set strict standards for themselves so as to become good examples in observing law and discipline. Every party member and every cadre must conscientiously examine himself and see how he has observed the law and discipline, whether he has followed the guiding principles for inner-party political life and observed the decrees of the state, whether he has done anything in violation of these principles or decrees, whether he has combated those people who have violated the law and discipline, and whether he has combated these people's deeds. If he finds any shortcomings and mistakes in these respects, then he should overcome these shortcomings and correct these mistakes at once. Otherwise these shortcomings and mistakes will develop and will become very dangerous to him. At present, some of our party members lack party spirit, have a poor work style and are lax in observing discipline. These shortcomings have raised objections on the part of the masses of people. We hope that, through the handling of major economic criminal cases, the broad ranks of party members will be educated. As a result, they will raise their political awareness, consciously intensify their training to develop party spirit, strive to make themselves really qualified party members and bring about a decisive change in our party work style and in the general mood of society.

Every one of us should be fully aware that combating criminal activities in the economic field is a long-term task. Even if all the criminals are punished today, new criminals will crop up tomorrow. This is because our new society has originated from a semicolonial and semifeudal society. The corpse of the old society is not like a human being which can be put into a coffin and buried in a grave. It will rot in the new society and spread its old ideology and customs like the stinking smell of a rotten corpse. The decade of turmoil seriously damaged the fine traditions of our party and thus facilitated the spreading of these old ideology and customs. Moreover, the sharp increase in our contacts abroad during the past few years have also more and more greatly aggravated the corrosive influence of rotten bourgeois ideology and lifestyle and made it a prominent problem. As far back as the eve of the achievement of nationwide victory, Comrade Mao Zedong warned the whole party membership to be on their guard against the bourgeoisie's attack with sugar-coated bullets. We are still faced with such a situation now, but the difference is that the attack now is more serious and on a larger scale. All our party members must keep their minds sober and conduct sustained and resolute struggle against rotten bourgeois ideology and lifestyle.

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IN PROMOTING AGRICULTURAL PRODUCTION IT IS NECESSARY TO PLACE MAIN EMPHASIS ON PLANNED ECONOMY WHILE GIVING MARKET REGULATION A SUPPLEMENTARY ROLE

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[Article by Zhang Jingfu [1728 0513 1133]]

[Text] The line, policies and principles laid down by the party since the 3d Plenary Session of the 11th CCP Central Committee have produced good economic results. In particular, the most obvious and outstanding results have been produced in agriculture. Take, for example, the conditions of agricultural production in the past 4 years in Anhui. Natural disasters occurred in 2 of these years (drought in 1978 and waterlogging in 1980) and bumper harvests were reaped in the other 2 (1979 and 1981). The general situation is getting better and better. In 1981, an unprecedented bumper harvest was reaped and an all-round increase was registered in agricultural production. Grain output increased by a big margin and diversified economy also developed to a great extent. Great successes were achieved in agriculture and relatively big developments registered in forestry, animal husbandry, sideline production and fishery. Compared with the preceding year, grain output increased by more than 20 percent, cotton output by 17 percent, output of oil-bearing crops by more than 95 percent, output of tea leaves by more than 10 percent and output of cured tobacco by 240 percent. Total agricultural output value grew by 24.6 percent and the commune members' average income per capita increased by more than 50 yuan. Agricultural production has begun to enter a benign cycle and hopefully will continue to increase in the future if no extraordinarily serious natural disaster occurs. It will increase spirally and not vertically. This is the outcome of the compatibility of the party's line, policies and principles with objective laws.

On what ground do we say that agricultural production has begun to enter a benign cycle?

The peasants' enthusiasm has been really aroused. A series of measures, such as raising the prices of farm products, instituting various forms of the production responsibility system and holding trade fairs, have played a remarkable role in leading agricultural production into a benign cycle. If all people show concern for production and vigorously carry out production and if the objective conditions remain the same it is possible to alleviate

the severity of a natural disaster or to greatly increase production when there is no natural disaster. The situation really is getting better year after year. Especially after the various forms of the production responsibility system were established, production has increased and the commune members have earned increasingly more income and improved their living conditions year after year. Of course, two conditions still require our close attention: first, even in a good year, there are a few localities which suffer from natural disasters and reap poor harvests; second, 5-10 percent of the households still have difficulties and are lagging very far behind the "outstanding" households although their life is much better than before. We must be sober-minded and earnestly help the disaster-stricken areas and needy families to solve the problems they have encountered in production and daily life. However, generally speaking, the countryside has really been permeated with a new and dynamic atmosphere during the past few years.

As a result of eliminating the practice of issuing arbitrary and impractical instructions, which is a practice that runs counter to objective laws, the grassroots units and the peasants are given decisionmaking power. With this essential power, they give full play to their strong points and develop agriculture, forestry, animal husbandry or fishery according to local conditions. For this reason, the internal structure of the agricultural economy and the geographical distribution of productive undertakings have been rationally readjusted, and the old method of exclusively grasping farming or grain production has been changed. By proceeding from the point of scoring better economic results and achieving an ecological balance, farming has been given up in areas unsuitable for crop growing, and forestry, tea planting or fishery have been resumed. Diversified economy has developed with each passing day. In particular, household sideline production has developed very quickly. This has brought about much better economic results in agriculture. In Anhui, although some enterprises run by communes and production brigades are relatively backward, new economic complexes have mushroomed and are flourishing. For example, in Liuan Prefecture, more than 22,400 complexes of various types were set up last year, which comprised more than 136,200 peasant households, raised funds amounting to 8.26 million yuan and earned an annual income of more than 15 million yuan.

Agriculture is the foundation. With agricultural production taking a turn for the better, the supply of industrial materials continues to increase. At the same time, the countryside needs industries to supply it with greater quantities of more useful means of production and livelihood. This gives rise to the gratifying, favorable situation in which agriculture promotes industry, commerce and finance. This situation has begun to take shape and will probably develop very quickly. This is because agriculture is a big undertaking and there are 800 million peasants. If industry can support agriculture better, industry and agriculture will promote each other. This will provide a great impetus to the further development of our country's national economy.

The new situation of agricultural production testifies to the correctness of the party Central Committee's estimates. Our country is going through great changes and development, passing from confusion to order and from poverty to

prosperity. Some new problems have emerged under these new conditions in the wake of great changes and development. The grassroots cadres and the masses have rich, creative and practical experiences in dealing with these problems. We should seriously conduct more investigations and go deep into reality to learn from the grassroots cadres and the masses, to help them sum up their new experiences, and to draw up new measures for consolidating the achievements and further developing the current favorable situation. The new problems encountered while implementing the various forms of the production responsibility system should be further summed up so that they can be improved and elevated. Those concerning the relations between the cadres and the masses and between the government and the enterprises and those concerning the development of grassroots organizations should be summed up so that these relations and organizations can be further improved and strengthened. Those concerning the new economic complexes and new skills in scientific farming should be summed up in a better way so as to provide guidance for the new complexes and to popularize the new skills. The relationship between planned economy and market regulation is an outstanding question at present. This question urgently needs to be correctly solved under the new conditions because the commodity rate in agricultural production has increased as the peasants have solved their food problem. For example, in Anhui, the commodity rate of grain has increased from around 22 percent to more than 25 percent, that of rapeseed has exceeded 80 percent, and almost all of other cash crops and subsidiary agricultural products have been sold as commodities. After their prices were raised, the agricultural products are sold at three different prices in the market, that is, the price of products sold to the state according to the state purchase plan or the quota specified by the state, the price of products sold in excess of the state purchase quota, and the price of products to be sold or purchased by negotiation. This gives rise to new contradictions in the relationship between sale and purchase. Reflected in the plan of crop growing, this involves the question of readjusting the economic levers. Should we place main emphasis on the planned growing of crops or let market prices fluctuate? Industry and agriculture provide a market for each other. Hence the question: In supplying the countryside with the means of production and livelihood, should the industrial departments place main emphasis on the planned supply of goods at stable prices while giving market regulation a supplementary role, or supply the goods at the fluctuating market prices? At present, the supply of many kinds of industrial products falls short of demand. If we adopt the latter method, we cannot basically stabilize commodity prices as a whole.

The party Central Committee has clearly specified the way to handle the new problems arising under the new conditions. We must persist in placing main emphasis on planned economy based on public ownership while giving market regulation a supplementary role. Comrade Chen Yun has talked about this question many times. He said during the Spring Festival at the beginning of this year: Our country has adopted the policy of planned economy. In industry, we should place main emphasis on planned economy; with the implementation of the various forms of the responsibility system in agricultural production, we still must place main emphasis on planned economy. We must thoroughly understand the party Central Committee's policy and carry it out in our work. To do so, we must first clarify two one-sided views. One of

these views is: Some comrades hold that planning should be abandoned when the various forms of the responsibility system are implemented into agricultural production. They even fear that, as agriculture has just been enlivened, placing emphasis on planning will again lead to the former mistake of adhering too rigidly to unified planning. These comrades obviously do not understand that ours is a socialist state and its socialist economy is a planned economy, that this is the objective economic law based on public ownership, and that the contradiction between socialized production and private ownership of the means of production has been resolved. Only by persisting in planned economy can we give simultaneous consideration to the state, the collective and the individual and to both immediate and long-term interests, make overall plans and push the national economy to develop along the socialist road. Being inexperienced and influenced by the "left," we failed to apply this law very well and learned many lessons. However, this should not be used as an excuse for us to lose confidence in and have doubts about the planned economy. The faults and errors of the former policies which upheld unified planning too rigidly and fettered the peasants' enthusiasm for production have been corrected following the 3d Plenary Session of the 11th CCP Central Committee. The resolution adopted by the 6th Plenary Session of the 11th CCP Central Committee clearly points out the need to place main emphasis on planned economy and give market regulation a supplementary role. One is the "mainstay" and the other is a "supplement." This is the correct conclusion we have derived after summing up historical experiences and learning lessons. Being "flexible" means "flexibility" in choosing a path whereby the main emphasis is placed on planned economy. "Flexibility" deviating from the path of planned economy will lead to unimaginable consequences. The other one-sided view is: Some comrades cannot adapt themselves to the new problems at present. They fear "disorder" and are full of misgivings. They do not understand that these problems have emerged in a favorable situation of great changes and development. If they handle these problems seriously and according to the policy of placing the main emphasis on planned economy while giving market regulation a supplementary role, they can be sure of "orderly and lively activity." They should not backtrack once they encounter a problem. We must take one thing as the "mainstay" and the other as a "supplement" and coordinate the two. In our practical work, there are, of course, many realms of necessity which we do not know. However, if we uphold the ideological line of seeking truth from facts, pay attention to the new conditions emerging in the course of our work and continue to study new problems, sum up new experiences and search for new measures, we will gradually understand the realms of necessity and enter the realms of freedom.

What should we do in order to implement well the policy of placing the main emphasis on planned economy while giving market regulation a supplementary role in agricultural production? I want to discuss the preliminary experience I acquired in the course of working 4 years in Anhui.

1. In the Planning of Crop Growing, the Output of Staple Crops Is an Indirectly Planned Target But the Sown Acreage Should Be Controlled According to Plan

After the 3d Plenary Session of the 11th CCP Central Committee, necessary readjustments were made in the acreage for growing farm crops in Anhui. As a result, the acreage sown to grain crops was reduced and that sown to cash crops expanded. From the macroeconomic point of view, the land and other resources have begun to show their superiority and yield good results, making a great contribution to the country and enabling the peasants to earn more income. These have been reasonable readjustments. However, it is now time to stabilize these readjustments, and no further changes should be made. We decided that the acreage sown to grain crops should remain at the level of 90 million mu and should not be reduced. In the future, we should make strenuous efforts to increase yields per unit area and to boost output steadily. Acreage sown to cotton should remain at the level of 5 million mu, and the geographical distribution of cottonfields should be more rational. Acreage sown to tobacco leaf should remain at the level of 1 million mu, and we should make strenuous efforts to increase yields per unit area and improve the quality of tobacco. In Anhui, the yields of staple crops per unit area falls short of the average level for the country. This shows that there is a great potential to be tapped and there is plenty of room for increasing yields per unit area. Cash crops which do not need to be planted in grain fields should be planted by making full use of barren hillslopes and wasteland. The proportion and size of areas sown to grain, cash crops and other staple crops should be decided according to the rational distribution specified by the state and be controlled according to the state plan, and the task in this respect should be fulfilled down to the county level. In signing contracts with communes and production teams, a county may specify the minimum quantities of crops to be sold to the state according to the state purchase plan or in excess of this plan, or according to the quotas fixed by the state. It may guarantee fulfillment of these contracts by assigning responsibilities to the households. It may fully arouse the enthusiasm of the production teams and the peasants by giving them the essential decisionmaking power, and should not interfere with them when they are fulfilling their tasks. Thus, it will be possible to unify and harmonize the tasks specified in the state purchase plan and the decisionmaking power needed by the production teams and the peasants. Do the peasants welcome planning? Essentially, they do. They like to work according to a plan, provided policies are steady, rational measures are carried out, reasons are explained to them and there are possibilities for increasing production. They will be reassured because a plan is a guarantee for the supply of the means of production and the marketing of farm products. The peasants in Anhui formerly suffered losses resulting from rash planting. For example, some localities planted too much peppermint and herbaceous peony so that it was difficult to sell them. At present, too much hemp has been planted and there is also a difficulty in selling it. It is necessary to make readjustments and to switch to other crops. During my recent visit to the countryside, some grassroots cadres told me that the commune members hoped that they could get timely market forecasts and information about market changes from the radio. This shows that the commune members welcome planning as a guide. Are there commune

members who aim at immediate profits and excessively grow crops they can sell at high prices? Yes, there are. Under these circumstances, we should carry out ideological work among them. We should tell the commune members clearly about the whole situation and the trend of future development. In particular, we should let them know the state's needs and difficulties. In addition, we should work out economic measures and exercise administrative intervention when necessary. It will then be possible to solve problems.

2. In the Sphere of Circulation, It Is Necessary To Properly Combine Planning With Market Regulation

Let us begin with the supply of vegetables and nonstaple foodstuffs in cities. Some time ago, vegetables were in short supply and sold at high prices in the eight municipalities under the provincial authorities. We paid attention to this problem only when the masses expressed their dissatisfaction. Some comrades asked: Why is it that vegetables are sold at high prices when a bumper harvest has been reaped in agriculture? They said they did not understand the reason. From an investigation, we have discovered that the vegetable prices at present are subject to certain conditions: First, in the suburban areas, with the development of industrial and sideline production, people can earn a greater income from industrial and sideline production than from vegetable growing and therefore are more enthusiastic about industrial and sideline production than about vegetable growing. Second, with the prices of farm products raised, there has been a change in the ratio between grain and vegetable prices. Formerly, 100 jin of ordinary vegetable could be exchanged for about 40 jin of rice. At present, the same amount of vegetable can be exchanged for only 36-37 jin of rice. This dampens the peasants' enthusiasm for growing vegetables. In addition, for some time, large areas of vegetable fields were used for capital construction, and new vegetable plots have not been opened up. The provincial party committee laid down the rule that there should be 0.03 mu of vegetable land per capita in cities and 0.035 mu in Hefei municipality. However, this rule has not been put into practice. As a result, the state-run vegetable companies did not have an ample supply of vegetables and basically had to buy vegetables from trade fairs. In addition, illegal peddlers engaged in profiteering by raising the prices as they wished, resulting in a still shorter supply of vegetables. Vegetables are needed by urban residents every day, and their prices must be stabilized. How should this problem be solved? It can be solved only by persisting in placing the main emphasis on planned economy while giving market regulation a supplementary role. The deficiency of vegetable land should be made up through the principle of fixing output according to sales with output slightly greater than sales, and the major tasks for peasants in suburban areas should be clearly defined, so as to ensure supplies of vegetables and nonstaple foodstuffs for urban residents. Industrial and sideline production in suburban areas should be carried out by attaching greater importance to food than to other products. At the same time, second-line vegetable bases should be set up in the counties and townships near cities and in state farms and should be assigned vegetable supply tasks. The state-run vegetable companies (which can be operated jointly by communes) should control about 70 percent of the supply of vegetables and sell vegetables according to plan

and at specified prices. The supply of a small quantity of coarse and sundry vegetables is to be readjusted through trade fairs. In this way, it will be possible to basically guarantee ample supply of vegetables and to stabilize prices. As a result of adopting this method, it was possible to basically stabilize vegetable prices during the last two festivals (the 1982 new year and the Spring Festival).

Nonstaple food supply chiefly includes meats, poultry and eggs, with emphasis on pork. Some time ago, there was a drop in the number of pigs sold to the state, and there was "difficulty in buying pigs." The main reason was that after the various forms of the responsibility system for agricultural production had been instituted, the quantity of fodder grain retained by the collective was not specified, and that importance was attached to grain, cotton and edible oil instead of to pigs, poultry and eggs when the production teams concluded contracts with the commune members. In addition, the peasants had more grain for personal needs, business was active in trade fairs and the peasants wanted to sell their products at high prices at these fairs. This impeded fulfillment of the state purchase quotas. Rural areas even purchased pork from cities. For this reason, it was necessary to persist in placing the main emphasis on planned economy while giving market regulation a supplementary role and to specify quotas for the purchase of pigs, poultry and eggs. The commune members were required to fulfill these quotas. At the same time, some plots were allocated for growing fodder, the peasants were supplied with fodder grain and fodder mix, chemical fertilizers were sold to the peasants as rewards, and coupons were given to the peasants with which they could buy a certain quantity of industrial products in great demand. These measures have recently begun to produce results and the number of pigs purchased by the state has also begun to increase again.

It is correct and necessary for the state to purchase agricultural products by dividing them into three categories by different methods. Agricultural products of the first category, such as grain, cotton and edible oil, are purchased and sold by state monopoly. The experience of many years shows that this method produces good results and needs to be upheld continuously. The plan for the minimum quantity of agricultural products to be purchased by the state can be fulfilled smoothly because the commune members have a clear understanding of the state monopoly on the purchase of agricultural products. Should there be a minimum quantity of products sold in excess of the state purchase quotas? It appears that there should be such a minimum quantity. As the state has raised by a relatively big margin the prices of products sold in excess of the state purchase quotas, the commune members wish to have a specific minimum quantity, which is laid down in the contracts for selling of products in excess of the state purchase quotas, and they undertake to fulfill such contracts. Practice shows that as long as we do our work meticulously, the commune members not only are willing but also want to sell more products in excess of the state purchase quotas. In areas where bumper harvests have been reaped, the commune members reflect that they have great "difficulties in selling grain, cotton and edible oil." We should do our work better to solve the problems concerning storage and transportation of farm products. This will meet the commune members' demand and be good for the state. In Huaiyuan County, the masses took the initiative in raising

funds to build warehouses. They hope that the state will purchase greater quantities of farm products from them. Some localities are experimenting with a method in which the state purchases grain and the masses store the grain for the state. In localities where the state purchase plan and the plan for purchase of products in excess of the state purchase quota have been fulfilled, we should purchase the greatest possible quantity of farm products at prices of products sold in excess of the state purchase quota or at negotiated prices in trade fairs. With regard to grain and edible oil, we want the grain departments to act as a grain bureau and as a company for the purchase and marketing of grain and edible oil at negotiated prices and to keep two separate accounts, one for grain and the other for edible oil. Practice shows that this is a good method for stabilizing the prices of grain and edible oil at trade fairs. Over the past few years, the prices of grain and edible oil in trade fairs have remained rather stable and sometimes have even dropped below the negotiated prices. Cotton is usually purchased by supply and marketing cooperatives at prices of cotton sold in excess of the state purchase quota and not at negotiated prices. Agricultural products of the second category, such as tea leaf, tobacco leaf, silkworm cocoons, hemp, oil obtained from the seeds of paulownia, raw lacquer, rosin, pigs, poultry, eggs, feathers, rabbit hair and wool, are to be purchased according to the minimum quotas specified by the state, and these quotas should be fulfilled without fail. A rational ratio between the state purchase and the quantity retained for personal needs should be determined if it is inconvenient to fix the minimum quotas for certain varieties of these products to be sold to the state. After the minimum quotas have been fulfilled, some of these products are to be purchased by the state according to the ratio specified, some are to be purchased at prices higher than the prices of products sold in excess of the state purchase quotas, some are sold by reducing taxes to ensure reasonable profits, some are retained for processing or sold at trade fairs for personal profits, and some are processed into finished products. This is done according to the state's regulations and the concrete conditions in our province. Major projects are carried out according to planning and minor projects are carried out flexibly so as to ensure orderly and lively activities. Agricultural products of this category are of wide variety. Concrete regulations should be drawn up according to actual conditions. There should be different minimum purchase quotas for different varieties of products. There should also be different ratios between state purchase of products and retention of products for personal use, and different methods of reward for overfulfillment of minimum purchase quotas. This will fully arouse the enthusiasm of the producers. When conditions develop, some of the agricultural products of the third category will probably be relegated to the second category. Practice tells us that the scope of purchase through negotiations should not be too extensive. We are prepared to go further in studying and solving this problem.

