

# China Policy Study Group

# BROADSHEET

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## PROLETARIAN DICTATORSHIP CONSOLIDATED

In promulgating what Chang Chun-chiao called 'the new fundamental charter of the People's Republic of China' the National People's Congress was carefully consolidating the victories won under Mao Tse-tung's leadership during the eight years of the Cultural Revolution and specifically laying down, as the main task of the Chinese people, the continuation of the revolution under working class leadership. 'Our primary task is to continue to broaden, deepen and persevere in the movement to criticise Lin Piao and Confucius. The struggle between the two classes, the proletariat and the bourgeoisie, between the two roads, the socialist and the capitalist, and between the two lines, the Marxist and the revisionist, is long and tortuous and at times even becomes very acute' (Chou En-lai's Report). The draft of the Constitution itself was revised again and again, from 1970 on, in the midst of struggle of this kind. In the course of this struggle workers, poor and lower-middle peasants, women, minority peoples and youth in large numbers,

emerged as new leaders in the Party and state bodies and as revolutionary theorists. They had created new organs of proletarian rule at all levels, from the lowest to the provincial level.

The new Constitution focuses attention very clearly on the fundamental features of the state as the dictatorship of the proletariat, 'led by the working class and based on the alliance of workers and peasants.' The provisions for the 'ample democracy' essential for democratic centralism deserve study. Basically, the Constitution spells out what the dictatorship of the proletariat means in practice and the responsibilities it imposes on state organs and state leaders.

Over 2,000 worker, peasant and soldier deputies (72 per cent of the total) attended the N.P.C. Of the rest, many were revolutionary veterans, some over 80, who had clearly not retired from work to which they had begun devoting their lives more than 50 years ago. The N.P.C. Standing Committee, to which the gov-

ernment is responsible, is thus a combination of well-trying old, middle-aged and young revolutionaries. Chou En-lai, re-appointed Prime Minister of the State Council, outlined the tasks of economic construction and stated the principle: 'Socialist revolution is the powerful engine for developing the socialist productive forces.' The Vice-Premiers are all experienced revolutionary workers; among them are not only those of the Long March generation, Li Hsien-nien and Wang Chen, but of the new generation, Wu Kuei-hsien and Sun Chien. Wu Kuei-hsien, the first woman Vice-Premier, is a young worker with a most impressive record as leader in the Party. She is not an isolated woman; a quarter of the N.P.C. Standing Committee are women who have distinguished themselves in revolutionary struggle.

More than a fourth of the Standing Committee are members of the Central Committee. But the N.P.C., as a state body, and the State Council, as the government, are under the C.P.C.'s leadership.

## THE IMPETUS OF IDEOLOGY

*In October last year two members of the delegation of the China Policy Study Group visited the Taching oilfield, not yet seen by many foreigners. We print below some of their impressions of this model enterprise.*

At the beginning of 1964 Mao Tse-tung put forward the slogan 'In industry, learn from Taching.' Why was this? Was it because the work of developing the oilfield had been done with skill and efficiency, because important new branches of chemical engineering had been developed, because China's oil shortage had been ended? We believe it was for none of these reasons, but rather because at Taching politics had been in command. The correct political line, understood by the masses, had led, as it had done for the farmers of Tachai, to great achievements which pointed the way ahead for a socialist state, leading in the direction of communism.

At the time the oilfield was discovered, in 1959, there were three choices before China: dependence on imperialist loans and experts, dependence on the Soviet Union (already showing clear signs of social-imperialism), or reliance on the working class. China's industry was very backward, but this lag could not be ended simply by hard work; the fundamental task was to find and follow the right political line. In other words, not just to produce something valuable to China—oil—but to produce it in the right way. If the method is not right produc-

tion can lead to a dead end. The great production achievements of the Soviet Union have not brought communism nearer.

In the 1950s China was blockaded economically by the West. She was almost entirely dependent on the U.S.S.R. for supplies of oil, which were suddenly cut off in July 1960. The production of the Yumen oilfield, in Kansu, was small and the possibilities of expansion seemed limited. American experts had said before 1949 that there was little possibility of substantial oil deposits in China. In the north-east, they said specifically, there was no oil. Later, Soviet experts confirmed this view.

Fortunately the Chinese Party and Government, determined not to rely on others, conducted their own geological surveys and concluded that there was oil in the north-east. Careful test borings were made and by September 1959 oil had been found at a depth of 1,000 metres. The survey had taken over two years.