With regard to the supply of industrial products, the means of production such as chemical fertilizers, fuels and machines which are supplied according to plan should be sold strictly at specified prices. Some localities cooperate in making industrial products, such as chemical fertilizer. With the consent of the department in charge of commodity prices under the State Council, the method of adding the transportation fees to the price may be

adopted, and the marketing department may not demand extra charges. An urgent problem at present is that it is necessary to sign contracts directly with the peasants for the supply of raw materials so as to ensure that these materials can be directly supplied to the producers. With regard to the supply of industrial products used as means of livelihood, some essential products should be supplied according to the quantities specified by the state and some other industrial products which are in great demand should be supplied by the method of selling them to those who hold reward coupons. Experience in this respect needs to be further summed up in the course of practice.

3. Vigorously Grasping the Contract System Is the Key Measure for Placing Main Emphasis on Planned Economy

An economic contract is an agreement signed in the course of economic activities. On the basis of the state plan and the policies and regulations concerned and in the form of an agreement, it defines the duties shouldered and rights enjoyed by the two or more parties concerned. Such economic contracts were usually signed between industrial and commercial enterprises in the past. After various forms of the responsibility system for agricultural production were instituted, the contract system has been extensively adopted in the countryside to coordinate the relationship between various quarters, thereby manifesting the spirit of placing emphasis on planning, that is, "carrying out major projects according to planning and minor projects flexibly." This is a new thing born at a time when our country's socialist agricultural production has developed to a new stage. It has strong vitality. The broad masses of peasants in Anhui's countryside have now become more and more familiar with the contract system and are continuously improving and publicizing it in the course of practice. Practical experience shows that the following several points should be grasped in order to carry out the contract system well: First, it is necessary to pay simultaneous attention to the interests of the state, the collective and the individual and to manifest the spirit of combining responsibility, rights and profits. Responsibility, rights and profits are interrelated. It is necessary to manifest the peasants' duties and responsibilities for the state and the collective, such as fulfillment of the state purchase plan or the quotas specified by the state, and the retention of products for the collective. It is also necessary to manifest the state's duties and responsibilities for the peasants, such as supply of the means of production according to its plan, and the giving of rewards for overfulfillment of state purchase plan. Second, it is necessary to fix the minimum quantities of agricultural products of the first category to be sold in fulfillment (or in excess) of the state purchase plan and the minimum quantities of agricultural products of the second category to be sold in fulfillment of quotas specified by the state. Some of these quantities will remain unchanged for 5 years and some others for 3 years, it depends on the actual conditions and the terms written in the contracts to ensure fulfillment. Special documents should be transmitted to the grassroots level, specifying the methods of reward for overfulfillment of the quotas, and these methods should be made known to every household. Adopted by the 4th session of the 5th NPC, the "laws governing economic contracts" specify that spiritual encouragement and material awards should be given to those who

have fulfilled their contract properly and that those who fail to fulfill their contract are to be educated and punished, so that the contract has a binding legal effect. Third, the effort to fulfill a contract should be taken as a part of the basic content of the system of personal responsibility of a grassroots cadre and as a criterion for testing the ability of a cadre of the economic department. In the course of carrying out the production responsibility system, many localities in Anhui simultaneously grasp the production responsibility system, the contract system and the system of a cadre's personal responsibility. This method still needs to be summed up and improved.

4. After the System of Responsibility for Financial Work at Various Levels Has Been Adopted, It Is Necessary To Specify the Minimum Quantity of Agricultural Products for Transfer to Other Localities and To Ensure Fulfillment of Tasks

The system of responsibility for financial work at various levels which is being carried out in the sphere of distribution has assigned to the organizations at various levels extra financial power and will arouse the enthusiasm of these organizations in grasping their work and earning greater income. It is a good system. However, we must strengthen our concept of the chess-board strategy for the national economy. We should not only conduct ideological education but also adopt concrete measures to ensure that various localities and levels undertake to fulfill their tasks of delivering agricultural products to the state according to the state plan. Effort should be made to arouse the enthusiasm of organizations at various levels on the basis of guaranteeing fulfillment of the state plan. The mistakes of "old factories having not enough work to do and new factories soliciting business in every possible way" must never be repeated. In particular, if the advanced factories have not enough work to do and the backward factories solicit business in every possible way, the state and the whole situation will be harmed. After fulfilling their state purchase quotas, the localities which produce raw materials should be allowed to run the processing industry. It would be the best if they process fine-quality products of famous brands in joint venture with the advanced localities. This will benefit the state as well as the advanced industrial bases and the raw material producers. We are experimenting with joint ventures with Shanghai in such a way that "the leaderships establish ties and the mass organizations join forces so that both parties are benefited and will work according to economic laws." We started our experiment with the textile industry and have set up the "Shanghai-Anhui Joint Exploration and Textile Company." This joint venture has just started and of course it will be some time before we can sum up experiences. Nevertheless, we and the comrades of Shanghai cherish a common desire, namely, through common efforts to break a new path in interregional unity.

5. It Is Necessary To Make Use of Various Economic Levers and To Exercise Necessary Administrative Intervention

When we say planning is the main aspect of the national economy, we are referring to the situation as a whole. In giving market regulation a

supplementary role, a very important thing is to bring into play the role of prices as an economic lever. However, prices are not isolated. They are closely related to and cannot be separated from the role of revenue and credit as a lever. We have now adopted the following methods in making use of the role of prices as an economic lever: the specific minimum amount of products to be sold to the state according to the state purchase plan and that sold in excess of the state plan; the prices of products sold to the state according to the state plan, the prices of products sold to the state in excess of the state plan; and the negotiated or fluctuating prices. Being inexperienced, we are very carefully making use of the role of prices as an economic lever and summing up our experience in this aspect. We have just started to make use of the role of revenue and credit but, strictly speaking, we are not taking a bold approach. For example, we have adopted the method of reducing or exempting taxes for some kinds of products and have just started to raise the interest rate for long-term loans and increase the amount of money to be given away as loans.

In short, the use of the role of prices, revenue and credit as economic levers is a very complicated matter which we must handle very carefully. In my opinion, experiments may be carried out in different complexes. In one trade (from raw materials to end-products), between different trades or areas, and in agricultural-industrial-commercial complexes in cities and the countryside. We can acquire relatively comprehensive experience only from experiments of different types. At present, when the main emphasis is placed on readjustment, these experiments should be conducted within the microsphere and under such conditions which prevent them from causing a chain reaction in the macrosphere, so that the whole situation may be stabilized. Through these experiments, we can discover and resolve the contradictions arising in the course of improving the planned economy by giving market regulation a supplementary role. In this way, we can gradually open up a new path.

Administrative intervention may be exercised by adopting corresponding measures in light of the development of the situation. With regard to market management in particular, the leadership should join forces with the masses in strengthening price control, restricting and hitting at speculation and profiteering, stepping up the struggle against smuggling and intensively inspecting financial discipline and, when necessary, issue notices to ban illegal activities. We must learn to use political power to ensure that main emphasis is placed on socialist planned economy and to ensure orderly and lively activity.

6. It Is Necessary To Strengthen Ideological and Political Work and Strengthen Party Leadership

We serve the people and work in the interest of the people. However, there are the partial and the overall interests as well as the immediate and the long-term interests. Comrade Chen Yun recently said: It is imperative to improve the people's living. First, they should have food to eat and, what is more, have enough to eat. They should neither be too poorly fed nor too well fed. Second, construction work is necessary. A country will be hopeless if it consumes all its food and spends all its money. Only when its

people have enough to eat can a country have strength to carry out its construction work and be hopeful. His words have fully explained the relationship between the people's partial and overall interests and their immediate and long-term interests. First of all, we should educate the cadres and at the same time strengthen ideological and political education for the peasants. We must view the situation as a whole and aim at long-term interests. We cannot modernize our socialist agriculture if we pay one-sided attention to immediate interests. To achieve this end, we must strengthen party leadership. Of course, we must improve party leadership before we can strengthen it. With the new situation developing in agricultural production, some good experience of the past is still applicable but some old methods are no longer useful and need to be improved. Some county party committees learned in 1980 that the former method of pressing people to carry out farming was inapplicable. They have proposed to conclude contracts in spring, to have the contracts fulfilled in autumn, to grasp rear service between spring and autumn, to train cadres by rotation in winter, and to carry out ideological and political work in light of various current tasks. They have acquired this experience in practice. This experience has proven to be sensible. Some people hold that as the peasants know how to do farmwork, leadership over them may be abandoned. The idea that the peasants in tilling the land can do without leadership, causing certain grassroots organizations to become lax and weak and let things slide, is mistaken. Our work methods must be improved, the party's leadership must be strengthened; we must give play to the functional role of the grassroots organizations and also give play to the role of the party branch as a fighting bastion. Only in this way can we strengthen socialist construction in the countryside and ensure fulfillment of various plans and tasks.

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MAINTAIN AND CARRY FORWARD THE TRUE COLORS OF THE WORKING CLASS

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 15-18

[Article by Gu Dachun [7357 1129 2797]]

[Text] The working class is a leading force in the four modernizations drive. It is imperative for the working class to step up building and training itself to become a militant contingent which is ideologically advanced, technologically proficient, highly disciplined and united and cooperative, in order to adapt itself to the new situation and the new tasks and to play a principal role in building socialist material and spiritual civilization. A very important task in building the ranks of staff and workers at present is to conduct extensive and deep-going publicity and education among the numerous staff and workers. This will enable the 100-million staff and workers throughout the country to profoundly understand the inherent true colors of the working class and the way to carry forward the glorious traditions of the working class for the accomplishment of the historical mission of the working class.

The Chinese working class is the most progressive and revolutionary class in modern China and is the representative of the new productive forces. Over the past six decades and more, under the leadership of its vanguard, the CCP, the Chinese working class, while advancing along the course charted by Marxism-Leninism-Mao Zedong Thought, has undergone extreme hardships and difficulties over a long period of time and has been tempered in the two historical periods of democratic revolution and socialist revolution and construction. It has formed its own glorious traditions in class consciousness, ideological style and moral quality and reflected its own true class colors.

The true colors of the Chinese working class have been determined by the historical conditions of Chinese society. They find the most outstanding and concentrated expressions in the following aspects:

First, it is the most far-sighted and has the most thoroughgoing revolutionary character and steadfastness.

In old China the Chinese working class suffered from oppression by imperialism, the bourgeoisie and the feudal forces. With the exception of a pair of

hands, it did not own a thing in the world. Only by completely overthrowing the reactionary rule of imperialism and the exploiting classes was it able to win national liberation and its own liberation. This class status and characteristic of the Chinese working class determined that it was the most far-sighted and had the most thoroughgoing revolutionary character and steadfastness. Its historical mission consists not only in smashing the old order but also in building a new one, in eliminating all systems of private ownership and the phenomena of exploitation of man by man and in placing the means of production under the control of all members of society. During the democratic period, it waged unremitting struggles against the three major enemies by advancing wave upon wave and pressing forward with indomitable will. A great many famous leaders of the worker's movement as well as a large number of fine sons and daughters of the working class laid down their precious lives in the struggles. The Chinese working class fought, failed, fought again, failed again, fought again, till it gained a complete victory in the democratic revolution. After the nationwide victory in revolution, the Chinese working class, as a strong pillar of the Chinese socialist cause, firmly took the socialist road, consistently opposed the various erroneous tendencies that departed from socialism and valiantly defended the socialist system. In the early 1960's, the Soviet hegemonists took advantage of the temporary difficulties suffered by the Chinese people and extorted us. Not fearing any ghosts nor believing in heresy, the Chinese working class straightened up, worked with a will and succeeded in overcoming all kinds of difficulties imposed on it, thus bringing credit to the Chinese people. The staff and workers of the Daqing oilfield were precisely the representatives of the thoroughgoing revolutionary spirit of the Chinese working class. By displaying the most tenacious spirit and overcoming numerous difficulties, they succeeded in building a big oilfield of an advanced international level and putting an end to the days when China had to rely on imported oil, thus making a major contribution to the socialist construction. There are numerous examples like this on various fronts.

Second, it is selfless and always puts the interests of the whole state and nation first.

By virtue of the historical era and its class status, the Chinese working class is fully aware that it is impossible for the working class to win final liberation by struggling for the interests of the class alone. It has closely linked its interests with those of all other exploited people and nations and has firmly held that only by liberating the whole of mankind will it be possible for the proletariat to finally liberate itself. It has always thought about China and the Chinese nation as a whole and waged valiant struggles for the prospects of the state and nation. After becoming the masters of the new China, the Chinese working class conscientiously shouldered the heavy responsibility of the leading class by always placing the national and social interests in the most important position and by striving to make the greatest contributions to the common cause of the people of the whole country. Millions upon millions of model workers, advanced producers and collectives are the people that best reflect the selfless spirit of being the masters of their own affairs. People are quite familiar with advanced collectives such as the "Mao Zedong" locomotive crew,

Ma Hengchang group, Ma Wanshui engineering team and the Nos 1202 and 1205 drilling teams of Daqing as well as those famous advanced figures such as Meng Tai, Zhao Mengtao, Shi Chuanxiang, Wang Jinxi, Peng Jiamu and a great many people who are still working diligently for the socialist cause on various fronts. All of them have these common features: Their advanced ideas and deeds have exerted a profound influence on the people of the whole country and played a tremendous role in promoting the cause of socialist construction.

Third, it has the strongest sense of organization and discipline and is good at upholding and safeguarding the unity and unification of the revolutionary ranks.

The working class is linked with the great social production. The mechanical production and the division of labor in major industries naturally and closely link not only the workers of one factory but also the workers in different trades and areas, thus forming an industrial contingent with a high degree of concentration and organization. In the struggles against the enemy, there is mutual cooperation and help within the working class and efforts are made to achieve unanimity of action. This is the objective basis for which the working class has a much stronger sense of organization and discipline and a higher spirit of unity and cooperation than other classes. Since it entered the stage of the Chinese revolution, the Chinese working class has always, under the leadership of the CCP, plunged into the struggles as a unified contingent and has, therefore, cultivated a high sense of organization and discipline and a style of unity in struggle. In the 30-odd years of socialist revolution and construction in particular, the Chinese working class has always actively answered the various militant calls of the CCP Central Committee, resolutely implemented the policies and degrees of the party and the state, abided by the regulations and discipline in enterprises, obeyed all orders and played a fine exemplary role among the people of the whole country with its excellent style of strict discipline. The Chinese working class not only attaches great importance to its class unity, it also upholds, under the leadership of the party, the worker-peasant alliance and its unity with other revolutionary and patriotic forces.

From the aspects mentioned above we can attain a general understanding of the true colors of the Chinese working class. It is imperative for us to conscientiously and systematically sum them up and carry them forward.

Maintaining and carrying forward the true colors of the Chinese working class is of great practical significance to building the ranks of staff and workers. Generally speaking, the present spiritual outlook of the ranks of staff and workers throughout the country is healthy and the main aspect is fine. Since the CCP Central Committee put forth the great task of building a powerful socialist country with modern industry, modern agriculture, modern science and technology and modern national defense, the Chinese working class has been fully conscious of this major historical responsibility. In the readjustment of the national economy, in promoting stability and unity throughout the country and in building material and spiritual civilization, it has played an important role and made great contributions. At present,

however, in the ranks of our staff and workers there are indeed some problems that merit our careful attention. First, since the founding of the PRC over three decades ago, the contingent of the Chinese working class has increased by about 20 times from several million to 100 million people. Over the last years in particular, great changes have taken place in the composition of the ranks of staff and workers owing to the fact that a number of old staff and workers have retired and that a large number of new workers are being employed in factories. At present, in quite a few enterprises young staff and workers under 30 years of age account for over half the total number of staff and workers. These new members have on the one hand strengthened the forces of the contingent of the Chinese working class and added new vigor and, on the other hand, inevitably brought within the working class the petty producer, urban petty bourgeois and other nonproletarian ideas and habits. Second, it is impossible to speedily eliminate the pernicious influence spread by the Lin Biao and Jiang Qing counterrevolutionary cliques during the decade of civil strife. Third, over the past few years our country has readjusted some policies and pursued an open-door foreign policy. This has enabled the decadent ideas and ways of life of the exploiting classes, particularly those of the bourgeoisie, to corrode the ranks of staff and workers more easily than they did in the past. For the above-mentioned reasons, it was inevitable that some negative phenomena should emerge in the ranks of our staff and workers. In a small number of staff and workers, the true colors of the working class have not been displayed so distinctly and they have been tinted in some respects with a motley of nonproletarian ideas. In addition to this, we have been weak and lax in our ideological and political work in the preceding period and slackened the ideological and political education of the ranks of staff and workers with the result that the negative ideas have not been rectified in time. The unhealthy tendencies manifested in some leading cadres such as bureaucratism and divorce from the masses have also encouraged the spread of these negative phenomena and adversely affected the initiative of the numerous staff and workers for socialism.

In the socialist modernization drive, it is necessary to build not only a high degree of material civilization but also a high degree of spiritual civilization. Both are closely linked and are inseparable from one another. Marx and Engels said that the ideology of the ruling class was always a dominant one in each era. Socialist modes of production and economic bases make it necessary to have a corresponding social ideology. This social ideology can only be one composed mainly of the ideology of the working class. What we refer to as socialist spiritual civilization should also be one with the ideology of the working class as the main body. As regards the new members that have joined our ranks, it is necessary for the working class to arm and transform them with its own ideology and, like a smelting furnace, help them to get rid of foreign substances. It should not let itself be tainted with small-producer, urban petty bourgeois and other nonproletarian ideas and habits.

It is necessary to maintain, carry forward and develop the true colors of the working class. With the advance of history, the working class should understand its new status and responsibilities and set new demands on itself. After the seizure of political power, the status of the working class

undergoes fundamental changes and it becomes the master of the country and society. From that time on, the most fundamental task of the working class consists in being a good master of the country and society and building a new world. Therefore, the most important and fundamental condition in maintaining and carrying forward the true colors of the working class is to foster a high sense of responsibility as the master of its own affairs and take this approach in viewing everything.

As the master of the country and society, the working class should have firm conviction and full confidence in its own cause and have deep love for the party, socialism and the country. The abolition of exploitation and classes is the inexorable trend in the development of human society and no force on earth can stop it. The socialist modernization drive we are engaged in at present is a decisive step taken in this direction. We are bound to win in our cause. As regards this point, the working class should understand it most clearly. We suffered setbacks in the past and there are still a lot of difficulties in front of us but they are temporary difficulties. Since the 3d Plenary Session of the 11th CCP Central Committee, especially since the 6th plenary session that summed up historical experience and lessons, we have advanced smoothly again. If we lose sight of the law of historical development and the magnificent prospects for our country's development, limit our outlook because of temporary setbacks and difficulties, lose confidence, vacillate and become lax ideologically, we have adopted an approach not belonging to the working class.

As the master of the country and society, the working class should carry forward more fully its inherent spirit of selflessness. People not only work for themselves and their families, but also work conscientiously for the entire society. This is precisely the communist spirit. Every member of the working class should adopt this communist approach toward the state, enterprises, labor and work. We should regard the state and enterprises as our own by conscientiously sharing the burdens of the state and placing the interests of the state and the collectives above everything else. We should not regard our labor as merely a means to "earn money to support our families." We should not "view everything from the angle of money," be preoccupied with our personal gains and losses by "working according to remuneration" and thus reduce ourselves to the level of mercenary laborers. We should regard labor as a glorious cause for making more contributions to the society and for building a socialist new life. As regards some acts that have emerged in society, such as seeking private gain at public expense, engaging in malpractices for selfish ends and in speculation and profiteering, embezzling and stealing, we should resolutely resist them and wage struggles against them.

As the master of the country and society, the working class should resolve to wage protracted and arduous struggles for the vigorous development of the Chinese nation. On the basis of increased production, our livelihood will constantly improve. It is undoubtedly necessary to oppose the bureaucratic attitude of being indifferent to the weal and woe of the masses. However, in view of the fact that our country had a poor foundation to start with, we should, by adopting the approach of being masters of our country, make allowances for the temporary economic difficulties of the country and

correctly handle the relationships between partial and overall interests and between immediate and long-term interests. We should learn from the spirit of the workers of Daqing of starting an arduous undertaking and be willing to bear great hardships and withstand doing hard work for the four modernizations. It is necessary to resolutely criticize and rectify the erroneous tendencies of some enterprises and units which, in order to accommodate themselves to the backward ideas of a small number of people and pander to their unjustifiable demands, damage the interests of the state and the collectives by various means.