Taching, as it was then named—Great Celebration—lies in a desolate part of Heilungkiang Province. Quite flat and treeless, frozen for five months of the year with temperatures down to minus 40 degrees, and affected by both waterlogging and salinity.

In February 1960 the Central Committee took the decision to go all out to open up the field. More than 10,000 people arrived from all over China and the P.L.A. too gave assistance. Work

started on 1st May 1960. It was the rainy season and the workers had to live in tents and temporary shacks. There were no roads and few vehicles, no vegetables and not even enough fresh water for drinking. This was a real test of political determination. Led by the labour hero Wang Chin-hsi the workers read and discussed Mao's *On Contradiction* and *On Practice*, taking the whole world situation into consideration. The contradiction which the oil workers had to solve was that between the primitive material conditions and the possibilities of the socialist way. They laid plans as for a military campaign.

They took exceptional care in drilling. Miles of core samples were meticulously examined. From every well they collected 20 samples of material and 72 items of information. Today they feel as familiar with the underground conformation as if it were visible. An oil extraction team consisting entirely of women showed us a model of all the strata beneath their area, with oil-bearing strata coloured red and every well indicated. Formed in 1970, this team has overfulfilled its target every year, extracting a total of 1,645,000 tons of crude oil in four years. The 119 girls, their average age under 21, have been commended as an advanced militia unit of the whole oilfield. At the same time their political consciousness has developed. As a result of the campaign to criticise Lin Piao and Confucius their enthusiasm grew and in the first six months of last year they extracted an extra 2,200 tons of oil. Since the team was formed 53 of them have joined the Communist Youth League, 19 the Communist Party. In their spare time they cultivate about 10 acres of land and keep pigs. Taching develops all-round revolutionaries, not narrow specialists.

From the beginning work progressed very rapidly. New advanced workers appeared and it took only three years to create the oilfield, though new wells are still being sunk. The Chinese record for drilling was broken early on, when 10,000 metres were drilled in one year. But this proved to be nothing; later the world record was broken with 100,000 metres in a year. Political conviction was the driving force.

Near the end of 1963 Premier Chou En-lai announced at the National People's Congress that China was basically self-sufficient in oil. There was no loss of momentum and over the last 14 years the average annual increase in production has been 31 per cent.

Because political study had been thorough and successful the workers had developed a broad outlook. They did not restrict their efforts to getting oil but sought to apply Marxism to all the problems of development in this completely barren area. They had to bear in mind such contradictions as that between town and country, industry and agriculture, mental and manual work, men and women, as well as the need to bring up young revolutionaries, make rational use of all resources, combine revolutionary fervour with painstaking consolidation, bring into activity the whole population and all the time fight the revisionist line of Liu Shao-chi who sought to stop the development of the field.

### Towns of a new type

An illustration of the way in which several of these problems were tackled is to be seen in the creation of an agricultural base and new villages. In the spring of 1962 some of the wives of the oil drillers decided they must themselves become producers, instead of sitting at home as consumers. They determined to 'create their own Tachai.' The now famous 'five women with five shovels' began to cultivate the land. Soon they were joined by other women. The first year they harvested just over a ton and a half of grain, but that was only the start. It is more than eight years now since they have had any grain from the state, many other women have joined them and in 1973 they reaped 340 tons of grain and nearly 2,000 tons of vegetables.

Soon they began to build blocks of dwellings in simple style

and to think about the planning of new villages. There was a lot of argument about what type of settlement they should build. Some wanted to build a modern city but the eventual decision was to design villages, or small towns, which should have something of the city and something of the country too. The idea has been adopted of building a central unit containing some dwelling houses and communal facilities. Around it are from three to five units consisting of dwellings. All are quite small in scale and the whole group will accommodate perhaps 1,400 families.

We visited one such central unit, called 'Builders' Town,' constructed and run entirely by women. Trees have been planted to form a wide avenue; there is a nursery school and kindergarten, a clinic which can do X-rays and carry out laboratory tests. There are repair shops for bicycles, radios and watches, and a barber's shop.

Builders' Town now houses 2,800 people and has over 800 acres of land, which comes right up to the houses. They have horses, sheep, oxen, pigs and a fair number of farm machines. Everyone works if of working age; no one stays at home.

There is a good department store, selling everything likely to be needed. Its vegetables are always fresh, from the adjoining fields. Nearby is a bakery with a large brick oven built by the women themselves and fired by natural gas, whence buns and pastries go straight to the department store.

### Revolutionary successors

The inhabitants say the village is convenient and healthy, providing all the facilities needed for bringing up children in a physically and politically healthy atmosphere. The children are eager to work. Learning from their parents they help with weeding in summer and gleaning in autumn. They will grow up as educated young people with the ability to do farm work, whatever their main job may be.

Virtually the whole of the building work is done by women. If there is an exceptionally heavy job to be done some of the men may take time off, or get back early, to help. In the same way if help is urgently needed at a drilling site—perhaps for digging in connection with water supply—the women will send a team to do it. In the busy farming season the men take time off to work in the fields, which is beneficial both physically and mentally. Women used to be referred to as 'dependants,' but now, the men say jokingly, they themselves are the dependants. The women 'hold up half the sky of Taching.'

Yuan Pei-ching, Vice-Chairman of the Management Committee and Deputy-Secretary of the Party Committee at the drilling headquarters, told us that at the Yumen oilfield life had been rather disorganised. The drilling teams moved about constantly and their families went with them. Before moving to a new site living quarters had to be built, which was a heavy burden on the enterprise. Wives had little opportunity to work and children's education was poor. So at Taching they had decided to build for themselves a permanent base.

All the leading women we saw at Builders' Town (some were on temporary assignments elsewhere) seemed to be in their 30s, healthy, lively, extrovert and perceptive. They were completely confident of their ability to cope with problems they met, with the aid of Marxism-Leninism and Mao Tse-tung Thought. 'We used to think only of our husbands and children' they told us, 'but now we discuss the policy of the Communist Party. From our village we see Tien An Men and keep the whole world in mind.' Although such people are not unique these are among the more advanced representatives of the Chinese people. They have a clear vision of where they are going and are firmly in possession of an ideology that guides them in tackling their problems. Their ideology requires that they should lead others to the understanding they have themselves. This is a heaven which is raising up the whole Chinese people.

Elsewhere in Taching we saw the same qualities of leadership,

devoted work, great achievement inspired by political understanding. The Taching Petrochemical Plant, for instance, where much of the crude oil is refined, was started in April 1962 and the first section was put into operation in August 1963. Construction pace increased as experience was gained. They designed the plant themselves and most of the equipment is Chinese. The second section was completed in 1965. All the time the equipment is being modified and improved. The first distillation plant, for instance, had a designed capacity of one million tons a year, but it now produces 2½ million tons. The capacity of the second distillation plant has been raised from 1.5 to 2.5 million tons. From the crude oil they obtain 40 different products, though before the Cultural Revolution the number was only 23.

Taching is a model for the whole of Chinese industry and many thousands of its workers have gone to help in opening up other oilfields as at Takang (in the sea near Tientsin) and Shengli. China's oil deficiency has been transformed into plenty. Taching's influence in China extends far beyond the oil industry: workers from every branch of industry have visited it, been inspired by it and learned from it.

And, as we have tried to show, Taching means much more than the mere production of oil. In some spheres, as for instance in planning and building, Taching has completely broken with

precedent and is successfully handling the old contradiction between town and country. The antagonistic aspects of the contradiction between men and women, and between mental and manual work are disappearing. Industry and agriculture have been brought closer together and more fully support each other. The community's leaders are, on the whole, young people and everywhere we found political study classes from which their successors will come. They will be oil drillers, working women, refinery specialists and will not forget their origins whatever other positions they hold.

Taching is a model not just because oil is something of which China was badly in need, but because, as we have already said, of *the way* in which it was produced. Success sprang from Marxist understanding of the need to maintain the momentum of the revolution, to advance on a wide front, to neglect none of the contradictions with which current problems are surrounded. It was achieved through continuous struggle.

Taching could have been an ordinary, successful oilfield. But the comprehensive use which the workers there have made of Marxism-Leninism Mao Tse-tung Thought has cast a light which extends far beyond the oil industry and will assist revolutionaries throughout China and in all countries. Politics were decisive in the struggle and the results show, more clearly than ever before, the sort of society the Chinese working class is building.