As the master of the country and society, the working class should constantly strengthen its sense of organization and discipline. The promotion of socialist democracy and the strengthening of the sense of organization and discipline are not contradictory but complement each other. A high degree of democracy is precisely democracy for the broadest masses of laborers. It is undoubtedly very important to give play to the initiative of the working class as the master of its own affairs and ensure the exercise of this right. Naturally, we should have a high degree of both democracy and centralism. All members of the working class should make great efforts to become models of observing discipline and obeying orders. The working class as a whole should strive to become an industrial contingent that listens to the party's calls and strictly enforces orders and prohibitions. As regards bourgeois liberalization, extreme individualism and anarchy of every description, we should conscientiously see through them, resist them and make a clean break with them.

Just as it is impossible for a spontaneous worker's movement to engender scientific socialism, it is equally impossible for the glorious traditions and excellent quality of the working class to be spontaneously carried forward and handed down from generation to generation, still less to be spontaneously enriched and developed. To maintain and carry forward the true colors of the working class, it is imperative to rely on work in various aspects, particularly the key link of ideological education. At present, there is a tendency among some comrades to underestimate the importance of revolutionary theory and slacken the study of revolutionary theory. This state of affairs should be rectified. For every leader of an enterprise, maintaining and carrying forward the true colors of the working class should be taken as an important task in conducting ideological and political education among the staff and workers. Every staff member or worker should first of all attach importance to the study of revolutionary theory and pay constant attention to ideological remolding. The Chinese working class has turned itself from a class-in-itself to a class-for-itself and formed its own glorious traditions in several decades of struggles. This is the result of arming and nurturing itself with Marxism-Leninism-Mao Zedong Thought and is the result of remolding its own subjective world while changing the objective world. We should carry forward these glorious traditions and use revolutionary theory to arm ourselves, to remold ourselves and to rid some members of the working class of nonproletarian ideas.

In maintaining and carrying forward the true colors of the working class, the focal point of our work should be the younger generation of new workers. This

generation of young workers has the merit of being full of vigor and vitality, good at thinking and quite capable of accepting new ideas and things. One of their defects is that they understand comparatively little about the working class and what it takes to become a qualified member of the working class. They have grown up and joined the ranks of the working class under a given historical condition. For a considerably long period of time we have not conducted among them a systematic education in the historical mission, glorious traditions and inherent quality of the Chinese working class. It is necessary to make up for this missed lesson. In the future, it is first of all necessary for the new workers to study this lesson well when they join the factory. All advanced elements in the ranks of staff and workers, including CCP members, CYL members, model workers and trade union activists should take the lead in maintaining and carrying forward the true colors of the working class and affect and bring along the broad masses, particularly young workers, with their model deeds.

Tested and tempered rigorously over a long period of time, the Chinese working class is a contingent with a very good political quality. The veteran workers, model workers and advanced producers are still a mainstay in this contingent. The new generation is also growing up sturdily. A number of advanced collectives characterized by the special features of the new era are emerging. We are sure that this trend will develop fairly quickly. Under the leadership of the CCP committees at various levels and with the concerted efforts of the numerous staff and workers throughout the country, the Chinese working class will certainly be able to make new contributions in the great struggles of developing the Chinese nation and add new splendor to its glorious traditions and revolutionary true colors.

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SOME VIEWS CONCERNING CURRENT FILMMAKING

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[Revised article by Xia Yan [1115 5888] based on a speech delivered at the enlarged meeting of the Standing Committee of the Chinese Film Artists Association held in December 1981]

[Text] Since the 3d Plenary Session of the 11th CCP Central Committee, we all have a basically unanimous understanding of the situation on the film front. Our comrades say that 1979 was a year of crucial importance in China's film world. In other words, the year of the 30th anniversary of the founding of the PRC was a year when China's films began to revive on the ruins created by the "gang of four." Greater progress was made in 1980 than in 1979, and 1981 witnessed greater achievements on the basis of those in 1980. Generally speaking, the situation on the film front is taking a turn for the better. However, I am still not so optimistic. In the government work report delivered at the 4th session of the 5th NPC, Premier Zhao Ziyang pointed out that the situation of the national economy as a whole was fine but that there were still latent dangers. This is also the case with the movie industry. The general situation of the movie industry is fine but there are still latent or exposed dangers which are well worth our concern.

At the meetings of the film studio directors and on filmmaking held in 1981, I said that, compared with those in 1979, the films in 1980 made greater progress but that their quality was variable and that this was still a problem which merited attention. Among the feature films produced during the past years, those which are good or relatively good constitute a minority and most of them are "medium-grade goods" and some even "defective products" which are not up to standard. The best productions were given the Golden Rooster and the Hundred Flower awards in 1980. However, the films which are really welcomed by the broad masses of people are limited in number. Among the audiences there are divergent views on the award-winning films, such as "Legend of Mount Tianyun," "Evening Rain at Baoshan" and "Love at Lushan." Over the past years, we have participated in various international film festivals or in Chinese film weeks sponsored abroad. Very few new feature films have been presented in the competitions, and a considerable number of the feature films which were presented there were shot during the 17 years after the founding of the PRC, and there were even a few which were made before liberation. In a Chinese film week held recently in the United

States, the films presented were still such old films as "Sisters on the Stage," "Song of Youth" and "Liu Sanjie." In 1980, 82 films were produced. This figure cannot be regarded as too small. (Of course, in terms of the production capacity of our film studios, there is still an enormous potential to tap.) However, the problem of quality has become pronounced and deserves attention in the production of films at present. I have pointed out time and again that it is not difficult to start things in the world from scratch, be it material production or spiritual production. It is relatively easy to increase the quantity of films, but it is not easy to maintain fine and consistent quality. Before liberation, we were not in a position to produce any cars but now we are able to produce them. However, turning out credible "brand-name" products is not something that can be accomplished overnight. The greatest problem in our film undertakings is that the quality is variable and that there are no film studios that can ensure the "credibility" of their productions.

After the downfall of the "gang of four," quite a few film studios were set up in various localities throughout the country. Now 11 feature film studios have been formally approved and registered by the state. It is said that some departments and commissions under the State Council have also established their own film studios and furthermore even shot some feature films which were by no means connected with their profession. There is still a strange phenomenon: small film studios which were set up after 1978 have the equipment and apparatuses of the 1970's, while some of our old studios have equipment and apparatuses of the 1940's and 1950's. One may safely say that some equipment of the Shanghai Animated Film Studio is obsolete. Despite all this, they used this equipment to shoot such fine cartoon and puppet films as "Monkey King Turns the Heavens Upside Down" and "Nazha Wrecks the Seas." Besides, a lot of equipment and apparatuses which have recently been introduced from abroad by the film studios of the various provinces and municipalities have not been fully utilized, and some provinces and municipalities would rather keep them in stock than hire them out to the old film studios. Concerning this practice of selfish departmentalism, not only should the Ministry of Culture and the Chinese Film Artists Association speak out and make appeals, but those cadres who know how things stand should also uphold justice. At the Spring Festival get-together this year, I made a report on this situation to the leading comrades of the CCP Central Committee.

As for being production units, our film studios in general have overstaffing and a disproportionate number of nonproductive personnel. This state of affairs has been a drag on film undertakings. Of course, conditions differ greatly from studio to studio. For example, in shooting "Midnight," the Shanghai Film Studio took only 4 months and cost 500,000 yuan or more. In contrast there was a film where the actors were not so numerous and the scenes were not so vast; yet it was still not completed after 1 year and cost 1 million yuan. The cost of the film "House Filled With Happiness," which had the highest number of copies released, was only 300,000 yuan or more; that of "Nanchang Uprising," no more than 500,000 yuan; and that of "Seagull," which was widely acclaimed by audiences, 300,000 yuan. (Of course, as this last film was made by a cinema college, its case is somewhat

exceptional.) The overstaffing and waste in our film undertakings can possibly be regarded as the worst in the world. Here I would like to mention in passing one piece of information for making a comparison. The Romanian State Film Studio has 1,500 staff and workers and annually produces 35 feature films, while our 4 old film studios, each having 1,000 to 2,000 staff and workers, annually produce no more than 50 feature films. This state of affairs must change.

Of the films produced in 1981, I have seen only 25 or 26. I feel that, compared with 1980, they have improved in quality to a certain extent, and the number of good or relatively good films has increased. Among the films on revolutionary and historical subjects that I have seen, "Nanchang Uprising" is perhaps the best. "Seagull" is also a very good production. It was shot a year before the Chinese women's volleyball team won the world championship. The director of the film showed considerable farsightedness. In addition, "House Filled With Happiness," "The Wound Has Healed," "Midnight," "Countryside Love," "Neighborhood," "The Wind and Clouds of Chutian," "The Toll of a Bell" and "Xumao and His Daughters" are relatively good. In particular, "Nanchang Uprising," "House Filled With Happiness," "Seagull" and "Neighborhood," which were shot singly by some new directors, have all, as I see it, surpassed the level of the 1960's. Of course, we must not forget that the scientific and educational, animated, and newsreel and documentary film studios have also put out quite a few fine productions.

However, we must realize that among the films produced in 1981, those which are good or relatively good do not yet account for a majority, and quite a few films are "medium-grade" and a small number of them are defective and wasted productions. This is the latent danger I am referring to.

In the 1981 productions, there was a negative tendency which I call a flood of romantic subjects. I do not mean to oppose depiction of love in films. Before the "Great Cultural Revolution," I fought for lifting the ban on the public showing and sending abroad of "The Young People in Our Countryside." However, the present situation is that some "condiments" of love have been arbitrarily included in any subject. This not only gives a strained interpretation and has nothing to do with content, but has even distorted the history of revolutions and tarnished the image of fighters. For instance, in "Pawns in the Revolutionary Armies," produced in coordination to commemorate the 1911 revolution, in portraying the revolutionary pioneer Zou Rong, the insertion of some plots of love affairs is forced. In the so-called adventure and detective films, such as "A Love Song in a Secluded Valley," for the sake of depicting love affairs, the image of the fighter is distorted and vilified. What is more, in order to obtain high box-office value, some films are filled with vulgarities and bad taste in depicting love. We must not remain indifferent to this tendentious problem. After suffering from the sabotage by the "gang of four" during the 10 years of chaos, the general mood of our society at present is not good. Film as an art of a mass character ought to propagate and advocate the socialist spiritual civilization and promote the favorable turn of the general mood of the society. Not long ago, when the CPPCC session was held, after seeing the film "Where Does the Guest Come From?" one veteran comrade said

indignantly to me: "What kind of role do your films play: a role of transforming social traditions or that of corrupting public morals?" This remark carried a lot of weight and sounded the alarm to us. The reasons for the emergence of this tendency in filmmaking are many and complicated. But the main one is, in my opinion, that the leadership of the film studios has failed to make strict checks. At the same time, one-sided emphasis has been put on box-office value in pandering to the unhealthy practices existing in the society. Our present tasks are to strengthen political and ideological work, strengthen and improve the party leadership and strictly "make checks" before the commissioning of a film. At the same time, we must conduct serious, reasonable and well-intentioned criticisms against this unhealthy tendency in creation through the mass media. It is my hope that FILM ART, the theoretical publication of the Chinese Film Artists Association, will further integrate theory with practice and profoundly conduct theoretical research and carry out film review work in a practical and realistic way.

In filmmaking in 1981, there were still disproportions in subject matter. There were gaps in the presentation of many subjects, and even if there were some productions on different subjects, they were not of high quality. In 1978 I proposed that more films on agricultural subjects be made. By 1981, the productions on agricultural subjects had increased to a certain extent. As a result, there emerged such good films as "House Filled With Happiness" and "Laughter Over Moon Bay." But these productions on agricultural subjects have not significantly touched on the relaxed agricultural policies and reforms and the results of the implementation of such policies and reforms. The problem at present is that there is a shortage of film on industrial subjects. We cannot justify attempting to accomplish the four modernizations without producing any films on industrial subjects. Among the productions in 1981, "The Toll of a Bell" is relatively good, and "Men of Our Times" is passably good even though it is also "unable to rise above the convention" of excessive number of plots with love themes. In addition, very few people have written on scientific subjects. "Bi Sheng," a film on the life of an ancient scientist, was shot last year. However, there has been a lack of films on modern science. Despite being backward in both science and technology, our country has in recent years vigorously conducted scientific research and made significant progress. For instance, we developed a fine variety of new hybrid strains of long-grained rice and sent this technology to the United States in 1980. The successful development of "Lumian No 1" has brought about a rapid increase in China's cotton output and has reduced the annual importation of cotton which is paid in U.S. dollars. The leading comrade of the CCP Central Committee has said that our four modernizations program depends on both correct policies and the use of science. At present it seems that our scenario writers have not decided to reflect the new outlook on the scientific front. Apart from the excessive lack of productions on industrial and scientific subjects, there is still a gap in productions about youth. The youths constitute a great proportion of the total population of the country and are the main moviegoers. According to what I have read, a considerable portion of the crimes are committed by youths awaiting employment who are from good families. Because they lost the opportunity to study during the decade-long turmoil and lack knowledge and have not yet freed themselves from the bad influence of the "gang of four" and lack

confidence in socialism, it is an important task for us to educate and foster the development of the younger generation. Efforts to this end should be exerted in making scientific, educational and newsreel films. Feature films, being dutybound all the more, must shoulder this task.

At present, the industrial front, agricultural front, and trades and professions all over the country are enthusiastically preparing for the production work of the new year. We expect our film studios to give good consideration to their annual and quarterly plans, try their utmost to increase the quality of films, shorten the production cycle, reduce costs and broaden the scope of subjects as much as possible. In film creation, more attention must also be paid to economic results, and more consideration must be given to serving the people and socialist construction rather than to serving box-office value.

Here I would like to especially mention the question of leadership in film undertakings. Apart from the leadership of the film bureau under the Ministry of Culture and the various film studios, we are also referring to those in charge of the Chinese Film Artists Association. It is essential for us to strengthen our studies, raise the political and ideological level as well as the professional level, and shoulder the responsibilities entrusted to us by the CCP and the people in a conscientious, practical and bold way. The fundamental reason for the emergence of variable quality, defectiveness and wastefulness in the movie industry lies in the failure to make checks before the commissioning of films or the failure to have the courage to make serious checks. The reasons for this state of affairs are many: First, people have failed to distinguish problems owing to the limitation imposed by the level of their understanding. Second, they are afraid of upholding principles even if they see the problems. Third, they do not have an understanding of the real situation and only trim their sails to the wind in doing things. As I see it, all this can be summed up in two words: The first word is the word "fear," that is, they are afraid of making mistakes, of offending others and of making a mess of "relationships." Besides, they are reluctant to make any comments even if they discern the problems because the author might be famous and the director might be well-known. In terms of the choice of subjects, for the sake of "playing safe," they shoot films on ancient themes. The other word is "selfishness." With selfish motives and the idea being the "one who tries not to offend anybody," they try not to interfere or they give more consideration to box-office value and profit sharing. They are unwilling to shoot films with good content but without any romantic and thrilling plots, being afraid that the films will not be attractions. Film studios rejected the script adapted from "Ni Huanzi," the representative work of Comrade Ye Shengtao. It is hoped that our comrades will have enough courage, fear nothing and get rid of selfishness. Before a film is commissioned, full consideration must be given to the thousands upon thousands of viewers and the social effect of the finished production. It is necessary to pay attention to principles rather than friendship. I hold that our film studios should shoot films that are beneficial to the masses of people and socialism even though they do not attract a large audience.

It must be noted that individualism and the desire for personal fame and gain are now quite serious problems in the literary and art circles including the film world. Not only do some young people openly scramble for fame and profit, but the veteran comrades who did very well in the past are now also tainted with this defect. It is distressing to mention matters of this kind. In terms of scripts, the practice of "pairing off goods," a phenomenon originally existing in the commodity market, has emerged. A certain writer had a good script and the film studio wanted it. Then the writer attached the condition that one of his comparatively poor scripts should be included in the contract. A certain film studio made an appointment with a writer for a script. Later the script turned out to be useless. The studio decided not to make it into a film but paid the writer his usual contribution fee. However, the writer insisted that he should be given the so-called "remuneration for service rendered." Some people who only read a script, make some suggestions or insert some remarks for others, demand that their names be listed with the author's and ask for a share of the contribution fee from the original author. Recently, "winds of plagiarism" and "winds of assuming the identity of another person" have emerged in the literary and art circles and the film world. Could such things have been done openly before the "Great Cultural Revolution"? Owing to the damage done by the "gang of four" to social ethics and prevailing customs, those individualistic ideas which could not be brought to light in the past now seem to have become "publicly lawful." We must not allow this unhealthy tendency to spread and develop. The literary and art workers must, first of all, set demands on themselves to ensure at least a modicum of spiritual civilization.

Finally, I would like to use a term used in sports circles, that is, we must not be content with our achievements: we must "start from the very beginning" and start with ourselves. Every one of us, and first and foremost those comrades who have leadership responsibility, must set a good example for others.

What I have stated above are my impressions of the present situation, which might be a bit extreme. But for the sake of China's film undertakings--for the sake of Chinese films, which have an audience of nearly 50 million--I believe that the film workers will excuse me for making some unpleasant remarks.

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A CORNER OF THE CHINESE COUNTRYSIDE

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[Report by Mu Qing [4476 7230], Guo Chaoren [6753 6389 0086] and Lu Fuwei [7120 2133 3634]]

[Text] When we once again drove to the countryside of the western Sichuan plain on a visit, despite the bleak and chilly midwinter of the south, everywhere we felt a sense of a spring full of vitality with spring breezes caressing our faces.

In Guanghan, Xindu and Qionglai--three trial-point counties where the Sichuan Provincial CCP Committee is carrying out the reform of the agricultural system--this sense of spring seemed especially strong. This was not because the winter crops in the vast fields were revealing the splendor of life. No, what we felt was far richer and more far-reaching than the beauty of the spring of nature....

To be sure, in today's countryside, there are no longer the grand occasions on which, in years gone by, there were huge crowds of people with a deafening sound of gongs and drums, but in the open spaces in front of and behind people's houses, there have silently grown new thick and luxuriantly green bamboos; beside the once thatched cottages, batches of new buildings with red bricks and green tiles have sprung up; trucks in an endless stream are carrying a steady flow of commodities out of the newly run enterprises of the communes and the production brigades; the newly bought crockery and cupboards of each and every family of peasants who have for many years worried about food problems are now full of grain. Over the ends of the villages, the corners of the fields and the rural trade fairs, the clouds and mist of anxiety which shrouded people's faces all the year round have disappeared and have been replaced by cheerful smiling expressions full of enormous pride in their success.... Now it can be perceived everywhere that people are soberly pondering, honestly working, exploring, and creating solidly and farsightedly. Everywhere the spring of hard work, progress, self-confidence and hope is in the air.

The era which Comrade Mao Zedong envisaged and worked for with intense emotion more than 20 years ago, an era in which as the masters of the country, full of vigor, daring and energy, the working people would write down the

newest and most beautiful words and draw the newest and most beautiful pictures, has eventually tiptoed in quietly like unfettered sights and sounds of spring piercing the constricting layers of ice created by the "leftist" mistakes, since the 3d Plenary Session of the 11th CCP Central Committee. Although the three counties we visited constitute only a small corner of the Chinese countryside, they truthfully reflect the new look of the Chinese countryside that has emerged since the 3d Plenary Session of the 11th CCP Central Committee, just as a drop of water reflects the radiance of the sun....

I

Guanghan and Xindu, which are located in the hinterland of the western Sichuan plain, and Qionglai, which is located at the edge of the plain, all, in terms of natural conditions, belong to the "land of abundance" where floods and drought have been tamed by man's wishes and will and where there have been no crop failures all the year round since ancient times. But during the eternal night of old China, natural disasters and manmade disasters went hand in hand here and poverty and hunger existed side by side. The so-called "peaceful and happy" and "well-provided-for" "reign of peace, order and prosperity" has invariably been a magnificent image in the minds of the working people. Only after the storm of the great revolution of the people under the leadership of the CCP swept across every corner of the land could the working people free themselves from the fetters of the feudal system and enter for the first time a brand-new era in which the working people are the masters of their own fate. During the 8 years between 1949 and 1957, the total agricultural output value of these 3 counties increased by 50 to 100 percent and the economic income of the peasant masses registered a corresponding increase of 150 to 200 percent. Many peasants who formerly did not possess a speck of land moved into new houses when they got married and started their career; some totally illiterate people sent their children to school for the first time; large batches of advanced peasants became members of the CCP and quite a few fine elements of the peasantry assumed leading posts both in the CCP and the people's government. With regard to the myriad peasant masses, the rising socialist system has from its very start displayed, for all to see, its great, tangible superiority.