## THE CRISIS AND CHINA TRADE

*The crisis in the capitalist world, considered in our last issue, will have far-reaching consequences for those in all countries who work for capitalism's overthrow. It also raises questions for those who, in overthrowing capitalism themselves, have strengthened their bonds of solidarity with the peoples locked in struggle against capitalist exploitation in the rest of the world.*

*Not all of these consequences take effect at once and some cannot be understood straight away. There are some immediate effects, however, and although they are not the most important, they are attracting world-wide attention. One of these is the effect on China's growing trade with the West and her economic relations with the developing world.*

It is an article of faith in the capitalist West that maximising trade means maximising welfare. In the second great area moving east, COMECON, governments have gloried for years past in the growth of their foreign trade. When the bulk of the trade was contained within COMECON the amount of economic damage that could be imported from the West — whether just by erratic prices and deliveries or by more serious disturbances like embargoes, restrictions and runaway inflation — was fairly limited. Now the trade is much larger in absolute terms and a bigger proportion of it is with the West. Embargoes and restrictions have been reduced but inflation has reached new heights. Countries like the Soviet Union and to an extent Poland, which export raw materials and import capital equipment, find themselves importing a bit more inflation every time the terms of trade move further against them. If the economy is dependent to any large extent on foreign trade it is impossible to cancel out every inflationary effect introduced through trade. This is not, of course, the only source of inflation in the Soviet or East European economies. Price leaps generated by critical shortages of consumer goods have always been among the most vivid recollections brought home by visitors.

Inflation has a number of retrograde effects on society and one of them is to redistribute wealth in favour of those who have enough money to convert it into forms which appreciate in value as inflation proceeds. This is a familiar feature in the

West and not unknown in the Soviet system, where there are very big discrepancies of wealth.

The Soviet bloc economies will partake at second hand, as it were, of the inflation and recession now engulfing the West. China will not, and will therefore play a relatively bigger role than before in stimulating the forces of change in the rest of the world, both by providing them with an ever clearer example and in some cases, particularly among the developing countries, by reinforcing the example with action. The realisation that China is able to avoid inflation at a time when most of the world has been thrown into confusion by it will become keener.

In anticipating the course of China's business relations with the market economies it is necessary to be specific about time-scale. To take an obvious example, there has been a marked increase year by year in shipments of goods between China and the developed countries, especially Western Europe and Japan. But it is clear from reviewing the contracts concluded in the last two years that shipments to China, at any rate, will go on building up until 1977-8 and possibly beyond. Similarly, China has entered into medium-term commodity agreements with a number of primary-producing countries, e.g. Australia, Bahrain and Sri Lanka.

Soaring commodity prices, which were one of the main causes of the spurt in the inflation rate in 1973, have been followed by temporary stabilisation or a more moderate rise in some cases (e.g. foodstuffs) and a fall in others. A continued fall would go some way towards restoring advantageous terms of trade for the industrialised West. Looking at China it is harder to generalise, as commodities form a large part of her exports as well as of her imports. Bearing in mind the very flexible way in which foreign trade has been used in China, it may well be that high import prices will cause her to fall back on home production for a number of the commodities purchased abroad in recent years. Chinese buyers have already hinted at this when explaining their inactivity this year in the foreign oilseed and cotton markets, particularly in the United States, where they have also stopped buying wheat.

Wheat is, to some extent, a special case. Imports of grain — largely for building up reserves in cities and making it easier to discharge various export commitments — have risen to around

2 per cent of home production. To make sure that there is no inflationary effect on internal prices the government subsidises these imports by meeting the difference between foreign and domestic prices with a compensating payment from state funds. They also offset imports of wheat by exports of rice.

Thus the danger of imported inflation is not one which threatens China. If foreign trade had a big place in the economy the compensating action might eventually become a threat to the exchequer, though this would depend very much on the composition of imports and exports. At present fully a third of China's exports consists of foodstuffs. The effect of inflation on world food prices should raise her earnings from these exports more than enough to offset its effect on the prices of about a third of her imports, say chemicals, artificial and natural fibres and rubber. The next third of her imports to look at, however, would be iron and steel and non-ferrous metals. The corresponding area of exports would be, say, inedible materials and semi-finished goods, notably textiles. Iron and steel prices will continue to rise with fuel and raw material costs, while textile prices may well go on falling. In this intermediate area, therefore, the terms of trade must be expected to move quite strongly against the textile-producing countries, China included.

Nor is it certain that gains and losses will cancel out over the remaining range. China exports many finished manufactures, mostly consumer goods. Higher prices are being paid for these now and the rise will continue for some time to come, but it will not be of the same order as the rise in the prices of the capital goods she imports. Even when allowance is made for extras, like the export of eight million tons of Chinese crude oil to Japan and increased quantities of higher-priced chemicals to Western Europe, it is clear that it must become less advantageous for China to trade with them.

The People's Republic of China is acknowledged, even by those who dislike her social system, as the best all-round example of a developing country. The more a formerly undeveloped country develops the more it must anticipate the terms of trade moving against it in present conditions. Developing countries who depend heavily on exports of light manufactures will be much harder hit than China, who depends relatively little on external trade. So will developed countries like Britain and Japan who export a mixed bag of light and heavy manufactures but depend on the import of food and of oil and other raw materials to feed heavy industry.

It is a new experience for the industrialised countries to have the terms of trade (the amount of the things they import which can be paid for by a given quantity of those they export) tilted against them by the deliberate action of primary-producing countries as well as by the normal operation of supply and demand. Driven by the demands of self-defence the primary producers are beginning to dictate the course of a major part of Western industry's costs. Inability to quote a reasonably firm price or give an undertaking that contracts for industrial plant can be executed before further price upsurges force them to be revised, places sellers of capital goods at a heavy disadvantage. The centrally-planned economies of Eastern Europe may avoid this.

Adjustments in the distribution of existing trade cannot be ruled out but the principal effect is likely to be an adjustment in the amount of new business transacted. The growth in the volume of Chinese contracts abroad has outstripped the growth of industrial and agricultural production at home for two years running. A measure of reining-in here might well coincide with a new stage in the orientation of Chinese trade towards developing countries. This would not show itself in purchases of machinery, but in the case of chemicals, fertilisers and textile raw materials as well as non-ferrous metals, it is doing so already and can be expected to do so much more.

The buffeting being experienced by the majority of developing countries as a result of rising oil prices on the one hand

and inflation-boasted capital goods prices on the other does not cease to be a matter of concern to China because she herself escapes it. She can play her part in trying to maintain the prices of the commodities these countries produce when she, too, is a producer, and where she is not she can sometimes influence the situation by negotiating long-term import contracts. Equally she may undertake to guarantee such countries' supply of essential imports, e.g. wheat, and pass on the benefit of the special terms she gets as a large regular importer. This leads on to the area of aid, where China's actions and influence will inevitably become more important.

China does not have the same attitude to aid as the Soviet Union and the West, seeing it as at most a tributary rather than part of the main stream of the receiving country's development effort. Yet, since 1970, her aid to African and Middle Eastern countries has become a vital part of the world aid picture, just as Chinese aid for Ceylon and Vietnam already was many years before that. The extension of this activity to Africa on a significant scale, and more particularly the character of the aid given there, was soon acknowledged by the capitalist Organisation for Economic Co-operation and Development. In 1973 the *Review of Development Co-operation* said that as regards aid China was already setting a pace that left the Soviet bloc well behind. The 1974 *Review* concluded that 'The most important aid effort among the countries with a centrally-planned economy is made by China . . . new disbursements are likely to have exceeded \$500 million in 1973 for the first time, corresponding to close on 0.3 per cent of G.N.P.' The O.E.C.D. also recognises that a big part of Chinese aid really consists of demonstrating the application of China's own development experience. Thus the socialist aid donor, while assigning a lesser role to aid than others, gives higher priority to its own aid (in relation, for example, to its domestic per capita income) than the industrialised countries do.

China is not obliged to increase her development aid but she is doing so, regarding it as part of her international socialist responsibility. Few doubt that she will continue to increase it, with the unique proviso that she will never allow her aid to induce dependence or to create any permanent or semi-permanent links between the economies of recipient countries and China. For such a relationship, in her view, must develop elements of imperialism.

Self-reliance does not make China impervious to the effects of capitalism's crisis. Notwithstanding this, the effects do not reach to the main structure of her economy, and even those parts that are affected can adapt very quickly to a reduction of imports, or to a diversion of resources from exports into aid. First inflation and then crisis and slump in the capitalist world will bring into sharper focus the gains from self-reliance in countries whose economies have not already been cast in the opposite mould by imperialism or social-imperialism. In some where they have, pressure will mount for a break, and this in itself is a revolutionary move. For in the course of breaking away from outside exploitation people awake to the effects of exploitation at home, and to the contrast presented by a planned socialist system.

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