However, as a river which flows vigorously must detour round soaring mountains and forge ahead in twists and turns, the road of historical development has by no means always been smooth and perfectly straight. At a time when the Chinese peasants in their hundreds of millions engaged in a great pioneering undertaking to transform China with full confidence, the deviations in our understanding of the objective world and the errors made in our guiding ideology caused the surging development of the Chinese countryside to suffer a serious setback. In 1958 there emerged the "Great Leap Forward" throughout the nation. This movement, which was originally aimed to propel the rapid development of the productive forces, was accompanied by such "leftist" mistakes as "high quotas," "harmful directives," "a wind of boasting and exaggeration" and a "communist wind," with the result that things went contrary to our wishes.

In order to thoroughly get rid of the situation in which people were perplexed and harassed by floods and drought generation after generation in history, in the "Great Leap Forward," full of daring, the broad masses of peasants carried out large-scale construction of water conservancy works with a spirit that could conquer mountains and rivers. People used extremely primitive, simple and crude implements of production to cut across extremely high mountain peaks which had been in a deep sleep since time immemorial, to intercept the 1,000-li destructive river which roared all the year round. What a noble and heroic spirit of daring to be the masters of nature they displayed! How great was the enthusiasm and creativeness they displayed! But the leadership which was divorced from reality, and the lack of experience in our work, brought this battle against nature to an extremely confused conclusion. On the one hand, people dared to think and dared to act and achieved a lot of marvelous results; on the other hand, they indulged in the wildest fantasies, thus causing incalculable losses and waste in manpower, materials and finance.... People on the western Sichuan plain will never forget this grievous experience. Many county and commune leading comrades are resolved to cherish these lessons as their "precious heritage" and are determined never to follow the same old disastrous road. On the bank of the Caijia River in the Nanbao mountainous area of Qionglai County, there stands erect to this day a small blast furnace which was constructed in the years of the "Great Leap Forward." The mouth of this furnace, which spat out dense smoke in those days, is covered with green grass. A certain unit wanted to dismantle it and use the refractory bricks for other purposes, but a cadre who took part in the construction of the small furnace and later became secretary of the commune CCP committee firmly disagreed. He said: Let us keep it as a souvenir. This is a key protected historical relic of our mountainous areas. Let all coming generations remember that we must never again commit such follies which tire the people and drain the treasury....

The wounds left by the "Great Leap Forward" were gradually healed and agricultural work again developed normally in accordance with the guidance of the CCP. Unfortunately, the "unprecedented" 10 years' catastrophe then started. This time, the leftist mistakes and the damage done by the Lin Biao and Jiang Qing counterrevolutionary cliques caused our country and people to suffer the most serious setbacks and losses since the founding of the PRC. For the peasant masses on the western Sichuan plain, it was nothing but a stifling nightmare. The argument "to be poor is glorious and to be rich inevitably leads to revisionism" became an "absolute truth," and "mass struggle" became "revolutionary laws and regulations." Multifarious "methods" to rectify the "spontaneous forces" prevailed across the countryside like hailstones covering the sky.... Despite all this, to develop agricultural production and support the state's construction, our peasant masses still took great pains to carry on their work under hard and difficult circumstances with a firm and persistent spirit of holding back their grievances for the sake of shouldering more important tasks. They proved to be highly conscious sons and daughters of the Chinese people who have received the education of the CCP for many years! What an epic struggle people carried out against the leftist mistakes and the sabotage carried out by Lin Biao, Jiang Qing and their ilk in Guanghan, Xindu and Qionglai in order to build a new socialist countryside! While the fruit trees they

cultivated for years were cut down as "capitalist tails," some old poor peasants quietly cultivated new saplings in covered corners, holding back their grief and indignation. Quite a few grannies toiled day and night to collect hen eggs basket by basket. Time and again they were branded as "upstarts" and "models of speculators and profiteers," but they still continued to breed more hens without uttering a sound. Many hardworking, honest and tolerant team leaders were branded repeatedly as "capitalist roaders" who sabotaged the practice of "taking grain as the key link" by organizing the masses to develop sideline production and boost economic income, but once they regained their freedom, they continued without the slightest vacillation in their determination to follow the road of "all-round development," a road pointed out by the CCP.... People can see what a firm and unshakable trust and loyalty to the CCP these peasant masses and party members have! What a noble and pure sense of responsibility for the country and the nation they have! This is the essential reason why the foundation of our agricultural collective economy did not collapse and our agricultural production could still keep going with enormous efforts during the long-drawn-out 10 years of internal disorder. This is also the essential reason why our agricultural situation has been able to advance by leaps and bounds and why our agricultural production has been able to take the lead since the 3d Plenary Session of the 11th CCP Central Committee.

Of course, during our visit to these three experimental counties on the western Sichuan plain, we did not find that people wallowed in the past sufferings and they were not willing to expose any longer their past wounds. However, like a traveller who makes a long and arduous journey, if he does not review the footprints he left behind on the old wrong road, it will be difficult for him to be sure of correctly taking a new road. Huang Yiyuan, secretary of the Xindu County CCP Committee, a middle-aged cadre who has engaged in agricultural work for more than 20 years, said in an interview: If we fail to sum up the harm and lessons of our past mistakes in a serious and responsible way, we will be unable to carry out today's correct line boldly and forcefully. Huang Yiyuan held that the most important one of the numerous mistakes was that we failed to recognize that the peasant masses were the real masters of the countryside. The masses were banned from doing what they were willing to do and were forced to do what they were unwilling to do. Who are the real heroes? Who is the motive force who propels history? This fundamental principle of historical materialism had been turned upside down.

True, the suppression and encroachment on the position and rights of the peasant masses being the masters of the countryside is the key reason for the slow development and even stagnation of agricultural production for a long time in the past. During the 20 years between 1957 and 1976, in Guanghan County, the average grain ration received by every peasant from collective distribution increased by only 27 jin, with the annual increase in grain production averaging 1.3-odd jin. The income every peasant received from collective distribution increased by only 23 yuan, with the annual increase averaging 1.1-odd yuan. Life was even harder for the peasants of Qionglai County. Quite a number of the communes and their subdivisions had to depend almost every year on "grain resold to them by the state" and

"relief grain" to eke out their existence. It was unexpected that this rich and populous county with green hills and clear water, which is located on the ancient commercial road, and had found favor in the eyes of a host of poets and artists for the much-told historical romantic story of Sima Xiangru and Zhuo Wenjun, should become a place where "the cattail grows so vastly and thickly that even the devils are afraid of it." Located on the outskirts of Chengdu, Xindu County was originally a "land of milk and honey" on the western Sichuan plain. By 1976, of the 2,400 production teams throughout the county, 1,786 production teams were "teams of paupers" in which the masses generally had difficulties in their lives.

II

Seen from the agricultural work of the three counties of Guanghan, Xindu and Qionglai, although the downfall of the "gang of four" concluded the disastrous years politically, the "leftist" fetters and handcuffs still shackled the vast countryside in terms of the economy, and particularly in terms of the economic management system. The roots which gave rise to the "arbitrary issuance of orders," the "communist style" and the practice of "eating out of one big pot" were not eliminated. "Leftist" ideas and methods still wandered and haunted every corner of the countryside like a spirit that refused to leave....

The date of 18 December 1978 will be recorded in history in indelible writing, the date when the 3d Plenary Session of the 11th CCP Central Committee was held. The complete set of Marxist line, principles and policies adopted by the session have given, like rolling spring thunder shaking the vast sky, new life to a countryside which was in a state of hibernation.

After the peasant masses threw off the "leftist" shackles binding their hands and feet, their spirit of historical initiative burst out like a long-dormant volcano. It is precisely this historical initiative that has successfully solved the difficult problems which had not been solved for many years in the countryside. It is also precisely this historical initiative that has profoundly changed the traditional concepts of peasants "sticking to old ways" and being "selfish and ignorant," which have long existed in people's minds.

The various forms of the agricultural production responsibility system which have today spread all over the country are the outstanding creation of the peasant masses. The experimentation and popularization of the production responsibility system in Sichuan was first carried out in Guanghan County. In the past, Chang Guangnan, secretary of this county's CCP committee worked assiduously in the movement to "learn from Dazhai" and made certain achievements, thus enabling Guanghan County to become an "advanced county" in the province, a county advanced in "learning from Dazhai." But the agricultural production and the livelihood of the peasants of the whole county did not basically improve. This put Chang Guangnan in a painful dilemma. He thought: Even a pig which bumps into a south-facing wall knows how to turn its head, let alone a man! But as to how to turn back, he did not have a clear idea. Once he came by chance to a "backwater" of the border region

and found that the crops of a certain production team generally grew better than those of other production teams and the daily distributed work value of the team was much higher than that of other teams. After being repeatedly mobilized and sincerely asked for advice, the old team leader, who was more than 60 years old, hesitated a little and then revealed his "secret weapon": It is very simple! Once the quotas for farmland plots are determined, assign the fixed quotas to some operational units under a contract and practice the method of reward for overfulfilling the production tasks and penalties for failing to meet the quotas. Chang Guangnan proposed that this method be carried out in a commune first as an experiment but his proposal met with strong opposition. Later a "lawsuit" was brought to the provincial CCP committee and the key responsible comrade of the provincial CCP committee personally gave the final verdict: The masses must be allowed to carry out the method if they are willing to; those who are full of worries may carry it out on a smaller scale and those who have no worries may carry it out on a larger scale. As a result, this "undercurrent" which already existed among the peasant masses was drawn up and flowed from Guangnan to the western Sichuan plain and then to the whole of Sichuan Province. In the course of its advance, through additions and creations of the masses in various places, this method developed into various forms, such as specialized contracting, assigning production targets to each laborer, fixing output quotas for individual households and full assignment of responsibility. This was indeed a powerful irresistible current! Wherever it flowed, here it submerged the "revolutionary workpoints" and the "work of sitting idle" and there it burst the "individual grain ration" and the practice of "eating out of one big pot." The output and value of the "irritating fields" and "painful plots" which had been regarded for long years as not being able to feed their population suddenly increased in geometric progression....

In the three counties on the western Sichuan plain where experimental work on reforms was carried out, the most impressive thing was the changes in the peasant masses themselves. Those who had a worried look in the past are now wreathed in smiles; those who walked with their heads low in the past now walk with longer steps and with their heads held high; those who when attending a meeting hid themselves in the corner of the meeting halls like young daughters-in-law in the past have now mounted the platform to pass on their own experience in becoming the "most outstanding" men; those whose "grain ration was reduced" and who were "fined" and "paraded through the streets" and "exposed before the public" have now become indispensable great able persons in rural socialist construction. In the No 10 production brigade of Sangyuan commune in Qionglai County, there is a young peasant who had not displayed any astonishing abilities for a long period of time in the past. But after an integrated enterprise combining agriculture, industry and commerce was established, he led a batch of young people to live in a camp on the wild Heihu River bank, building from nothing, using the yellow sand and broken stones of the beach to produce prefabricated building components. Their production value last year was more than 200,000 yuan. Thus he has become the director of a famous local building materials factory. There is another young peasant who many times was a major target of "criticism" and had to sell his house to go out to lodge a complaint and appeal for a redress of his wrongs. This finally resulted in his utter destitution. But

he has now become the deputy manager of the Heihu Riverbank Integrated Enterprise of Qionglai County, the production value of which is more than 2 million yuan, and concurrently the manager of a supply-and-marketing company and an able leader in developing agricultural production and boosting the rural economy. Some ordinary peasants of Shibantan commune in Xindu County successfully achieved rotational agricultural production of cross-planting by fully utilizing the specific growth properties of various crops, thus creating the "most outstanding plots" in terms of high output and high value which are well-known throughout the province.... Tens of thousands of various talented people, such as "paddy specialists," "experts in fruit trees," "models in eliminating insect pests," "silkworm and mulberry enthusiasts," "managers of fish," "commanders of rabbits" and "living Lu Ban's" have sprung up like bamboo shoots after a spring rain.

After the peasant masses became the masters of the countryside politically and economically, they could no longer tolerate the backward and ignorant situation in which their forefathers had for ages been cut off from science and technology. This led to a new high tide of acquiring literacy which is sweeping across the vast countryside. Many years ago, the departments concerned of the CCP and the government launched activities to spread cultural and scientific knowledge. Despite mobilization work at each level and sometimes even a resort to compulsory study, there was only a limited number of people who were really interested. In the past years, Xindu County printed 2,000 pamphlets on agricultural science and technology and gave them to people free but very few people took interest in them. Thus the materials just piled up on the office tables. Recently 30,000 study books of the same kind were printed and they were completely sold out to the peasant masses in a very short time. At present, people can see colorful "posters," "requesting" particular agricultural technological knowledge. They are posted everywhere on the walls of quite a few rural market towns. Wherever the agricultural technical personnel who were sent by the counties went, they were invited by the peasants to their homes and treated as "distinguished guests." Some communes ran short-term training classes on agricultural science and technology which were originally aimed at training production team cadres, but these classes were more often than not attended by crowds of peasants as visitors. Sometimes the crowd was so big that it could not fit into the room. They had to kneel down outside the windows to "secretly study" science and technology.... Truly, the time of the peasant masses wanting to be the masters of culture and science has come.

III

The present recovery of the Chinese countryside from a state of prolonged disorder is not and should not be a simple restoration of the situation of the early 1950's. What needs to be corrected is not only the erroneous policies and measures but, more importantly, the management system which for a long time has not been completely rational.

Not long after the 3d Plenary Session of the 11th CCP Central Committee was held, this corner of the Chinese countryside began to experiment with a reform of the rural system. The Sichuan Provincial CCP Committee formulated

that the guiding ideology of this reform should be that the peasant masses are fully encouraged to be the main force of the reform and that the road for the reform should be explored in the light of their local specific conditions. The provincial CCP committee repeatedly and clearly stressed that the CCP committees at a higher level were not encouraged to impose any unified patterns or unified road on these three counties. Likewise, the county CCP committees of these three counties were also not encouraged to impose any unified measures or unified ways on the communes and their subdivisions. Because of this, in the experimental reform work, the main work of the CCP committees at various levels was chiefly to transmit the line, principles and policies of the CCP Central Committee to the peasant masses. Thus, the masses could have full discussions and deliberations and carry out some experimental work voluntarily in an active and steady way. The CCP committees then had to help the masses to constantly sum up their experiences and help them to keep on perfecting and improving. After a certain period of practice, the reforms in the three counties had individual emphases and individual methods with their own characteristics. Guanghan County first separated government administration and commune management, established the three fronts comprising the party committee, the government and the economic leading groups, and then proceeded to the structural reform of the economy. Xindu County started with socialization and division of labor according to specialization, and carried out a series of activities of specialized cooperation breaking down the barriers between different administrative organizational systems and different divisions. It then advanced to the divorce of government administration from commune management. Qionglai County started by paying attention to the economic integrated complexes combining agriculture, industry and commerce, organized various forms and various scales of economic complex with different systems of ownership and eventually broke down the barrier formed by the integration of government administration with commune management. These three methods have, in terms of effect, fairly successfully overcome some defects existing in the rural management system and reached the same goal by different routes.

The only criterion to test truth is practice. The criterion for testing the success or failure of this social reform is the social productive forces.

Over the past 20 years, the annual average increase in the total industrial and agricultural output value of Guanghan County was 6.84 million yuan. But over the last 3 years the annual average increase was more than 34 million yuan and the growth rate was thus 5 times greater than that in the past. The annual top limit of bank savings deposits of the peasant masses in the past was 1.7 million-odd yuan, but it has now jumped to more than 10.3 million yuan, an increase of more than 5 times.

During the 30 years from liberation to 1978, the average per capita economic income of the peasant masses in Qionglai County registered a total increase of only 32 yuan. But over the last 3 years, this has increased by 78 yuan. The increase achieved in 3 years has surpassed that achieved in 30 years.

In Xindu County, 757 poor production teams noted as lacking both money and grain 3 years ago have disappeared from the statistical table. Large batches

of the "most outstanding" teams rich both in money and grain have come to the fore, each trying to overtake the other in friendly competition. The average per capita production value of some of the "most outstanding teams" has exceeded 2,500 yuan, thus substantially surpassing the level of an "affluent family," a level which the Chinese people are assumed to reach by the end of this century....

Arithmetic symbols are not as charming as beautiful verses, but what we have cited here are by no means common statistical figures. They are the records of an era and a profile of the society. From the background to these figures, we can see that substantial and profound changes have taken place in the vast countryside. People can sense the powerful blast of the socialist trend which is surging ahead....

One might well ask why such a profound social change has been so smooth. Indeed, this is a matter which gives us much food for thought. Over the last 3 years, the CCP committees and governments of these three counties have neither made loud cries as in the past nor sent any huge work teams to the countryside to lead the reform. But an invisible reform vitality has been gradually permeating every corner of the countryside, as was described by an ancient poem: "Following the wind, vigor sneaks in by night. Silently it brings life to all things on earth." Furthermore, wherever it permeates unprecedented changes will take place. Where does this gigantic force come from?

In various interviews and discussions, the cadres at various levels of these three counties unanimously agreed: the key was that this reform tallied with the actual needs of the countryside. That is to say, the reform measures enabled the production relationships to suit the development of the productive forces. This reform reflected the fundamental interests of the peasants and was thus warmly welcomed by the peasant masses.

In the mountainous areas of Qionglai County there is a commune named Xinmin. During more than 20 years in the past, in building "Dazhai plots" and "mellow-soil fields," this commune wantonly destroyed mountain forests, thus reducing the 400,000 cubic meters or more of timber reserves by half; there was still insufficient grain to eat; those who lived in the mountains fled to the plains; and as the population was smaller life was harder. Reform began here 2 years ago. Decisions were made to make forestry a priority, establish an integrated enterprise combining forestry, industry and commerce, cultivate medicinal materials, develop animal husbandry, weave coir mats and coir ropes and comprehensively utilize forest products. With this change, the people in the mountains who could do nothing but hand in blank slips of paper to their accountants in the past now have to use bags to take away their renminbi. We should like to ask: Can there really be any peasants who do not genuinely and sincerely support this kind of change?

"Once the reform is carried out, everything will go more smoothly." In these three experimental counties, the initial agricultural system reforms have resulted in a corresponding and profound change in the rural work in various fields. In addition, changes are continuing to take place at an irresistible

speed. The thinking and work style of cadres have changed; the attitude of the masses to the cadres has changed and the relationship between people which was full of indifference, estrangement and vigilance for a period of time in the past has changed. Many commune members enthusiastically told us that since the 3d Plenary Session of the 11th CCP Central Committee, the party organizations at various levels had become "more close and respectful" and the socialist road had become "more reliable and beloved." In Xindu County, there is a peasant who in the past lived on red Chinese trumpet creeper and on resold corn throughout the year. Now he always has pork and rice to eat and two liang of qu wine to drink. Every time he is tipsy after meals, he will "gossip" with dancing eyebrows and radiant face and say: In the past I was afraid that the party would ask us to "reach the socialist standard," because that would mean tightening our belts and being criticized and attacked. But today I have come to realize this socialism is actually very easy and comfortable and the party leadership is actually fine!

IV

Of course, there is no way that any historical change can make everyone content. The peasants now have enough to eat and wear, a state of affairs which they have been seeking for many years, day and night; and they can display their skills to the full and have bright prospects ahead. But those who are used to "eating out of one big pot" condemn this flagrantly. Moreover, man's understanding of the objective things is not immediately identical with truth. When things develop in spirals and we judge them from the appearance of a small part of the development, this will indeed give people a false impression that things seem to turn back and even retrogress. The "epic" scenes in which people went to work in close military order with bells ringing and whistles blowing have now been replaced by idyllic and pastoral tableaux. In addition, a handsome amount of grain in excess of the fixed quotas and the banknotes obtained for the products of sideline production have directly gone into people's storehouses and pockets without any "discussions" or "approval" by any organization. A peasant of the Honghuang Integrated Enterprise in Qionglai County recently built a beautiful new two-story building, which was very much admired by the urban people. One visitor asked the master of the new building: "How large a loan did you get?" Unexpectedly, the master of the house threw out his chest and said: "You're joking! I still haven't spent all the money I have in the bank." This is incredible! Because of this, some people have begun to look upon the practice of "dividing the fields and working alone" and the "polarization of rich and poor" as terrible things. They are not sure whether this powerful trend which is now cleansing the Chinese countryside is, in the end, the demons and ghosts of capitalism or the flying dragons and dancing phoenixes of socialism.

To observe the run of a mountain range, it is necessary to stand in a position higher than that of the mountain. A certain amount of time is needed to weigh up the significance of this reform. However, in this corner of the Chinese countryside, owing to an early start and rapid development, the orientation of advance and the trend of development of Sichuan's three experimental counties of rural reforms have revealed themselves quite

distinctly. A host of hard facts have shown that the peasant masses who suffered great hardships through feudal exploitation will on no account divorce themselves from the road of collectivization pointed out by the CCP. What they have resisted and opposed is nothing but the egalitarianism and bureaucracy existing in our work. Even under such forms of responsibility system as fixing output quotas for individual households and full assignment of responsibility, the practical and realistic peasants realize that it is not profitable to "contract out" certain work to individual families or households. This work includes the selection and breeding of fine varieties, the forecasting, prevention and cure of plant diseases and elimination of pests, and the raising of rice seedlings in hothouses for paddy cultivation. While practicing specialized contracting, Xindu County made the best use of the situation and set up specialized service companies, such as companies responsible for seeds, plant protection, accounting and agrotechnology, signed contracts with the teams, groups, households and able-bodied laborers engaging in specialized production and practiced unified management and unified distribution among them. This has ensured that all styles of "individual management" have close relationships with the collective economy which is based on specialization and socialization. What we have seen in this corner of the Chinese countryside is precisely this interesting fact. Along with the gradual development of the reform of the rural management system, the peasants of Guanghan, Xindu and Qionglai no longer engage in unitary agricultural production. Instead, on the condition of fulfilling the state purchase tasks, they have, by using local materials, processed agricultural and sideline products, put their products into the market and subjected the profits they thus gained to unified distribution in the communes and their subdivisions. Thus they have begun to break away from the relatively poor historical position resulting from the situation where the peasants only produced, handled and sold raw materials. It is quite obvious that in the situation where the collective economy is developing at a rapid pace, the honest peasant masses will definitely not indulge in the wild fantasy of dividing the fields and working alone!

In this corner of the Chinese countryside, great previously unseen and unheard of changes have made us deeply believe that this system reform is a miraculous cure for rapidly healing the gaping wounds caused by the "leftist" mistakes. It is also a fundamental measure for thoroughly putting an end to the various dishonest practices which have existed for many years. In the past, the economic power in the communes and their subdivisions was in the hands of a small number of cadres. A doggerel went: "A commune member will get a scolding before he manages to borrow money, while for a cadre, one word will be enough for him to borrow money." Even though "cleaning up economic matters" was taken as the key content of the movements launched repeatedly in the past, the unhealthy practices of a section of cadres, such as corruption, theft and embezzlement, were still not successfully curbed. Since the reform of the management system was carried out, things have completely changed. A deputy team leader of a production team of the Zhuyou commune in Xindu County wanted to borrow 300 yuan but the specialized accounting unit which has achieved "specialization in accounting" refused to lend him the money. The deputy team leader had to ask the party secretary of the production brigade to sign the loan approval, but the accountant still

sternly refused and said: "According to the regulations of the financial system of the communes and their subdivisions, those who wish to borrow more than 10 yuan must submit a request for the discussion and approval of a general meeting of commune members." The deputy team leader had to give up. Furthermore, in the counties engaged in experimental reform, the general meetings of commune members, the representative assemblies of the masses and the stockholders which are held regularly every year not only discuss and determine production plans and plans for the distribution of income but also criticize and commend as well as select and remove cadres. Thus they are smoothly solving this "longstanding, big and difficult" problem which could not be solved by various campaigns in the past.

In this corner of the Chinese countryside, the past irresistible trend that "those who live in the mountainous areas move to the plains and those residing in the countryside go to the cities and towns" has begun to take a turn for the better. In some places, there has even emerged a suggestion of a "reverse flow." Retired workers from the cities have gone to the communes and their subdivisions on invitation to be technical advisers. Young people awaiting employment in the cities and towns have settled in the countryside by groups. Of them, quite a few have become active factors in building a new socialist countryside. The social problems which have remained unsettled for many years despite repeated appeals have naturally taken a heartening favorable turn. How can those who take a skeptical attitude toward the rural system reform not draw any inspiration from this?

Like all progressive changes in history, the reforms initiated in this or that corner of the Chinese countryside are by no means the subjective wishes of any one person. Rather, they are the objective demands of the development of the productive forces and the inevitable result of the advance of the times. Although the reforms are just a beginning and quite a few measures are still in the exploratory and experimentation stage, the huge momentum initiated by the reforms will inevitably open up a new road which is practical and realistic and suited to China's national condition, a road which will develop socialist agriculture.

CSO: 4004/25

IT IS NECESSARY TO CONDUCT SYSTEMATIC EDUCATION ON MARXIST THEORY AMONG THE CADRES

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 29-30

[Article in "Theoretical Study by Cadres" column by Wang Huide [3769 1920 1795]]

[Text] In the 60 years' fighting history of our party, a large number of advanced communist fighters emerged in our revolutionary ranks. They had an unswerving faith in the communist cause and believed that the communist ideal was bound to be realized. They had a clear-cut proletarian world outlook. They thought that to contribute their whole lives to the communist cause and to fight for the people's liberation and happiness was the most significant and valuable thing in the world. So they were able to overcome all kinds of hardship, failure, setback and severe frustration. They were able to firmly persevere in this cause without any vacillation and feeling of being disheartened. Under favorable conditions, they were able to keep a sober head and resist the corrosive influence of bourgeois ideology. Maintaining the true qualities of advanced communist fighters, they did not seek private interests but worked heart and soul for the party's cause and worked hard for the people's interests and happiness. Thanks to the heroic struggle of these thousands of advanced communist fighters, together with the broad masses, our party not only was able to achieve victory in the revolution, but also was able to lead a great nation such as ours with a population of 1 billion to vigorously carry out socialist construction free from the plight caused by various errors of ours and the sabotage of counter-revolutionary cliques.

The emergence of these advanced communist fighters group by group was a sign of vigor and strength in our party's cause. The long-term education on Marxist theory conducted among them by our party was an important reason for their progress. Marxism is the system of Marx' viewpoints and his theories. Marxism is an integrated and perfected world outlook based on Marx' theories on historical materialism, on surplus value and his scientific socialist theory. The more a cadre understands Marxist viewpoints and theories, the clearer and the firmer his ideal and faith will become, and thus his world outlook can be based on a reliable scientific theory. In the early days of the new China, our party conducted education on elementary Marxist theories, especially historical materialism--the history of social development--among

the broad masses of cadres, intellectuals and young students. This was a great help in forming their scientific world outlook. After undergoing all kinds of hardship and frustration in the last 30 years and more, even suffering undeserved mental injury, many of them did not waver at all in their faith, and they have not lost any courage in the struggle. All the time, Marxism was their reliable spiritual prop, which encouraged them to make a determined effort. Now, they have become the backbone and the hard core on all fronts of socialist construction. This convincingly shows the great power of Marxist theory, and also the necessity of conducting systematic education on Marxist theory among cadres.

Over the past 10 years and more, a large group of new cadres have joined our ranks. In general, a considerable number of them lack Marxist theoretical training. They have not systematically studied dialectical materialism, historical materialism and Marxist theories on political economics and scientific socialism. This has hampered them from forming a Marxist and scientific world outlook. Not only have the ultraleftist trend of thought and false Marxism of the "gang of four" influenced them, but all kinds of bourgeois ideology, such as bourgeois viewpoints on freedom and democracy, egoism, anarchism and even social Darwinism, have had a considerable impact on them. Owing to their lack of theoretical weapons to fight against these wrong ideas, they have at times been unable to do anything but stand in confusion, hesitancy and vacillation. For this reason, it is imperative to conduct systematic education on Marxist theory among these cadres. They must make up for these missed lessons.

Over the last two decades, the serious sabotage by Lin Biao, Kang Sheng and the "gang of four" of theoretical education work among our cadres is the main reason for their lack of knowledge of Marxist theory. Beginning in the 1960's, Lin Biao clamorously advocated his reactionary pragmatism. He objected to the systematic study of Marxist theory; instead, he advocated "taking a shortcut in study" to "learn things which can be immediately used" and he required that "the results should be seen immediately." He even separated Marxist theories into dozens of fragmentary and unrelated quotations, and applied them indiscriminately. He claimed that "this can make a thousandfold profit with only a small capital." This was not only the most wanton trampling on Marxist theories, but also rescinded all the Marxist theoretical education among the cadres, and disarmed the cadres of all their Marxist theories, thus putting them in a position where they were powerless to resist the influence of various erroneous ideas.

It is now 5 years since the "gang of four" was smashed. The state of affairs whereby the cadres lack Marxist theory should be immediately remedied. The regular system of conducting theoretical education on Marxist theory among the cadres should be reestablished. It is necessary for every cadre to have a chance to receive systematic education on Marxist theory, to grasp the basic knowledge about dialectical materialism, historical materialism and the Marxist theories on political economics and scientific socialism. We should consider how to establish such a theoretical educational system for the cadres: the study of the elementary theory of the three components of Marxism should be made a required task for cadres. Every cadre must fill the

gaps in his knowledge. Both their on-the-job study and their study when taking leave from their jobs temporarily should be carried out so that they can receive the necessary and systematic theoretical education. An examination system should be established to inspect and appraise the results of their study.

Of course, there is still more work to be done in order to establish a regular system for the cadres' study of theory. According to their different educational levels and theoretical levels, we have to compile and select all kinds of teaching, reading, and guidance materials. This is an arduous task. We should train theoretical teachers and instructors, set up spare-time political schools, and strengthen the work in all party schools and political schools. The party's propaganda departments should strengthen their work of organizing and guiding the cadres in their study of theory. By so doing, we can create favorable conditions for establishing a regular system for the cadres' study of theory.

The reestablishment of such a system is an important affair relating to many fields. It is our hope that our cadres can come to consider this problem and put forward their proposals.

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LEADING CADRES MUST TAKE THE LEAD IN STUDY

Beijing RED FLAG in Chinese No 4, 16 Feb 82 p 31

[Article by Commentator]

[Text] Our leading cadres at all levels shoulder the heavy task of guiding the modernization drive and conducting ideological and political work for the cadres and masses. Compared with ordinary cadres, it is therefore all the more important that leading cadres study Marxist theory. In recent years, as advocated by the central authorities, many cadres have studied theory afresh, and the atmosphere of serious reading of books and study of problems by the leadership groups has started to become pronounced. This is very good to see. However, many leading cadres are still in a state of "studying in a perfunctory way on account of being busy with work all the time." This trend of the failure to attach importance to theoretical study is not at all commensurate with the duties and responsibilities of a leader. It must be changed.

Certain leading comrades are content with just reading party documents; they reckon that it will be all right so long as they act according to the documents and that there is no need for theoretical study. It is essential to read the documents and understand the party's various principles and policies in order to do a good job in leadership work. However, this cannot take the place of theoretical study. All the correct principles and policies set down or expressed in the documents have Marxism-Leninism-Mao Zedong Thought as their theoretical basis. If one lacks theoretical knowledge and accomplishment, one is prone to lack a deep and penetrating understanding of the party's principles and policies, and just know that things are so without knowing the reason why. In these circumstances, it is difficult to carry out the principles and policies correctly, and one might even waver in work. Generally speaking, documents can only give work guidance in principle; in order to truly do a good job in work in one's area or department, it is necessary to apply the stand, viewpoint and method of Marxism-Leninism-Mao Zedong Thought to analyze the actual situation and solve the actual problems. Comrade Liu Shaoqi pointed out, if a leader lacks knowledge of Marxist theory, he cannot independently decide on the orientation. He held that cadres of this type "are not competent cadres." These words are still worth pondering deeply.

Some comrades do not attach importance to theoretical study because they feel that they have their own experiences. Experiences are very valuable, but without theoretical guidance it is not possible to sum them up very well and to analyze which of one's experiences are correct and which incorrect, to enable one to continually enhance ideological awareness. Moreover, as the objective situation is constantly developing, and new situations and problems are ceaselessly cropping up, if one is satisfied with one's previous experiences and makes no effort to study theory or master the laws for economic construction and other work, so as to avoid narrow-mindedness and one-sidedness in understanding, one may make mistakes in work in addition to being unable to do leadership work well.

The main reason why certain leading cadres study very little is because they are busy with work. It is a fact that many cadres are busy. However, in order to produce practical and effective results from being busy, it is essential to be good at "snatching a little leisure from a busy life" and persist in study. Even the numbers one and two men, whose work is the busiest, can still set aside some time for study if they improve their work methods a bit and cut out some unnecessary meetings. Naturally it is necessary to spend some time on study, but with one's standard of theory genuinely enhanced, one will greatly reduce blind actions, heighten awareness, improve efficiency, embark on fewer tortuous roads and end up actually saving some time. An old saying fits the case: Sharpening the knife does not interfere with cutting up the firewood.

For leading cadres to take the lead in studying theory is beneficial for promoting theoretical study by all the cadres as well as helping themselves to do a good job in work. Only if the principal leaders in a unit attach importance to theoretical study and are accustomed to studying well, thinking deeply and mastering theory can they lead the cadres forward, form a pronounced study atmosphere, and do well in promoting and implementing organizational and theoretical guidance work for cadres' theoretical study. A 1964 Central Committee document on organizing high-ranking cadres to study the works of Marx, Engels, Lenin and Stalin pointed out: In reading books, it is necessary to advocate the airing of views, writing of notes and feelings, and the writing of an article on every book one reads. We should advocate this point afresh today. In the past many leading cadres not only took the lead in study; where possible they also provided guidance for the cadres' study by delivering reports and answered the questions they raised in the course of their study. We should also revive and carry forward this good tradition.

CSO: 4004/25

DO SOLID WORK AND ADVANCE IN STEADY STRIDES--NOTES ON READING COMRADE CHEN YUN'S ECONOMIC WRITINGS

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 32-35

[Article by Liu Xiyao, secretary of the Sichuan Provincial CCP Committee]

[Text] Recently, I had the occasion to reread Comrade Chen Yun's economic writings and to recall once again the tortuous road which the socialist construction in our country had to travel and also to look back on the triumphant course which our party has taken since the 3d Plenary Session of the 11th CCP Central Committee. All these reminiscences have been very endearing. Following a year's actual practice, the work undertaken by the party Central Committee in implementing the policy of further readjusting the national economy has achieved notable successes. It will be useful to make a correct appraisal and summation of the experiences gained in the past year and more. In this article, I shall write about my own understanding and comprehension.

1. The further readjustment of the economy has brought about a good situation. As Comrade Chen Yun said: Our readjustment this time is a sober and healthy one. We shall do solid work and continue to advance in steady strides. Indeed, this has been thoroughly verified by the actual experiences over the past year and more. The implementation of the policy of further readjustment makes it necessary for those enterprises which should step back to step back sufficiently. This will necessarily affect the speed of development of the national economy. But to partially reduce a false speed will give place to a speed which can give the nation and people even more actual benefits. It is not retrogression but actually an advance.

In Sichuan Province, owing to the rather heavy fall in industrial production in the first quarter of last year, some comrades were a little skeptical of the policy of further readjustment. In our opinion, the relatively large decline in industrial production in the first quarter of last year was largely owing to the lack of a correct understanding of the policy of further readjustment. What should not have receded was made to recede and ideology was lax. The policy of further readjustment was by no means the cause. But it is not sufficient merely to understand this. The most important cause was that we lacked a sufficient understanding of the serious consequences that had been brought about by "leftist" errors. We failed to see

the hidden dangers in the national economy and the problems that could arise. Ideologically we were not prepared and, caught unawares, we had to resist passively.

Last year, despite the setback in the first quarter, subsequently we followed the instructions of the party Central Committee, braced ourselves and our spirit, took a number of measures and, even under such conditions as an extreme energy shortage, a serious lack of work assignments for heavy industry, a severe flood disaster and the disruption of communications and transportation, we still managed to attain a growth rate higher than originally planned. At the same time, the economic structure has gradually become more rationalized. Naturally, the consequences brought about by a prolonged period of "leftist" errors could hardly be eradicated within a comparatively short period of time, although the general situation was becoming better day by day. This amply confirmed the correctness of the policy of the central authorities. If we had not carried out the further readjustment of the economy and if, politically, we had not implemented important policies and a series of measures to achieve further stability, the good situation of today would not have existed. At the same time, this verified the reasoning expounded by Comrade Chen Yun that while it is not good to allow conservatism to impede the speed of progress which construction richly deserves, it is much easier to rectify conservatism than to rectify adventurism.

2. The anxiety for results and for speed frequently ends in tardiness. Comrade Chen Yun long ago pointed out: In order to develop the national economy more rapidly, we must display equal concern for economic construction and the people's life. The two must be balanced. Over a rather prolonged period, this balancing work will be rather strenuous. It is rather difficult for both construction and the people's life to be in easy circumstances. What Comrade Chen Yun expressed here was a conclusion based on the objective laws governing socialist economic development and derived from factors such as our country's large population, the relatively large proportion of people in the countryside, and the backward economic conditions.

In the past, under the guidance of the "leftist" erroneous ideology, for a prolonged period the scale of our construction exceeded the capability of the nation. Although compared with other countries in the world, the speed of the development of our national economy was not slow, the country and the people have not received any substantial benefits. On the contrary, a serious imbalance in the proportionate relationships of the national economy has resulted. The people's life has been affected and national construction has likewise been affected. We have been compelled to undertake big readjustment work on two occasions and the speed of development has been lowered.

There cannot be any adventurism in construction. Can there be adventurism in bettering the people's standard of living? The answer is no. In both cases, we must act according to our ability. In early 1957, Comrade Chen Yun, referring to the conditions at that time, pointed out that there must be a rise in the people's purchasing power but that the amount of the rise had to conform with the available supply of consumer goods and the rise should

not be too rapid. The people's standard of living should be improved, but this should be done gradually following the progress of production development. Therefore, we cannot be too hasty. Since the 3d Plenary Session of the 11th CCP Central Committee, actual practice has again verified this truth. Since both matters must be attended to and must be mutually balanced and since the balancing work is strenuous, we must resort to thrift and economy, to improving economic results and to achieving appropriately proportional relationships. We should strive to enable the people to fill their stomachs and at the same time do construction work. We must ensure that after the people have filled their stomachs the state still has sufficient resources left for construction work. If we only pay attention to construction and neglect the improvement of the people's standard of living, not only will the people's enthusiasm be adversely affected but also their purchasing power will not be able to be raised and production and construction will not be able to develop more rapidly. Conversely, if the people live too comfortably and eat and spend everything, then the state will be incapable of undertaking construction and the economy and culture will not be able to develop more rapidly, while the improvement of the people's standard of living will not be able to be sustained. Therefore, we must earnestly carry out investigation and research and find out the governing objective laws. We must then follow these objective laws studiously. Should we rely solely on subjective wishes and anxiously want quick results, then tardiness in lieu of rapidity will invariably result. We must earnestly learn from this often-repeated historical lesson.

3. The planned economy should come first and market regulation, second. All along this has been advocated by Comrade Chen Yun. In order for both national construction and the people's standard of living to be attended to at the same time and for the national economy to develop more rapidly and in a stable and sustained manner, we must have planning, and proper proportionate relationships and we must seek an overall balance. The modern economy is complex and complicated; its links follow each other closely. Just as Comrade Chen Yun said, failure to achieve an overall balance will result in one being unable to move a single step. Without an overall balance to coordinate development, basically there cannot be any development speed, much less any great economic effect. The superior nature of the socialist system is found in that it takes the planned economy as the center and market regulation as the supplement and that it treats the whole country as one big chessboard and work is done in line with a unified plan. Because in the past many "leftist" errors were committed under the pretext of adherence to planned economy, some comrades, on hearing the party Central Committee's call to reaffirm planned economy as the main task and to treat the whole country as one big chessboard, were worried that the economy was heading toward a dead end again and wondered if retrogression was on the way. Obviously, planning was clearly misunderstood.

During the first 5-year plan period, we completely copied the Soviet Union's methodology in planned economy. Aiming primarily at the problems of that time and taking into consideration the actual conditions of our country, Comrade Chen Yun put forward a superb thesis, urging the institution of three main bodies and three supplementary bodies. Unfortunately, at that time we

did not act according to his correct views. Before 1958, there existed many problems of overcentralization and too-tight control, while in 1958, in the course of thorough emancipation and under the slogan of wiping out superstition, we broke with certain scientific concepts which should not have been eliminated. We gave no thought to planning or to work according to a proper ratio. Rather, we set "high targets," instituted the "Great Leap Forward," and indulged in the thought that "once a horse starts galloping, other horses will follow." Afterward, we started the so-called "going in for something in a big way," and encouraged the provinces to set up independent and integrated industrial systems of their own. We refused to talk about an overall balance or "treating the whole country as one big chessboard." Construction of many projects was hastily decided upon without first having undergone thorough investigation and research or scientific examination, or there being an assurance that an overall balance would be achieved. In summing up historical experiences, we cannot fail to see two aspects, namely, that most people are prone to more readily understand the problem of overcentralization and of too-tight control, while many comrades fail to pay sufficient attention to "leftist" errors such as neglecting planning, neglecting to ensure work according to a proper ratio, and failing to achieve an overall balance.

We should never make planning guidance and market regulation oppose each other; nor should we upset their respective main and supplementary roles. In planning, we should first consider the need to satisfy the material and cultural demands of the people. We should endeavor to grasp the conditions of the market and give due consideration to the stability and sustained growth of production and the general improvement of the people's standard of living. In formulating a plan, we must include in the plan the factors and the role of market regulation. It is a mistake to draw up a plan which exercises excessively rigid control. If this is done, it must be rectified. At the same time, we must give full play to the regulation and supplementary role of the market, as we are doing now. However, we must never allow market regulation to get out of control and oppose the plan. Free production and free trade which are divorced from the unified plan and from the collective interests should not be condoned.

4. Only in doing solid work and following the prescribed order can we attain a rapid development of the economy. This embraces the spirit of Comrade Chen Yun's recent talk. Back in 1962, he said: Only in working out an overall balance on a "short-line" basis can there be a real overall balance. For a prolonged period of time there has been a controversy between a so-called active balance and a passive balance. But, what is an active balance? One interpretation is that only in working out a balance on a "long-line" basis, that is to say, a balance with gaps, is there an active balance. This interpretation considers Comrade Chen Yun's "short-line" balance as conservative and passive. In reality, in the final analysis, the so-called "long-line" balance cannot balance. That is to say, there is no balance in it at all. This is precisely why there has been so much extravagance in economic construction. Seeking a "short-line" balance means that we must acknowledge reality, do solid work and achieve a real balance. Whether we are active or passive depends on the attitude we have taken toward the "short-line";

whether we fully understand it and handle it real earnestly or leave it alone and treat it lightly; and whether we resort to thousands of ways and means and actively press forward to change the "short" into "long," or are content with the present status, lay undue stress on objectivity, and do nothing.

The precise object of the party Central Committee in advocating the policy of readjustment, restructuring, reorganization and upgrading and in undertaking the further readjustment of the national economy is to face squarely the defects, weak points and problems in developing our national economy and to take appropriate measures to rectify them. It demonstrates the party's real sense of responsibility for national construction and the people's standard of living. In working hard for the prosperity of the country and going all out to achieve progress, we must grasp the focal points and the weak links of these problems. We must work solidly, in a planned manner and step by step, to overcome difficulties and solve problems. We must attain a development speed which can bring to the country and the people more real benefits and relatively high economic results, and thus find a new road for the socialist economic construction of our country. Socialist economic construction is a science. Like all sciences, it has no "short-cut" road to success. Only in not fearing hardships and difficulties and in solidly working according to scientific laws can we reach the peak of success.

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THE POTENTIAL FOR ACHIEVING BETTER ECONOMIC RESULTS AS SEEN FROM THE
MANAGEMENT OF ENTERPRISES IN SHASHI MUNICIPALITY

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 34-36

[Article by Mu Changsheng [4476 1603 3932], secretary of the Shashi Municipal
CCP Committee]

[Text] In his government work report delivered to the 4th session of the 5th NPC, Premier Zhao Ziyang pointed out that, in order to develop our national economy, we must blaze a new trail characterized by a more practical speed and better economic results, yielding more substantial benefits to the people. He also put forward 10 principles for economic construction which we must follow while trying to blaze the new trail. The crux of these 10 principles lies in the problem of improving economic results. This is also a key problem in socialist industrial management. In his government work report, Premier Zhao explicitly said, "In order to tap the potential of existing enterprises, secure better economic results and increase state revenues, it is imperative that the all-round consolidation of enterprises be carried out in groups and in a planned way." Seen from the situation of the development of industry in Shashi, it is completely necessary to implement this principle.

While appraising the economic results achieved by an enterprise, we mainly consider the amount of labor used for producing a given amount of products. Provided the quantity and the quality of products are the same, the smaller the amount of labor used, the better the economic results. Therefore, in order to improve its economic results, an enterprise should take management measures to properly mobilize and organize all personnel, funds and materials, and thus bring their roles into full play.

Modern enterprises engage in continuous mass production, which involves complicated types of work and various work procedures. If any one of these procedures, which closely interlock with each other, goes wrong, all the production procedures will be interrupted. In order to keep the production going in an orderly and harmonious manner, on the one hand, the workers must be required to maintain a high sense of responsibility and fulfill their duties with an overall point of view and a hard-working attitude; on the other hand, production management must be strengthened and improved.

However, at present, there are a considerable number of industrial enterprises in which the management is extremely unsuitable for modern production. The equipment of many enterprises in Shashi has been improved and become more advanced as compared with that in the 1950's and 1960's. Particularly in recent years, many enterprises have greatly increased new equipment, carried out renovation and transformation, and introduced some new techniques and technology. This has greatly helped to improve the productivity and promote the industrial development of the whole city. Over the last 5 years, the average yearly industrial growth rate in Shashi was over 20 percent. However, owing to the drawbacks existing in some enterprises, such as weak management, disorderly production arrangements, lax labor discipline and serious waste, the existing manpower and material resources cannot be fully utilized. According to a sample survey, in most of the enterprises, 15 to 20 percent of the potential for increasing production has not been tapped and the percentage of untapped potential for decreasing consumption is even higher. This shows that there are still a large number of problems in the field of economic results in the industrial enterprises.

Recently, we studied the data concerned and took the textile industry in Shashi, which forms a major part of this city's industry, as an example to compare with the same trade in Shanghai. We found that the average use of funds by each worker in Shashi in 1979 was 10,705 yuan, or 137 percent higher than that in Shanghai, which was only 4,500 yuan. However, the average contribution of taxes and profits by every worker in Shashi was just 5,528 yuan, or 34 percent lower than that in Shanghai, which was 8,300 yuan. As far as the equipment and other production conditions are concerned, the textile industry in Shashi is not worse than that in Shanghai, and is even better in some aspects. The reason for its low economic efficiency lies in ineffective management.

The reasons for this situation are many-sided. As Premier Zhao pointed out in his government work report, the subjective reason mainly lies in the long-standing "leftist" errors "existing in our guidelines for economic construction. They prevented us from acting in conformity with objective economic laws in many of our efforts. Coupled with the disruption during the decade-long 'Cultural Revolution,' this could not but seriously hamper us in giving play to the superiority of our socialist system and it could not but impede our economic construction and detract from its results." It can be seen by looking at Shashi's industry that, for a long period of time, owing to the "leftist" influence, many enterprises in expanding their reproduction did not put inner improvement first but put outer expansion first. The ineffective management in these enterprises resulted in high consumption, poor product quality and low income. Although the production growth rate seemed quite high, the economic results were not satisfactory. Over recent years, after implementing the principles of readjusting, restructuring, reorganizing and upgrading the national economy, many enterprises have changed their production guidelines and paid more attention to improving their management, and they have achieved a certain improvement in economic results. However, there are still a number of enterprises which have not actively shifted their emphasis from outer expansion to inner improvement and have not consistently paid attention to improving management. As a result, the potential

of these enterprises has not been fully tapped. This cannot but impede the improvement of their economic results.

How should the principles raised by Premier Zhao in his report be implemented so as to further readjust and strengthen the enterprise management and thus improve economic results? We found the following problems needing immediate attention.

In order to improve economic results, it is necessary to effectively use work time and raise the utilization rate of working hours. Every worker must cherish his work time. If he does not work conscientiously and responsibly in his working time, the number of products he can make will become fewer and time will be wasted. This will further result in higher unit cost of products, reduced economic efficiency and benefits, high wages, and increased management expenses and other expenditures. At present there are enterprises in which the utilization of work time is not good. For example, in the Shashi valve plant, the management of which is comparatively advanced for this city, the rate of attendance in the first half of 1981 was only 85.2 percent and the utilization rate of working hours was just 74.4 percent. As regards the whole city, things are much worse: the utilization rate of working hours was only 50 to 60 percent and the rate in some enterprises was as low as about 40 percent. Faced with this situation, we must start by straightening out the enterprises, raise management levels, consolidate the working organization, tighten labor discipline, and firmly eliminate liberal and lax tendencies among the labor force. Along with this, we should implement and perfect the economic responsibility system, set down reasonable production quotas, lay down and put into effect rules and regulations, and perfect measures which comply with the principle of distribution according to work. At the same time, we should strengthen ideological and political work, so as to enhance the workers' sense of responsibility and their consciousness in making full use of their working hours.

In order to improve economic results, we must attach great importance to enhancing the workers' technical level and the cadres' management level. As the degree of mechanization increases, the division of labor becomes more and more elaborate and the relationship between workers becomes closer and closer. This requires that cadres have higher management skills and workers have higher technical quality. If the management capability and operation skills cannot keep pace, no matter how sophisticated the equipment is, it will not help achieve good economic results. Last September we made a survey of the economic activities of the textile industry in this city. We found that, in the No 1 Knitting Mill, the equipment utilization rate in the period from January to September was 70.89 percent, or 5.74 percent lower than in the same period of the previous year; the equipment operation rate in that period was 81.6 percent, or 10.9 percent lower than in the previous year. Just on the basis of these two changes, the output value decreased by 3.22 million yuan and the profits decreased by 580,000 yuan. The main reasons for the above problems lie in the fact that a large group of new workers who entered the factory lacked technological training and they were not good at operating the new advanced equipment. Meanwhile, production management was not able to adjust to the new conditions. This proves that leaders and

managerial personnel must master the know-how pertaining to managing a modern enterprise. At the same time, the workers' technical quality should be enhanced. Relying on the help of older workers, and by strengthening the technological training of the whole staff, we should ensure that every worker becomes proficient in one or several production skills and is able to operate the advanced equipment skillfully. It is also necessary to study the advanced experiences of other people in the same trade, try by all means to adopt advanced technology, and carry out technological transformation and innovation on a large scale. In this way, we will be able to greatly improve economic results.

In order to improve economic results, it is necessary to try by all means to reduce the consumption of materialized labor. Production needs to consume a given amount of raw materials, fuel and power. Consumption within quotas is reasonable and effective, but that part above quotas is unreasonable and ineffective consumption. This seems very simple, but quite a number of enterprise leaders have not paid due attention to it. In the first half of 1981, enterprises in Shashi increased consumption of electrical power by 14.17 million kwh, of coal by 1,493 tons, of raw oil by 1,560 tons. In the same period, in the 10 state-owned textile enterprises run by the municipality, 13 of the 20 major consumption indexes increased over those in the previous year. As a result, profits in the first 8 months of 1981 decreased by 2.08 million yuan. Owing to the waste caused by the substandard products, another 1 million yuan was lost. This shows that there is great potential for reducing the consumption of materialized labor. This also shows that we must actively encourage and develop the spirit of industriousness and thriftiness, practice careful calculations and strict budgeting, and tighten control over the consumption of materialized labor, so as to economize on it and eliminate its waste. Meanwhile, we must try by all means to adopt advanced technology, improve product designs, accelerate the renewal of the product generations, attach importance to quality control, increase products of high quality and decrease substandard or wasteful products. An increase of substandard or wasteful products will certainly lead to an increase in the consumption of materialized labor and waste of working hours, thus affecting economic results.

In order to improve economic results, it is necessary to attach great importance to market demands, make great efforts to improve product quality and increase the variety of goods which sell well. The production aim of our socialist enterprises is to satisfy the increasing demands of the people's material and cultural life. When estimating the economic results of enterprises, we should not only consider the output value of their production, but also how well their products meet social demands. If they consume materialized labor and actual labor but produce products of poor quality which sell poorly, a waste of labor and material resources will be bound to result, thus affecting the economic results. We found that this kind of waste was a common phenomenon in some enterprises. For example, a certain textile mill in Shashi, neglecting market demands, has blindly produced some chemical fiber products for which there is no demand, thus resulting in overstocking. Ostensibly, the output value of the factory had increased. But, as products were overstocked in the commercial department and did not

sell well, the output value and economic results were all false. From now on, the stupid practice of doing things which earn us a name but bring us only trouble can never be repeated. Enterprises should be made to clearly understand the purpose of socialist production. Guidelines should be set for them in serving consumers, and they should do a good job in improving product quality and variety. Only in this way can the value and use value of products be in accord. And only thus can economic results be effectively improved.

CSO: 4004/25

CONSCIENTIOUSLY DO A GOOD JOB IN THE IMPORTANT TASK OF HANDLING LETTERS AND VISITS

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 37-38

[Short commentary]

[Text] Earnestly taking up the responsibility of doing a good job of handling people's letters and visits is an important task in maintaining close ties between the party and the masses. Protected by the constitution of the PRC and the party constitution, party members and the masses have the right and obligation, by means of letters and visits, to report on current conditions, to air grievances, to expose unlawful acts and violations of discipline and unhealthy tendencies in existence, and to criticize the various phases of work of the party and the government or to make recommendations thereon. In so doing, the masses of people demonstrate their full confidence in the party and the government. It is also one form of their participation in the political life of the party and of the nation and of their supervision over the various levels of leadership organs and their personnel. In the past few years, the various levels of leadership organs of the party and government and the relevant departments have paid increasing attention to this matter. They have done much work in this connection and have reaped good results. Nevertheless, several problems still exist which need to be thoroughly solved. Actual practice has shown that whether or not this important task has been well handled not only has a direct bearing on the political and economic rights and benefits of the parties concerned but also is closely related to the atmosphere of the whole party, the general mood of society, and the stability and unity of the whole society. We must really handle it as an important task and do a good job of it.

The focal point in doing a good job of this important task lies in the fact that the leadership cadres of the various party and government organs and the departments in charge of discipline and supervision and those handling letters and visits must embody a spirit of being highly responsible to the people. They must prevent and overcome the bureaucratic way of doing things and must earnestly take up the responsibility of grasping cases in a practicable manner. They must pay great attention to, and solemnly handle, all letters and visits, regardless of the parties concerned or the nature of the problems. First, they must not speak in a bureaucratic tone, must avoid the "yamen" air, but must treat the letters and visitors with sincerity. They

must read carefully all the letters and patiently listen to what the visitors have to say. They must not show any annoyance if the visitors do not deliver their complaints in a coherent manner. As to those visitors who cannot control their temper, they must patiently console them and must not grumble at their bad attitude. Second, we must avoid arrears or procrastination in work, and must handle all cases promptly. All past arrears of work must be cleared off. As for problems that have newly arisen, we must promptly analyze and study them and take necessary measures on each and every one of them with due reference to the different circumstances involved and also in the order of their importance or urgency. We must not delay in making a decision. Concerning cases within one's own area of duties, the responsibility is assigned to the individual and a time limit must be set for their resolution. As for cases requiring instructions from above, instructions must be sought promptly, and must be put in effect as soon as they are received. Cases which should be referred to a subordinate organ to be handled should be so referred promptly and we should follow up by timely checking the progress of work and if it is not yet done, then the responsibility for the delay must be duly investigated. Third, do not dodge or make any excuses, or try to shift a problem to somewhere else. We must solidly and really solve a problem. In the case of a miscarriage of justice, the unjust verdict must be reversed, regardless of who originally handled it or who approved it. If policies are still found not yet implemented, they should be thoroughly implemented. Dodging and evading is tantamount to being irresponsible. A bureaucratic way of doing things which must be conquered is the taking of an irresponsible attitude toward the subject matter of complaints, or exposures, or charges and shifting the cases to subordinate organs, possibly eventually ending up at the culprit organs concerned. Frequent shifts of responsibility mean that the case has not yet been resolved. In fact, the case may become complicated and may result in more attacks and retaliation. As for really questionable comrades, they should be dealt with within the policy limits. In the event that an immediate solution is not possible, the actual circumstances must be explained to the party organ concerned to obtain their sympathetic understanding. Some visitors may make excessive or inappropriate demands. If this occurs, we must do some patient ideological and political processing work, and firmly insist that their problems be handled in accordance with party policies. Some letters and visitors may present views which are critical or constructive. They must be warmly encouraged, and their views must be promptly reported to the higher levels and forwarded to the relevant departments for further study. Due replies must be made. We must not be noncommittal or fail to give any reply. Actual practice has shown that in those localities which have carried out fairly well all the three points mentioned above, the number of letters and visitors making complaints has been continuously diminishing and the cases of bypassing the immediate leadership to present the problems to higher levels have steadily decreased. Conversely, in localities which have an accumulation of unresolved cases, the hidden contradictions have multiplied. Thus, it can be seen that overcoming the bureaucratic way of doing things and promoting the spirit of responsibility have an important bearing on the work of handling letters and visits.

Quite a number of the conditions and problems reflected in the people's letters and visits have been related to the unhealthy tendencies of unlawfulness and breach of party discipline inside the party and among the cadres. The various leadership organs of the party and government and the departments handling discipline inspection, or letters or visits, or legal affairs must thoroughly investigate problems of this kind. Each and every case must be closely scrutinized. Regardless of the number of cases pending, they must all be investigated. We should not consider this as too bothersome and should not be frightened by the large number of problems or by the fact that many cases cannot be easily dealt with. Whichever party committee is in charge must rigidly be made to take charge. The cases should not be turned over to ordinary or basic-level workers, since this may cause the cases to drag on and remain unresolved. We must determinedly protect the dignity of party discipline and national law. Inside the party and among the people we must truly carry out the principle that everybody is equal before the party and law. What must be done should be done. To be able to do this, we must be unselfish and fearless. First, we should not act wrongly or out of personal considerations or plead for others. We should not turn big problems into small problems and small problems into no problem at all. Second, we should not be afraid of retaliation or "give somebody tight shoes to wear" (make things hard for somebody by abusing our power). Whoever commits a crime must be prosecuted. The more important the cadres are who have violated party discipline and the national law, the more courageously should the higher-level party committee conduct itself in criticizing, stopping and even prosecuting the offenders. We shall never allow anybody to become unbridled or to have his own way even though he may have rendered past services to the state. Only in so doing can the party instill healthy tendencies and can we follow the wishes of the people and maintain the good reputation of the party and the government among the masses of people.

In confronting the current conditions and problems concerning the work of handling letters and visits, we should take the effective measure of "grasping the two ends and guiding the middle part." One end is to press for the resolution of problems which have been left pending. Some units or cadres have persisted in leaving cases unresolved even though they have substantial evidence on hand and these cases really deserve a reversal of their original verdicts in accordance with government policy. Some even went so far as to destroy evidence of bribery, prepare false evidence and lie. Some units or cadres have refused to investigate cases involving violations of discipline or law-breaking and impeded in various ways the necessary investigation and prosecution work. They even attacked or retaliated against the complainants or those reporting crimes. Why have they left these cases unresolved? This may be accounted for by two possible reasons. One is bureaucratism and lacking concern for the sufferings of the masses. The other is that the cases or problems exposed by the masses are directly or indirectly related to those in charge. To stop such practices, the high-level leadership organs must make a thorough investigation. They should solemnly deal with these cases and should take necessary measures, legal or otherwise, against offenders until they have been removed from their posts or duly punished. The other end relates to the problem of handling those visitors who have unreasonably created scenes and are generally incorrigible. Stern measures

should be taken against such people. They should be subjected to labor reform, not to be released until they have fully repented and have given reassurances that they will not commit any more offenses. As a matter of fact, people of this category constitute the minority of the visitors, with the exception of those who have really suffered injustice or have some concrete and unresolved problems and must persist in making visits. In handling this category of persons, we must seriously appraise the actual circumstances and should refrain from deliberately enlarging the scope. We must sternly deal with those found to have taken the opportunity to falsely accuse or to attack other people to seek revenge. If we can firmly grasp the work along these two ends and at the same time pay sufficient attention to motivating other work in connection with letters and visits, then within a short period of time it will be possible to achieve noticeable results. We shall then be able to greatly promote the improvement of the tendencies and atmosphere of the party and society and also promote the stability and unity of the whole society. The various levels of party and government leadership organs should pay great attention to this important task which is beneficial to the party and to the people's interests, and should never regard it lightly.

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BOWING ONE'S HEAD AND GIVING WAY TO OTHERS

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 39-40

[Ideological commentary by Lin Wenshan [2651 2429 1472]]

[Text] Good news spread on New Year's Day: At the forum on Comrade Chen Yun's article--"Tell the Truth, Do Not Save Face"--which had just been published, some old comrades who had been struggling for the revolutionary cause for several decades made some very sincere remarks. In brief, they urged us not to tolerate violations of the law and breaches of discipline, and not to give way to evil practices.

At the end of the 1950's, our party courageously mobilized the Chinese people to start a discussion on how China could open up a path for industrialization on its own. A stirring slogan was raised during this discussion--"make the mountains bow their heads and the rivers give way." Due to the mistakes in guiding ideology, this discussion did not score good results as expected but brought about the severe failure of the "Great Leap Forward." For this reason, the above slogan seemed to have become the synonym for boasting. In fact, to make the mountains bow their heads and the rivers give way is not an impossibility. During the 32 years since the founding of the PRC, we built railways such as the Baoji-Chengdu line, the Chengdu-Kunming line, the Xiangyang-Chongqing line and so on; we completed key large-scale water conservation projects such as the Liujiazia project, the Longyangxia project, Gezhouba Dam and so on; we also erected the Xiamen dike. None of these could be accomplished without removing mountains, damming rivers and reclaiming land from the seas. Examples like these are innumerable. The key is that we have to follow the objective law in things while getting rid of subjectivism. Therefore, the proletariat's indomitable boldness of vision which is reflected in the slogan should never be negated. Truth is on the proletariat's side, and our cause is a just one which is bound to win. All the forces which obstruct history from moving ahead will be forced to surrender and give way to the revolutionaries.

One of the consequences which the 10 years of turbulence brought to us is the large number of problems which constitute obstacles before us like "mountains" and "rivers." Offenses against the law and discipline can be considered as a mountain and evil practices as a river. This mountain severs our flesh-and-blood ties with the masses of people and prevents us from advancing, while

that river may run rampant and flood the results which we have scored. Irremediable losses for the state and the people will be caused if we just let such a "mountain" and "river" remain. Whether this mountain bows its head or we bow ours, whether this river gives way to us or we give way to it, this problem is certainly a matter of life and death to our party and our country.

For the proletariat, there is but one answer: Never bow your heads to offenses against the law and discipline, and never give way to evil practices. Fortunately, there is one thing we can be gratified about: Quite a few advanced units and advanced individuals who resolutely fight against evil trends are emerging under the leadership of the CCP Central Committee. The Ministry of Coal Industry is a good example.

A kind of "flowing backward" has been prevalent in the Ministry of Coal Industry. Some children and relatives of cadres on the coal industrial front refused to work in coal pits as excavators and tried to get transferred from coal pits to offices. This was an unhealthy trend. So, the leading comrades of the Ministry of Coal Industry made up their minds to uphold principles, and redress without wavering the wrong tendency of "flowing backward." They laid down strict requirements, took effective measures and carried out conscientious examinations. They courageously criticized those cadres who did not do their best in implementing the regulations. They even went as far as to criticize them by name in newspapers. They bravely handled cases of those illegally transferred personnel, and even dismissed those who refused to return to coal pits and prohibited all coal industrial enterprises from reemploying them. Such boldness of vision which the leading comrades of the Ministry of Coal Industry showed in refusing to surrender and give way to the practice of "flowing backward" was really great. It can serve as a good example for the redressing of party work style. Being soft on a specific problem, "giving wrongdoers a way out," and letting those who are doing evil take advantage without being punished will only encourage offenders of the law and discipline, give the green light to evil practices and thus reduce the redressing of party work style to empty words.

Both offenses against law and discipline and evil practices can spoil social customs and thus hurt the party, the country and the people. Those persons who do shameful things like these are not up to the basic moral standards for a citizen, not to mention the qualifications for CCP membership. Every person with normal intelligence can clearly see the fact that offenses against law and discipline and evil practices go against the will of the party and the people, that they are adverse currents, nonessentials and undercurrents. The vast number of cadres and masses have long been very disgusted with such phenomena. Now that these phenomena constitute obstacles before us like "mountains" and "rivers," our party Central Committee has made the decision to completely check and thoroughly eliminate them. Both the people's will and the party's determination show us that no offense against the law and discipline and evil practices can be allowed to exist on the land of our great socialist PRC. We must live up to our word and should never stop until our goal is reached. This calls for an integration of leaders and the masses, and the mobilization of the whole people. First of all, those who are

undertaking leading posts should take the lead in observing law and discipline and should never surrender and give way to the unhealthy tendencies existing in their own minds; those who have committed errors should take the lead in carrying out self-criticism and redressing mistakes. We call this bowing our heads to truth. At the same time, we must give strong support to those cadres and masses who resolutely struggle against unhealthy trends. We call this giving way to able and virtuous people who are on the side of truth.

Bowing our heads to truth and giving way to able and virtuous people also embody the great boldness of vision of the proletariat who keep to the direction of historical development. Such a boldness is needed in the struggle against the unhealthy trends as well as in other work. The leading comrades of the Ministry of Coal Industry have done well in these fields too. Faced with the poor fulfillment of the coal production task, Comrade Gao Yangwen, minister of coal industry, carried out a self-criticism at a meeting and then made a self-examination over radio and in newspapers before the people of the whole country, admitting that the main reason for the poor fulfillment lay in inefficient leadership and low morale. He took no account of his personal prestige and did not worry that "making self-criticism would make him lose face." So, he surrendered to truth and took the lead in resuming our party's fine tradition of self-criticism. After that, six old comrades in the Ministry of Coal Industry resigned on their own as vice ministers and retreated to the second line so as to give way to able and virtuous persons--to allow those comrades in their prime of life to give a better play to their abilities. In acting in this way, the leading comrades of the Ministry of Coal Industry have set examples for all of us. Then why should we doubt the possibility of a successful redressing of party work style since our comrades are armed with such a proletarian boldness of vision?

In the last few years, under the leadership of the CCP Central Committee, the party's work style has been improved and its prestige among the masses of the people has been upgraded. It is wrong to ignore this fact. Now, the problem is how to strive for a fundamental favorable turn for the better in the party's work style. And the key is to emulate the Ministry of Coal Industry; never bow our heads to offenses against the law and discipline and never give way to evil practices; but bow our heads to truth and give way to able and virtuous persons.

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SCIENTISTS DISCUSS SYNTHESIZING OF T-RNA

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 41-44

[Text] Editor's note: The research leading to the successful synthesizing of yeast alanine transfer-ribonucleic acid--T-RNA--is a major discovery and is as significant as the synthesizing of bovine insulin. This discovery was the result of the teamwork of the six units of the Shanghai Institute of Biochemistry, the Shanghai Institute of Cytobiology, the Shanghai Institute of Organic Chemistry, the Institute of Biophysics, all of which are under the auspices of the Chinese Academy of Sciences, and the biology department of Beijing University and the Shanghai No 2 Reagent Factory. This discovery has enabled us to take another step further in the long journey of exploring life sciences. All personnel participating in this research displayed the spirit of achieving rejuvenation through self-reliance, assiduously tackling key problems, coordinating and boldly scaling new heights. This is highly commendable.

Article by Wang Yinglai [3769 2019 4202]: "Fight in Unity and Tackle Problems Together"

Nucleic acid and protein are two of the most important macromolecular substances in the bodies of organisms. The former is the basic material of heredity and the latter stimulates various activities within organisms. Without these activities, there would be no life as we know it. Early in the mid-1950's, after the first protein--the chemical structure of bovine insulin (namely, the sequence of permutation of amino acid) was understood--people categorically asserted (see the British NATURE MAGAZINE 1955 issues) that although the chemical structure of the first protein was resolved, the possibility of synthesizing protein was a matter for the remote future. No more than 10 years after that assertion was made, Chinese scientists synthesized the first known chemically structured protein--bovine insulin--which shook the international scientific circles at that time. Now another biological macromolecular structure, that is, yeast alanine transfer-ribonucleic acid--T-RNA--has been synthesized first by Chinese scientists, thus enabling China to continue to be in the world's advanced ranks in the

study of synthetic biological macromolecules. This is a matter which merits praise.

Being twice a group leader of the coordination group for synthesizing basic biological macromolecules, I deeply realize the importance and necessity of "fighting in coordination." Of course, the method of "fighting in coordination" should not be indiscriminately applied to every important subject of basic study. The adoption of this method depends on the nature of the research undertaken and the number of branches of learning included (that is, the different branches) and on the various stages of the research. In regard to many basic theoretical studies, large-scale coordination is not necessarily suitable and also not required, but as for the two tasks for synthesizing protein and ribonucleic acid, studying in coordination actually quickened the pace of fulfillment of the task and ensured the quality of the work through mutual tests and verification by different units.

We paid attention to fully encouraging democracy in our research work. At meetings of the coordination groups in Shanghai and Beijing, apart from hearing reports from the various subordinate units and discussing and studying the problems existing in the work, we arranged the tasks and division of work for the next stage of research. At these meetings, the representatives of the various units spoke freely. This indicated that the enthusiasm of the units participating in the coordination was fairly high. Before 1972, the plans for the synthesizing were mainly to adopt the method of chemical linking and of assigning responsibility by stages to the various units. However, no significant progress was made. At the same time, in the international arena there emerged a report relating to enzyme linking. In 1974, the Shanghai Institute of Biochemistry successfully used N1-RNA enzymes provided by the Institute of Biophysics to link two sections of 4 nucleotide-long into a section of 8 nucleotide-long. This was a heartening step in the combining of enzyme synthesis with chemical synthesis. At the end of 1975, at the Beijing-Shanghai coordination meeting, a plan was drawn up to directly link small sections with RNA synthetase and without using any patches. In 1976, 12 nucleotide-long and 16 nucleotide-long sections were linked successfully one after another, thus proving that the decision made at the 1975 Beijing coordination meeting was feasible.

Concentrating on crucial problems in the work and organizing great "key task" battles were important experiences in the success of this research work. At a meeting of the coordination groups held in Shanghai in March 1978, we discussed some crucial problems existing in the work at that time. In order to speed up the progress of the work, a decision was made to set up three battle groups: 1) the RNA synthetase battle group of which the Institute of Biophysics was in charge with the participation of personnel from the Shanghai Institute of Cytobiology and the Shanghai Institute of Biochemistry; 2) the activity determination research battle group of which the Shanghai Institute of Cytobiology was in charge with the participation of the Shanghai Institute of Biochemistry; and 3) the battle group of big-section binding and total synthesis of which the Institute of Biochemistry was in charge with the participation of the Shanghai Institute of Organic Chemistry, the Shanghai Institute of Cytobiology, the Institute of Biophysics and the

biology department of Beijing University. This decision to set up the three battle groups was very important and timely. It played a positive and promotional role in the later stages of the work. The 13 years of experience in coordinated study on the synthesizing of ribonucleic acid has helped us deeply realize that for scientific research work to develop at a rapid pace, it is necessary to have a political situation of stability and unity so that the research personnel can work contentedly; it is necessary to have a correct line in work, to get rid of the obstructions of "leftist" thinking and selfish departmentalism; and the concern and leadership of the party organizations at various levels is the guarantee that the various coordination units will fight in unity and will strengthen the confidence and resolve of the research personnel.

Article by Wang You [3076 3731]: "Knowledge That Knows No Bounds, an Achievement of the Times"

"To understand genuinely and thoroughly what life is, we must probe into all manifestations of life, from the most elementary to the most advanced."-- Engels

After chemically synthesizing crystalline insulin, the Chinese scientific and technological personnel who were active in the field of the study of the basic materials of life were pondering what would be their next task. At a symposium on scientific research in basic theory which was presided over by Comrade Nie Rongzhen, then chairman of the National Defense Scientific and Technological Commission of the PLA, in the Jingxi guesthouse in Beijing in April 1967, some people proposed that ribonucleic acid chemistry should be put on the agenda as the next assault task since the synthesizing of insulin had been achieved. This proposal was accepted by the participating scientists and was supported by Comrade Nie Rongzhen. After deliberations and investigations, the Chinese Academy of Sciences formally assigned tasks to the research units concerned. The "synthetic yeast alanine T-RNA" was one of the important subjects of our country's scientific research. Over the past 13 years, the personnel of the institutes, university and factory taking part in this research project have coordinated in unity, assiduously and intensively studied, and eventually completed the synthesizing of the whole molecule of yeast alanine T-RNA in November 1981, thus enabling China to enter a new stage in the study of the basic materials of life. This was another important contribution following the synthesizing of insulin. Speaking as one of the participants in these two important research projects, we are very proud of our successes.

Ribonucleic acid, protein, polysaccharide and others are important basic materials of life. For nearly 30 years, ribonucleic acid has been one of the important research subjects in the field of natural sciences. Ribonucleic acid is composed of organic macromolecules in specific series and has a complicated structure. The way to synthesize it is different from the way used earlier to synthesize insulin. Insulin was synthesized totally by the organic chemical method. Owing to its much greater molecular weight, we had some difficulties in synthesizing ribonucleic acid by the organic chemical method. Therefore, we adopted the method of combining chemical synthesis with enzyme

synthesis, that is, we first used an organic chemical method to synthesize small sections of oligopeptide and then used RNA synthetase to link them up to form an entire molecule. The chemical synthesizing of enzymically synthesized ribonucleic acid was very difficult. Every step forward required strenuous efforts. The overwhelming majority of the comrades since their youth have been quietly doing hard and creative labor at their posts in a down-to-earth manner and are happily devoting precious years of their lives.

The synthesizing of ribonucleic acid demanded the close coordination of many branches of learning. For this reason, the successful synthesizing of T-RNA is the result of large-scale socialist coordination and the crystallization of collective labor and wisdom. The progress of the synthesizing of ribonucleic acid has also promoted the development of the branches of learning, such as biology and chemistry, which are related to the study specialty of ribonucleic acid. For instance, in the work of organic synthesis, a new technology was used and some laws of reaction were studied and summed up, thus enriching the contents of nucleic acid chemistry. We have also manufactured some medicines by utilizing nucleosides and nucleotides and striven to make contributions to the national economy and the people's livelihood while engaging in basic research. What is more important is that we have set up and developed a strong force which can shoulder the foundation, application and study of China's nucleic acid research.

As a task, the synthesizing of yeast alanine T-RNA has been completed. As for organic chemistry and the organic chemical personnel, they are even stronger as a result.

Zhuang Zi said: "A man's life is limited but knowledge knows no bounds." (Zhuang Zi: "Principles for Keeping in Good Health") Zhuang Zi realized the contradiction between limitations and boundlessness. However, he could not solve this contradiction. But 2,000 years later Engels pointed out the way to solve this contradiction: "On the one hand, the nature of man's thoughts will inevitably be regarded as absolute, and on the other hand, thoughts are realized by an individual who carries out the activity of thinking in a totally limited way. Only in the boundless process of advance and at least, as far as we are concerned, in the endless changes involving mankind, can this contradiction be solved." ("Selected Works of Marx and Engels," Vol 3, p 126)

Article by Wang Debao [3769 1795 1405]: "Work Together With One Heart and Boldly Scale the Heights"

The 13-year-long work of synthesizing yeast alanine T-RNA was successfully completed on 20 November last year. This was the result of the leadership of the CCP and the concerted efforts of all our comrades. As a group leader of a battle command group, I was naturally happy to see the complete success of this scientific research work. Concerning this work, I have a few words about my sketchy understanding:

1. Scientific research work requires a political situation of stability and unity and the guidance of a correct line. During the first 8 years, this

work progressed very slowly. This was the result of the lack of proficiency in terms of professional work on the one hand and, what is more important, the result of the obstructions and sabotage of the Lin Biao and Jiang Qing counterrevolutionary cliques on the other hand. Almost 6 years passed before an 8-section long nucleotide was synthesized. After the smashing of the "gang of four," and especially since the 3d Plenary Session of the 11th CCP Central Committee, we have emancipated our minds and sought truth from facts, thus resulting in the smooth progress of the work. The transmission of the spirit of the 6th Plenary Session of the 11th CCP Central Committee boosted the morale of all comrades. On 19 August, we formally entered the final "sprint." In September, we synthesized a 5'-terminal half-molecule (which was 35 nucleotides long), and on 20 November, we synthesized a whole molecule and determined its activity.

2. The battle groups laid stress from beginning to end on coordinating in unity, respecting, learning from and supporting one another. The members of the battle groups came from five units, 17 comrades in all. During the 3 and 1/2 years of battle, everyone worked with one heart and one mind and made a unified effort. As a group leader, I had all the more to be practical and realistic, fair and reasonable, cool-headed and sober, good at making judgments and being strict with myself, to set an example and share the joys and sorrows with the other comrades. At a time when the work was reaching its climax, whether it was a holiday or Sunday, day or night, I always fought alongside my comrades.

3. Stress was put on encouraging democracy on academic matters so as to draw on collective wisdom and absorb useful ideas. In the scientific research work, we paid attention to encouraging democracy on academic matters and, when discussing the plans, means and methods for the synthesizing, everyone was allowed to air his views and speak out freely. But once deliberations and studies had been carried out, a bold decision was made. Endless discussions were not encouraged so as to avoid bungling the opportunity of doing things in good time. For example, when we succeeded in synthesizing the synthetic 5'-terminal half-molecule and the natural 3'-terminal, and the natural 5'-terminal half-molecule and the synthetic 3'-terminal half-molecule, some people held that the time was not ripe to carry out the complete synthesis and that we should wait. We did some patient arguing and reasoning, and on the basis of a unified understanding, we made immediate plans for carrying out the complete synthesis, thus achieving the first success.

4. It was necessary to have the spirit of working with perseverance and persistence. Because the work was extremely difficult and strenuous and conditions were poor, coupled with the influence of "leftist" ideology which had run rampant for years, our progress was slow. This gave rise to battle fatigue among some of the personnel, who wished for an early discontinuation of the work. In 1977, at a meeting of the coordination group, we made a careful analysis and held full discussions with a definite objective in mind and pointed out that if we continued the battle, we would make achievements and win glory for the motherland, but if we abandoned it halfway, all the work we had done would have been for nothing. Through ideological and political work, people's morale was stabilized, confidence was strengthened and the smooth development of the research work was guaranteed.

5. Attention was paid to using foreign experiences as reference materials in striving to blaze new trails. In the course of the work, we found that RNA synthetase had been discovered abroad and we were enlightened therefrom, but we also found that there were some shortcomings in this work which lacked practical value. Through analyses and deliberations, we put forth the total plan for using chemical method or chemical plus enzymically synthetic method to synthesize small sections, then using RNA synthetase to link many small sections into six big sections, and then linking the big sections into two half-molecules and finally synthesizing a whole molecule. Practice since the establishment of the big section battle group in July 1978 proved that this plan was effective.

Article by Chen Shen [7115 1957]: "A Paen for Large-Scale Socialist Coordination"

The synthesizing of yeast alanine T-RNA was a 13-year journey full of hardships and difficulties as well as struggles. It was the embodiment of the spirit of collectivism in scientific research work and stands as a moving paen for large-scale socialist coordination.

The synthesizing of yeast alanine T-RNA is an important subject in the field of basic research. This work was characterized by comprehensiveness, extreme difficulty and considerable complexity, and therefore demanded the concerted efforts of many branches of learning. Many comrades of the Institute of Biophysics, with the overall interests in mind, abandoned their original jobs and joined the fighting collective.

"Win glory for the socialist motherland!" This is the common long-cherished wish of all personnel of our coordination group. It has been our motive force to work together with one heart and to scale the heights of science. The task of our institute was to supply sections and prepare tool enzymes and to fracture and link T-RNA molecules; 60 to 70 persons took part in this work in succession. Over 13 years, regardless of personnel changes, they proceeded from the overall interests, supported one another and did their bit to help synthesize yeast alanine T-RNA. Our institute manufactured 10 kinds of tool enzymes, such as NI-RNA enzyme made up of several hundred thousand units, and sent more than 10 persons to join in the work in Shanghai one after another. Some of our comrades, owing to the requirements of the research work, had to explore a different phase of the work shortly after they became familiar with one aspect of their work. For instance, after joining our group, some comrades successively took part in the work of various fields, such as microbiology, the synthesizing of sections and the preparation of multifarious tool enzymes. They underwent frequent changes in work. Nevertheless, they happily accepted and fulfilled their assigned work with all their might.

Full cooperation between different units is an important aspect of giving full play to the spirit of collectivism. In 1974, we prepared NI-RNA enzymes and sent them on our own initiative to various coordination units for further use. At that time, the Shanghai Institute of Biochemistry used them to synthesize a section of 7 phosphoric acid of 8 nucleotides-long. The enzymes

we prepared played a proper role in the large-scale coordination. In 1978, when the coordination group was discussing work arrangements, T4-RNA synthetase became a barrier to the progress of the work. Failure to solve this problem in good time would affect the progress of the research work. Through discussions and studies, a decision was made to set up a battle group to tackle this key problem. In view of the conditions at that time, no matter which group singly undertook this task, it met with great difficulties. Knowing very well we would be beset with difficulties, our institute still undertook this battle task in order to solve the problem of synthetase as soon as possible. We sent specially assigned persons to turn over to the newly appointed unit without reserve the work of "determining the activity of T-RNA" which our institute had originally undertaken, together with materials and data we had obtained. Recently, Comrade Lu Jiaxi, chairman of the Chinese Academy of Sciences, pointed out: "The full cooperation between different units, supporting one another in unity and learning from others' strong points to offset one's own weaknesses, was an important guarantee for this victory." In my opinion, his remark expressed the common understanding of the comrades taking part in this work.

Although we have synthesized T-RNA, we must, on the basis of summing up the experiences gained in this research work, continue to develop the spirit of large-scale socialist coordination and make new contributions to fulfilling the task of "tackling key problems in science and technology by pooling our efforts and strengthening our cooperation," a task set by Comrade Zhao Ziyang, and to realizing China's four modernizations.

CSO: 4004/25

'STAGFLATION'--A NEW CHRONIC DISEASE IN THE IMPERIALIST ECONOMY

Beijing RED FLAG in Chinese No 4, 16 Feb 82 pp 45-48

[Article by Guan Mengjue [7070 1125 6030]]

[Text] The Imperialist Economy Is Sinking Into the Mire of "Stagflation"

The "stagflation" of the imperialist economy is a new phenomenon, which only appeared at the end of the 1960's and early 1970's. In particular, the economic crisis of the capitalist world in 1974-1975 greatly accelerated "stagflation." It had two particular symptoms: On the one hand, the growth of the economy became stagnant and production slowed down, as a result of which unemployment increased substantially. On the other hand, serious currency inflation dragged on for a prolonged period, which brought in its wake a continuous rise in commodity prices. These two maladies blended with each other. Sometimes they would erupt together and at other times subside and emerge alternately. A vicious cycle was thus created and the imperialist economy was struck by a new incurable disease.

"Stagflation" is neither a replacement of the capitalist economic cycle nor is it one of the stages of this cycle. Rather, it coexists with the cycle and permeates its various stages. Before World War II, in the crisis stage and the depression stage of the economic cycle, the decline in production was usually accompanied by currency inflation and a fall in commodity prices. But, commencing with the crisis in the years 1957-1958, and particularly in the late 1960's and early 1970's, even in the crisis stage, what was jointly associated with the decline in production was a rise in commodity prices of the nature of a currency inflation. At the present juncture, "stagflation" has become a deep-rooted and a new special feature of the imperialist economy.

Below we cite some simple reference materials on how the imperialist economy is trapped in the quagmire of "stagflation."

1. Economic Stagnation

According to statistics compiled by the United Nations, the average growth rate of the value of the gross national product, computed on the basis of 1977 prices, of the developed capitalist countries (including the United States, Canada, West European countries, Japan, Australia and New Zealand) was

as follows: 1961-1973, 5 percent; 1974-1979, a drop to 2.7 percent and in 1980 a further drop to 1.5 percent. In 1980, an economic crisis of over-production developed in the United States, Britain and Canada. In comparison with the preceding year, the value of their gross national product, after eliminating the factors owing to currency inflation, showed the following changes: in the United States, a drop of 0.2 percent; in Canada, an increase of 0.1 percent; in Britain, a drop of 1.8 percent; and in West Germany and France, increases respectively of 1.8 percent and 1.3 percent.

2. Increased Unemployment and a High Unemployment Rate Prevailing at Every Stage of the Cycle

Before World War II and immediately afterward, the general situation in the imperialist countries was as follows: at the crisis stage of the economic cycle, a sharp increase in unemployment and a rise in the unemployment rate; while at the upsurge stage, the number of unemployed people fell and the unemployment rate went down. After the crisis in 1974-1975, the situation changed abruptly: huge unemployed ranks and a persistently high unemployment rate were found in every stage of the economic cycle. For example, in the United States, in 1974, the number of unemployed was 5.076 million and the unemployment rate was 5.6 percent; in 1975, at the lowest point of the crisis, the number of unemployed was 7.83 million and the unemployment rate was 8.5 percent. After the crisis, the unemployment rate, though falling, still remained at a high level: in 1976, the number of unemployed people was 7.288 million and the unemployment rate was 7.7 percent; in 1979, the number of unemployed people was 5.963 million but the unemployment rate was 5.8 percent, which was still higher than in 1974. In 1980, a new crisis developed in the United States. The number of unemployed increased to 7.448 million and the unemployment rate rose to 7.1 percent. In December 1981, the unemployment rate rose further to 8.8 percent and the number of unemployed went up to 9.6 million. In the nations of the European Economic Community, the unemployment rate in the first half of the 1960's was 1.5 percent on average, but there was a general rise after the 1970's. In 1979, it reached 5.6 percent and the number of unemployed was 9.4 million.

3. Intensification of Currency Inflation and a Rapid Rise in Commodity Prices

In the 1970's, currency inflation in the developed capitalist countries was much more intense than in the 1960's. Because these countries had to resort to issuing currency far in excess of normal circulation needs in an effort to make up for their fiscal deficits, coupled with other factors such as the continuous expansion of credits for both public and private use, an increasingly serious currency inflation emerged. Meanwhile, the combination of currency inflation with other factors brought about a general and rapid rise in commodity prices. From 1961 to 1970, in the developed capitalist countries, the prices of consumer goods averaged an annual increase of 3.5 percent, while from 1971 to 1978 the average annual increase was 8 percent and in 1979 the increase was 9 percent. In 1980, in the nine European Economic Community nations, the average rise in the prices of consumer goods was 13.9 percent and in the United States the rise was 12.6 percent.

The Real Nature and Causes of "Stagflation"

Everybody knows that the basic contradiction in capitalism is the contradiction between the continuous development of the socialization of production and the form of ownership under capitalism. The concrete manifestation of this contradiction is seen in many aspects. Of them, an important one is the contradiction between the continuous expansion of production and the relative decrease in consumer demand backed by the ability to pay on the part of the masses; in other words, the contradiction between a production surplus and a narrowing market. In the past, when state monopoly capitalism had not yet reached its dominant and ruling position, this contradiction was forcefully and temporarily removed as the result of a relative state of equilibrium being reached between production and effective demand. This was brought about by means of cyclical economic crises of surplus production, which greatly damaged the productive forces and the products of labor. After World War II, for a prolonged period of time the developed capitalist countries adopted the anticrisis policies of Keynesianism, particularly the inflation policy in finance and currency, and stepped up state intervention in the economy. As a result, on the one hand, this meant that each crisis was consequently unable to fully develop and this made it difficult to reach a temporary solution of the contradiction between an excessive surplus in production coupled with a corresponding narrowing of the market. In turn, this caused a continuous accumulation and aggravation of the contradiction. On the other hand, the development of currency inflation was further promoted. From this it can be seen that "stagflation" represents a new and special manifestation of capitalism's basic contradiction in the field of economics. It is also a concentrated manifestation of the decaying nature of capitalism.

From the real nature of "stagflation," we can clearly see the following: The basic cause for its emergence is the development changes in the basic contradiction of capitalism. The secondary cause for its continuous development is the adoption of the policy of Keynesianism in an effort to pacify the basic contradiction. This is not to say that the policy is not an important one. In reality, it has played an important role in promoting "stagflation." However, in the final analysis, the policy of Keynesianism was forced into being by the basic contradiction of capitalism. So long as the basic contradiction of capitalism continues to exist and to move forward, the problem of "stagflation" cannot be solved, no matter whether the economic policy adopted is one based on the theories of the currency school or on the theories of the supply-side school.

If it is claimed that the basic contradiction of capitalism is the original cause of "stagflation," it may then be asked why, since the basic contradiction of capitalism has been in existence for a long time, didn't "stagflation" appear until the end of the 1960's and the early 1970's? This is because before the end of the 1960's, a host of postwar circumstances, particularly the fact that the third scientific and technological revolution was in progress and the renewal of fixed assets was coming to a head, helped to foster the comparatively rapid growth of the capitalist economy. The basic contradiction of capitalism, including the contradiction between

expanding production and the relative narrowing of the market, was kept in check by the anticrisis measures taken. Moreover, owing to the operation of various factors both inside a country and abroad, "stagflation" was prevented from making a widespread development. By the end of the 1960's and after the early 1970's, particularly following the economic crisis in 1974-1975, the basic contradiction eventually got out of control and "stagflation" appeared in full force. Below we will discuss the two aspects of this problem.

One aspect of the problem was that after the war the policy of the capitalist countries of depending on state monopoly capitalism to keep in check the basic contradiction and to stimulate the growth of the economy actually had the opposite effect. Because of the relative narrowness of the market and the surplus production power of the countries, the various policies and measures adopted by the countries to protect their expanded investments began to produce diminishing effects. During the period from 1974 to 1979, in the United States, West Germany, France and Italy, the utilization of production capacity was below 90 percent, sometimes as low as 70 percent. Under the conditions of a surplus production capacity, whatever measures were adopted by the governments to encourage investment could not keep investments in fixed assets from falling into a state of stagnation. As a result, labor productivity declined and economic growth slumped. At the same time, the financial and credit measures adopted by the state to expand the market not only had diminishing effects but also brought about serious deficit economies. For example, in 1978, the per capita debt burden of the American people was 24.9 percent of the individual income. In other words, a fourth of their purchasing power had been expended in advance. By October 1981, the national debt of the United States had already passed the \$1 trillion mark. In addition, the mortgages on the American people's houses amounted to \$1.1 trillion and consumer loans taken out to be repaid in installments (not including mortgages on houses) amounted to \$309 billion, while loans owed to commercial banks by consumers and industrial circles amounted to \$174 billion. The above three items totaled \$1.585 trillion. This, plus the amount of the national debt, added up to a grand total in excess of \$2.583 trillion. Such a massive amount of public and private indebtedness not only intensified currency inflation but also seriously curtailed the purchasing power of the American people and reduced their demands backed by the ability to pay. While the enormous amount of military expenditures could for a time create a market, with the passage of time their stimulatory effect will be gradually weakened and will begin to produce adverse effects and become negative factors impeding economic growth and reducing civil production. Moreover, the people's burden will be increased, while the market for products for civil use will be reduced.

The other aspect of the problem is that since the last stage of the 1960's, the developed capitalist countries have been steadily carrying out the Keynesian policy of deficit financing and credit expansion. As a result, the supply of currency and bank credits has rapidly increased and currency inflation has been intensified. All this constitutes the main cause for the rise in commodity prices.

Some capitalist economists are inclined to ascribe the cause of "stagflation" to the rise in salaries. They advocate the so-called "wage propulsion theory." For example, some people wrote: "The arresting of the downward trend of wages and commodity prices and the enforced rise of wages and commodity prices brought about by trade unions and other powerful circles with the instigation and help of governments are the basic causes of 'stagflation.'" ((Habailei): "Modern Economic Problems," p 316) They closed their eyes to the fact that in the course of serious currency inflation, the rise of commodity prices occurs first and is then followed by a nominal rise in wages and that actually in recent years real wages have been on the downturn. And they ascribe the basic cause of "stagflation" to the rise in wages! Is this not a naked absurdity of speaking on behalf of the monopoly capitalist class and an attack on the working class?

Effect of "Stagflation" on the Economic Cycle

As mentioned above, "stagflation" does not denote the phenomenon of a certain stage of the economic cycle; it permeates the various stages of the cycle and brings about an enormous change in its whole pattern. In the crisis stage, production declines, unemployment increases and these two things combine with currency inflation. In turn, currency inflation brings about a rise in commodity prices, weakens the purchasing power of the masses, impedes economic recovery and makes it difficult for the economy to extricate itself from the crisis. This condition is called by Western economists "inflation-recession," that is to say, economic recession accompanied by currency inflation. At the depression and recovery stages of the cycle, the feeble recuperative power is accompanied by currency inflation and the slackening of fixed capital investments. The recovery of the economy is slow and unsure and there still remains a large number of unemployed people and a high unemployment rate. This the Western economists call "growth-recession," that is, the persistence of recession factors in the course of economic growth. This might be described as growth in a sickly state and growth which is entangled with currency inflation. In the upsurge stage of the cycle, feeble economic growth is combined with currency inflation of a more violent character which renders the upsurge stage short and untenable. The Western economists call this "depressed inflation," that is, the persistence of recession factors in the upsurge stage, or, a feeble upsurge under the high pressure of currency inflation. The reasons for these changes in the various stages of the economic cycle are as follows: 1) Currency inflation permeates the various stages of the cycle ranging from the crisis stage to the upsurge stage. This serves as an important factor which prolongs the crisis and hinders the recovery and upsurge stages. 2) Permeation of stagflation in the course of the cyclical movements owing to such factors as the feeble state of fixed capital investments, a relatively narrow market, and a large number of unemployed people.

Pincered by Stagnation and Inflation, the Western Economy Will Find It Hard To Escape From Its Difficult Situation

At present, the governments of the developed capitalist countries are doing their utmost to find a way out of the difficult situation of "stagflation."

After taking over the reins of the government in May 1979, Mrs Thatcher of Britain was the first to adopt the economic strategem of monetarism. Emphasis was put on restricting the issue of currency and on reducing government expenditures in order to keep currency inflation under control. Since its assumption of power, the Reagan administration of the United States has carried out an economy policy based on the theories of the supply-side school and the currency school but with the theories of the former taking the lead. These are as follows: reduced taxation for corporations and rich people in order to encourage investments and to increase production; control of the volume of currency issued and increases in interest rates to check currency inflation; reduction of government expenditures, principally social welfare expenditures; huge increases in the lone item of national defense expenditures; and cutting down of government's intervention in the economy and abolishment of certain rules and regulations so as to give private enterprises more freedom of action. The Mitterrand government of France adopted three new measures in the realm of economics: First, the former government considered checking currency inflation as the focal point of work but the focal point now is to tackle the unemployment problem. Second, the former government's policy of economic retrenchment has now been replaced by one of economic expansion. Third, the government is greatly promoting the nationalization of enterprises and strengthening government's intervention in economic life. In addition, certain Western European countries and Japan still insist on direct government intervention in economic affairs, such as the continued use of financial and currency tactics to regulate social demands and the economic activities of enterprises, the stepping up of planning work on various fronts, and so on.

Is it possible for the developed capitalist countries to use these policies and measures to cure the chronic disease of "stagflation"? We do not discount such a possibility. The government of a certain country, as the result of adopting a certain policy, might be able to ease or even reduce currency inflation for a given period and might succeed in shifting the situation of economic stagnation to another period. However, it is extremely difficult to solve the two problems of stagnation and inflation at the same time. This is because, under the present conditions of the imperialist economy, stagnation and inflation check and restrain each other. In order to cure economic stagnation, it is necessary to adopt an inflation policy, including expanding government expenditures, issuing more currency, lowering the interest rate, expanding both private and public credits and loans, artificially enlarging the market, and so on. All this means that currency inflation will be intensified. On the other hand, in order to cure currency inflation, it is necessary to adopt a retrenchment policy, including reducing government expenditure, reducing the volume of currency issued, raising the interest rate, restricting credits and loans, and so on. In this way, the money market will be tightened, investments will slacken and the market will shrink. All this, in turn, will intensify the economic stagnation and might even bring about an economic crisis. Precisely because of this, the governments of certain capitalist countries have alternated between opposing currency inflation and opposing economic stagnation. They appear to be undecided whether to fight firmly against economic stagnation or to get rid of currency inflation. They waver from one side to the other

and are in a dilemma. Indeed, in recent years, the economies of the developed capitalist countries have been entangled in a difficult situation with "stagnation" and "inflation" being interwoven together, erupting at the same time, and rising and falling after one another.

The basis of "stagflation" is economic stagnation. At present, certain developed capitalist countries such as the United States, Britain and others are taking currency inflation as their "archenemy." Finding themselves in a helpless situation, some people have advocated the use of economic recession to combat currency inflation, the so-called "fighting poison with poison." For example, the famous Austrian economist (Hayeke) believed that the only way to eliminate currency inflation was to make the economy go through a serious recession, or endure a not too extended period of economic depression. Suggestions of this kind show that, caught in the pincer movement of economic stagnation and currency inflation, the capitalist class really cannot find a way out. Assuming that recession really can eliminate currency inflation, then, conversely, this means that currency inflation can be used to overcome recession. Is this not like using your own spear to fight against your shield? Besides, the economic crises that occurred at the end of the 1960's and the beginning of the 1970's were different in character from those before World War II and those after the war. This is because this time, even in the crisis stage, commodity prices continued to rise and currency inflation was still rampant. This may be ascribed to the working of the so-called anticyclical movement of commodity prices. This being the case, how can we believe that resorting to economic recession can eliminate currency inflation?

Lenin said: Monopoly necessarily brings about the trend to stagnation and decay. "Stagflation" is the intensified version of the trend to stagnation and decay brought about by the superclass "monopoly" of state monopoly capitalism. Since state monopoly capitalism cannot cure the trend to stagnation and decay, which it promotes itself, naturally it cannot extricate itself from the difficult state of "stagflation."

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ON 'DREDGING' AND 'BLOCKING'

Beijing RED FLAG in Chinese No 4, 16 Feb 82 inside back cover

[Article by Wang Shumin [3769 6615 3046]]

[Text] It should be affirmed that the principle of dredging must be carried out in ideological and political work. We must not, however, think that "dredging" and "blocking" should complement each other. We should take "dredging" as the main factor and make "blocking" subsidiary. In this way we can achieve the desired results.

The allusion to dredging comes from the story "Da Yu Harnesses the River." Learning a lesson from his father, who only "blocked" and had not "dredged," Da Yu led the people in dredging the river and making the river water flow into the sea. In the end the river was harnessed. Da Yu was loved and esteemed by the people. This story tells us that it is wrong just to "block" and not to "dredge" and also that it is not the best policy just to "dredge" and not to "block." We cannot really block if we only "block" and do not "dredge," and we cannot dredge well if we only "dredge" and do not "block." "Dredging" and "blocking" do not absolutely exclude each other. Dredging must include the necessary "blocking." This is the correct way to draw inspiration from the experience of Da Yu in harnessing the river.

The above method of harnessing a river can be used for reference in our current political life. At present, our country is at an historical juncture. People are lively in their thinking, and all kinds of erroneous ideas might manifest themselves. When some erroneous words and deeds are harmful to the interests of the party and people, we should adopt the principle of dredging, persist in persuasion, teach with skill and patience, and reason with words and action. We must not adopt a high-handed policy. When some people say or do something wrong, we must not capitalize on their mistakes or shortcomings, put labels on them, beat them or put their records on file. But by dredging, we do not mean that we should let erroneous things spread unchecked or that we should not adopt the practical method of "blocking." To those who have said or done something wrong, we must not only patiently carry out criticism and education, but also adopt necessary measures to prevent their mistakes from recurring and developing. We should deal with those who have violated party discipline, the law, or the correct rules and regulations in accordance with their different cases. This includes the idea of "blocking,"

which enables us to "dredge" better. The meaning of the saying "it will not flow if it is not blocked and it will not go if it is not stopped" is included in this truth.

Some comrades say that with regard to the enemy we can "block," but with regard to the people we must "dredge." What they say sounds rather reasonable, but if we think it over carefully, it is not so accurate. Of course, with regard to the erroneous words and deeds among the people, we must dredge, but this does not in the least mean that we should not "block." For instance, toward those who are opposed to the four basic principles, besides carrying out criticism and education and the necessary ideological struggle, we must adopt relevant measures. This is a kind of "blocking." Generally speaking, telling people what they should do is "dredging"; and telling people what not to do is "blocking." These two methods are often used among the people.

Is it right to say that we must only "block" the enemy and not "dredge"? No. When we put counterrevolutionaries and all kinds of criminals under arrest, we only allow them to be well-behaved and law-abiding. This is of course "blocking." But these persons have to be reformed so that they can become new persons. This excludes some who are guilty of the most heinous crimes, who must be given the death penalty. In this respect, we must do a great deal of educational work, make them understand our policies and point out the way. This is in the sphere of "dredging." Obviously, it is not accurate to understand one of the methods of "dredging" or "blocking" to be for handling the contradictions among the people and the other for handling the contradictions between the enemy and ourselves.

In the past, some comrades had a one-sided understanding of "dredging" and "blocking." Therefore, one-sidedness also appeared in the carrying out of policies. For instance, some units lost a great deal of public property. The principle of "dredging" was introduced, but to no avail. In some rural areas, some individuals gathered together and gambled secretly. The commune and brigade leaders had educated them many times, but in vain. As a result, there was "you 'dredge' yours, I'll gamble mine" and there was no prohibition. This tells us that we must correctly understand the principle of "dredging." We must not go from one extreme to another. We must bear this lesson in mind, conscientiously study Marxism-Leninism-Mao Zedong Thought, learn how to use materialist dialectics in observing and handling problems, correctly understand and implement the party's principles and policies, and do our work in a down-to-earth manner.

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